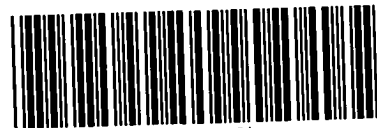


Company Registration No. 11371415 (England and Wales)

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

THURSDAY



AEBTYHF6

A2

25/09/2025

#139

COMPANIES HOUSE

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

COMPANY INFORMATION

Directors	Jason Dodds Jonathan Lessimore
Company number	11371415
Registered office	3rd Floor Davidson Building 5 Southampton Street London WC2E 7HA United Kingdom
Auditor	Ernst and Young LLP 1 More London Place London SE1 2AF United Kingdom

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

CONTENTS

	Page
Strategic report	1 - 7
Directors' report	8 - 11
Directors' responsibilities statement	12
Independent auditor's report	13 - 15
Statement of profit or loss	16
Statement of financial position	17 - 18
Statement of changes in equity	19
Notes to the financial statements	20 - 41

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

Element Materials Technology Environmental UK Limited (the "Company") is part of a global network of laboratories with experts specialising in materials testing, product qualification testing and failure analysis. The Company is a wholly owned subsidiary of Exova Group (UK) Limited which is part of the Element Group, headed by EM Topco Limited, the "Group" or "Element".

The Company enjoyed a strong year of growth with revenues 20% higher than prior year which was achieved through both pricing and volume. This combination of price and volume led to improved margins. A clear focus on customer service levels ensured we saw volume success within both the new and existing customer base. This growth allowed the Company to invest in capital and people in the year to provide a platform for sustainable future performance (Average employees 2024 : 374 (2023: 369)).

The principal activity of the Company throughout this financial year and the prior year was to provide specialist environmental testing and analysis.

Key performance indicators

The Directors monitor the Company's performance in a number of ways including key performance indicators. The current year and prior year key financial performance indicators were as follows:

	2024	2023
	£	£
Revenue	36,082,993	30,123,359
Operating profit	1,070,757	768,310
EBITDA	3,776,796	3,195,467
Total shareholder's equity	35,942,033	34,973,472

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 consider the Company to be exposed to are:

Risk	Mitigating factor
Business continuity Major incident or site closure resulting from factors including pandemics, natural disasters, or flood risks could cause a temporary closure of the Company's facilities and result in a reduction in revenue.	All Element facilities have Business Continuity Plans in place as well as Health & Safety policies. The business continuity plan is focussed on how to conduct business in the event of a major incident. The actual response during the emergency is captured in the Emergency Response plan, focused on communications, technology, infrastructure, customer service and supply chain. Additionally, Element has a diversified footprint, customer and geographic base, which provides a level of resilience against a single-point exposure. Were any Lab to be unavailable, testing could in many cases be switched to another lab.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Principle risks and uncertainties (continued)

Risk	Mitigating factor
<i>Innovation and digitisation</i> The risk that new entrants or new ways of working could seriously disrupt the testing and certification sector.	Digitisation and novel ways of delivery to customers could in the longer term provide growth and position the Company well against its competitors. The Group has established new ways of working, to develop digital transformation strategies both externally and internally.
<i>Workplace health and safety</i> The Company'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 Company may be exposed to financial loss, regulatory action and potential liabilities for workplace injuries and fatalities.	Element's purpose is to "Make Tomorrow Safer Than Today". Managing its operations safely is the Group's number one priority and 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. The Element Safety, Health and Environment (SHE) Standard provides the standards and frameworks that are required to be met across all Element locations. The Safety Standard has established roles, responsibilities and expectations for leadership, driving awareness of requirements and developing further accountability. The Regional Safety, Health and Environment Leaders set annual priorities which are approved by the Operating Board. These form the basis for individual sites' own SHE priorities and plans. Each Business Unit (BU) has a SHE organization in place which holds regular meetings and audits and upgrades the safety aspects of the business. The company conducts a yearly engagement survey with safety focus. A yearly Element Safety week is conducted at the start of each year. The Safety Risk Registry is maintained and updated on a continuous basis.
<i>Loss of reputation and/or exposure to liabilities due to quality issues</i> The Company is exposed to loss of reputation and/or potential liabilities arising from quality issues in the provision of services.	The Company has quality management systems and training in place ensuring that processes and systems are established, deployed and fit for purpose. These remain under regular review and are subject to external audit by accreditation bodies and customers. Each facility has a Quality Assurance & Quality Control organization in place that monitors, audits and approves the test methods and products and if required, introduces and monitors process improvements to increase the quality of the product as well as maintain and further develop the Quality Control system. The Quality function is part of the Business Unit, Regional and Element-wide quality organisation.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Principle risks and uncertainties (continued)

Risk	Mitigating factor
<i>Consolidation of customer base and/or competition</i> Market consolidations and reduced customer base could lead to pressure in pricing and operational delivery.	The Company has Strategic and Key Account Management programs in place designed to build strong customer relationships achieved through operational excellence and on-time-delivery, identify opportunities to grow and find ways to maintain success within the account. Operational excellence principles and programmes are in place across all facilities, designed to improve operational delivery, regularly monitoring performance against expectations.
<i>Global economic and market conditions</i> Unmitigated delays in the receipt of orders or cancellation of existing contracts could affect the Company's financial performance. Abnormal cost inflation may create pressure on the Company's margin. If the Company is unable to continue trading profitably during periods of lower order intake or margin pressure, financial performance will deteriorate, and assets may be impaired.	The strength of our end-markets is an important driver for our growth. We actively monitor lead economic indicators in the market to support investment. The nature of the business and its variable cost base allows Management the flexibility to control costs and limit the impact of any global downturn. The Company continues to focus on cost control and efficiency programs to limit the impact of any abnormal cost inflation. Pricing is tracked by customer and contract on a monthly basis, allowing the Company real-time information on performance relative to external economic conditions, allowing the opportunity to increase prices if required. The Sales team conduct annual pricing workshops to continue to drive best practice across the organisation.
<i>Liquidity and cashflow</i> The Company is exposed to a range of financial risks, both internally and externally driven, such as trade and intercompany non-repayment of debt or fluctuation in foreign exchange rates.	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. This includes reviews of the cash flow forecasts and operational performance of the entities from which the intercompany debt is due to monitor recoverability issues or the presence of indicators of impairment.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Principle risks and uncertainties (continued)

Risk	Mitigating factor
<i>Recruitment and retention of key personnel</i> Failure to recruit or retain qualified personnel in key areas of the business may result in the Company failing to achieve its future growth aspirations.	Element's employees are its greatest asset, and it is important that the company continues to invest in recruiting and retaining the best technical experts and ensuring that the management team and other highly skilled personnel are invested in the business. Retention of team members is a key deliverable for management. Voluntary Turnover at target and year 1 attrition markedly improved. Retention initiatives include development days and workshops for key leaders, improvements to onboarding process and enhanced reward initiatives. A range of programmes are being delivered to drive employee retention including Leadership and General Manager development programmes; succession planning for senior leaders; employee assistance programs; and investments to support improved communications and engagement. Element's annual employee engagement survey, 'Your Voice', provides employees with the opportunity to give feedback on what is working well and what could be done differently. The results of the survey provide feedback that can be acted upon by Lab management to improve the experience of working at Element and provide the Element Group and Company Directors with a snapshot of how employees rate Element's culture and employee engagement.
<i>Cyber security</i> 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 Company may suffer reputational damage.	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.

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 minimise risk. 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 regular basis.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Corporate Responsibility: Section 172(1) Statement

The Directors are aware of their duty under Section 172(1) (A) to (F) of the Companies Act 2006 ("S172 Matters") 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:

- s.172(1)(a) the likely consequences of any decision in the long term
- s.172(1)(b) the interests of the Company's employees;
- s.172(1)(c) the need to foster the Company's business relationships with customers, suppliers and others;
- s.172(1)(d) the impact of the Company's operations on the community and the environment;
- s.172(1)(e) the desirability of the Company's maintaining a reputation for high standards of business conduct; and
- s.172(1)(f) the need to act fairly as between members of the Company.

This 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. The Directors consider S172(1) matters where appropriate at Board meetings as part of decision making. In 2024, significant capital expenditures, disposals and reorganisations were thoroughly reviewed by the Board, which then approved or declined these initiatives. In making these decisions, the Directors considered the long-term success of the Company, ensuring that the interests of stakeholders such as employees, suppliers, customers, and the broader community have been taken into account. The Directors have focused on maintaining positive relationships with key stakeholders, ensuring that the Company's operations are conducted in an ethical and sustainable manner, and balancing the financial success of the Company with its responsibilities to the environment and society.

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 Company's employees

Our people are central to the success of our business. We invest in professional development (our online Element Academy with extensive learning and development modules), health and well-being benefits, safety measures, and an inclusive workplace culture. Through our regular employee engagement surveys, training programs, town-halls and other open communication channels, we maintain interactive channels to ensure that our colleagues feel well informed and supported. New employees receive an induction and any relevant job training, giving them an opportunity to learn about the Company and understand their job and what is expected from them. All employees have regular opportunities to discuss their role and responsibilities throughout the year and managers are trained on how to hold such conversations. The following are some examples of how management listened and engaged with employees during the year:

- Senior management location visits
- Your 'Voice' engagement surveys
- Global town hall meetings
- Quarterly business unit town halls
- Monthly all-hands meetings for laboratory GMs
- Annual Performance reviews and personal development plans
- Colleague resource groups that champion Racial equality, Disability empowerment, LGBTQ+ and our Women's network
- Regular group communications and newsletters
- Regular informal team building initiatives such as One Element Week
- The Company's intranet site

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

Customers

Our customers are at the heart of everything we do. We operate a range of interactive and customer care initiatives to ensure we remain close to their needs and feedback and respond quickly to any issues, including:

- Key Account Management programmes;
- Net Promoter Score (NPS) programme; and
- Voice of the Customer programme including proactive initiatives such as email and phone surveys and passive options such as email footers and a website link for customer feedback.

Vendors

We recognise the importance of ethical and sustainable supply chain practices. Our procurement processes include due diligence conducted on vendors during the onboarding process. New suppliers are also considered from a Modern Slavery perspective prior to being engaged.

We maintain open and transparent relationships with suppliers to ensure the consistent quality of our services. We are committed to building long-term, collaborative supply chain partnerships and aim to work responsibly with all our suppliers. We continuously strive to establish and strengthen these partnerships by utilising new D365 procurement and finance systems, vendor onboarding applications and improved business processes. We expect our suppliers to follow our Supplier Code of Conduct and encourage them to develop their own codes, policies and procedures to adhere to the principles of our Supplier Code of Conduct.

We listen and engage primarily by utilising tender processes for major spend areas/categories and supplier pre-qualification checks to ensure responsible procurement, and through active supply chain review.

S172(1) (D) – The impact of the Company'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. We are committed to conducting business responsibly and ethically to protect the health and safety of our team members, visitors and communities that we operate in. Our teams are encouraged to engage directly with their local communities through corporate social responsibility initiatives, including charitable and educational initiatives. Once per year, we celebrate 'In Our Element' week globally as part of our drive to support our local teams and communities. All colleagues have 12 hours of volunteering leave each year to support their local communities and local teams organise an extensive programme of charitable initiatives. The Group's ESG Committee has been formed to provide appropriate focus for the Group's ESG strategy, to underpin long-term shareholder and stakeholder value.

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

As a TIC company, regulatory compliance and data security are paramount. Operating within a highly regulated industry, compliance with national and international standards is a priority. We have strong business ethics with data security and governance central to our operations. The Group Code of Conduct is a clear and straightforward framework to follow, irrespective of role, geography or culture. We regularly update our internal policies to reflect changes in legal and regulatory requirements. We are a member of the TIC Council, an international association representing independent testing, inspection and certification companies. Element's Compliance Programme allows the Group and the Company to meet the obligations laid down by the TIC Council and reflects the requirements of the TIC Council Compliance Code:

- 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

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

- 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

The Directors act fairly and with due regard to the interests of its parent company in the management of the Company's affairs, ensuring that decisions are aligned with the collective goals of the group, while taking into account the needs of the Company's own employees, customers, and other stakeholders.

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

Principal decisions

Principal decisions made by the Directors during the year are outlined in the table below. 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 employees, suppliers and group affiliates. The table below explains how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder was considered in the course of decision making.

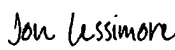
We describe how regard was given to likely long-term consequences of the decision, including how stakeholders were considered during the decision-making process.

Key stakeholders	Principal decision	Impact on the business	Stakeholder considerations	Outcomes and actions
Employees, customers and other external stakeholders	Restructure of Deeside facility	To optimise the building and layout considered fundamental for long term sustainable business improvements.	The Company reviewed various options regarding the future state of the Deeside facility and, with stakeholder input, settled on a solution that is believed to provide the best outcome for all stakeholders and aligns to our strategic view on our services and end markets.	The approved solution will enhance colleague and customer experience as well as return on investment. A dedicated project team will now work with professional advisers and subject matter experts to bring the solution into reality in line with our approved commitments.

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

Approved by the Board and signed on its behalf by:

Signed by:


OBFC6AA7B274AC...

Jonathan Lessimore
Director

22 September 2025

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their report and financial statements of Element Materials Technology Environmental UK Limited for the financial year ended 31 December 2024.

Principal activities

The Company's principal activity is to provide specialist environmental testing and analysis.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Samuel Fisher	(Resigned 4 April 2024)
Michiel Graswinckel	(Appointed 4 April 2024 and resigned 24 March 2025)
Matthew Hopkinson	(Resigned 4 April 2024)
Claire Collins	(Resigned 26 March 2025)
Jason Dodds	(Appointed 24 March 2025)
Jonathan Lessimore	(Appointed 26 March 2025)

Dividends

The Directors do not recommend payment of a dividend (2023: £nil).

Financial risks

The Directors have chosen to include information on financial risks within the principal risks and uncertainties section in the strategic report.

Political contributions

The Company made no political donations and incurred no political expenditure during the year (2023: £nil).

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 members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of 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 Company 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 Company. This is achieved through formal and informal meetings, the Group's intranet and internet sites, 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, as noted within 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 ("EM Topco"). The Directors have received confirmation that EM Topco 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 2026.

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 ENVIRONMENTAL UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Streamlined Energy and Carbon Reporting (SECR)

In accordance with the Streamlined Energy and Carbon Reporting (SECR) disclosure requirements, the Company presents our carbon footprint inside the UK across Scope 1, 2 and 3, appropriate intensity metrics, the total energy use of electricity and gas and a summary of energy initiatives taken during this financial year.

The baseline period for the SECR reporting was from 1 January 2020 to 31 December 2020. An analysis of the Company operations was completed for the fifth reporting year ended 31 December 2024 and showed gross greenhouse gas (GHG), reportable under SECR in 2024 was 337.28 tonnes of carbon dioxide equivalent (tCO₂e). This represents an overall increase in emissions of 150.88 tonnes or 80.94% compared to the previous twelve months – A full reconciliation of the Company's vehicle fleet was completed in the current year which has resulted in an increase in motor vehicles being included in the emissions reporting.

Table 1 – Greenhouse gas emissions by source (tonnes CO₂e), year-on-year change

Emissions Source (tCO ₂ e)	2024	% Share	2023	% Share	YoY Change
Fuel Combustion: Natural Gas	1.76	0.52%	9.94	5.33%	-82.29%
Fuel Combustion: Fossil Fuels for Testing	0.00	—%	0.00	—%	0.00%
Fuel Combustion: Transportation	312.18	92.56%	152.96	82.06%	104.09%
Consumed Electricity	23.34	6.92%	23.50	12.61%	-0.68%
Total Emissions (tCO₂e)	337.28	100.00%	186.40	100.00%	80.94%
Revenue (£m)	36.10		30.10		19.93%
Intensity: (tCO₂e per £m of revenue)	9.34		6.19		50.89%
FTE*	374.00		369.00		1.36%
Intensity: (tCO₂e per FTE*)	0.90		0.51		76.47%

*FTE: number of full-time equivalent employees

Table 2 – Greenhouse gas emissions by scope (tonnes CO₂e)

Emissions Source	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Total (tCO ₂ e)
Fuel Combustion: Natural Gas	1.76	0.00	0.00	1.76
Fuel Combustion: Fossil Fuels for Testing	0.00	0.00	0.00	0.00
Fuel Combustion: Transportation	312.18	0.00	0.00	312.18
Consumed Electricity	0.00	0.00	23.34	23.34
Total	313.94	0.00	23.34	337.28
Share of total	93.08%	—%	6.92%	100.00%

Scope 1: Natural gas, testing fuels and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission, private vehicles used for business travel. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

Table 3 – Energy consumption (kWh), year-on-year change

Emissions Source	2024	% Share	2023	% Share	YoY Change
Fuel Combustion: Natural Gas	9,635	0.38%	55,203	2.76%	-82.55%
Fuel Combustion: Fossil Fuels for Testing	—	0.00%	—	—%	0.00%
Fuel Combustion: Transportation	1,237,236	49.06%	617,584	30.86%	100.33%
Consumed Electricity	1,275,228	50.56%	1,328,574	66.38%	-4.02%
Total (kWh)	2,522,099	100.00%	2,001,361	100.00%	26.02%

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Streamlined Energy and Carbon Reporting (SECR) (continued)

The Company is committed to achieving net zero emissions in direct operations by 2030 for Scope 1 & 2 emissions and achieving net zero emissions for Scope 3 by 2035 through a number of initiatives. The Company is also working towards reducing absolute emissions in line with a 1.5°C science-based target by 2026. During the year this included the following:

- LED lighting has been introduced at sites within the Company's portfolio;

Methodology

We have used 2024 UK Government's Conversion Factors for Company Reporting and the Energy Institute Energy Savings Opportunity Scheme toolkit and the GWP's used within that were consistent with those used in the 2024 UK Government Conversion Factors.

Reporting period	1st January 2024 to 31 December 2024
<u>Organisational boundary</u>	<u>Operational control approach</u>
Alignment with financial reporting	SECR disclosure has been prepared in line with the annual accounts made up to 31 December 2024
Emissions factor source	DEFRA, 2024 for all emissions factors - https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024
Calculation method	Activity Data x Emission Factor = GHG emissions
Reason for the intensity measurement choice	The chosen metric is based on the average number of full-time employees being 374 in the year ended 31 December 2024

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.

Future developments

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

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.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of disclosure to auditor

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's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor reappointment

The auditor, Ernst & Young LLP, will be deemed to be reappointed in accordance with section 487 of the Companies Act 2006 and will therefore continue in office.

Approved by the Board and signed on its behalf by:

Signed by:

DBFC6AAF7B274AC...

.....
Jonathan Lessimore
Director

22 September 2025

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

Opinion

We have audited the financial statements of Element Materials Technology Environmental UK Limited ('the Company') for the year ended 31 December 2024 which comprise the statement of profit or loss, the statement of financial position, the statement of changes in equity and the related notes 1 to 27, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 company 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 Company's ability to continue as a going concern over a period from the date of approval of the Annual Report and Financial Statements to 31 December 2026.

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 Company's ability to continue as a going concern.

Other information

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED (CONTINUED)

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 light of the knowledge and understanding of the 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 12, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

- 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 (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations.
- We understood how the company is complying with those frameworks by making enquiries of management including those responsible for legal and compliance procedures. We corroborated our enquiries through our review of minutes of board meetings and consideration of the results of our audit procedures for the company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED (CONTINUED)

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

- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of legal expenses and board minutes and enquiries of those charged with governance and management. If we identify instances of non-compliance, we understand how management and those charged with governance have 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 impacts 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 to understand where it considered there was susceptibility to fraud, reviewing documentation of the company's policies and procedures including the 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 override controls to manipulate revenue. As a result, we identified a fraud risk relating to journals to revenue outside the normal course of business. We considered the controls that the company has established to address the risk identified, or that otherwise prevent, deter or detect fraud; and how senior management monitors those controls.
- We designed our audit procedures to respond to the identified fraud risk as follows: we obtained an understanding of the expected nature of postings to revenue, and we tested a sample of journals outside of this expectation.
- We also, as part of the overall response to the risk of fraud, performed journal entry testing.

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

DC7FBD4F58084CE...

Judith Smith (*Senior statutory auditor*)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

22 September 2025

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
Revenue	3	36,082,993	30,123,359
Cost of sales		<u>(25,508,810)</u>	<u>(23,387,336)</u>
Gross profit		10,574,183	6,736,023
Administrative expenses		<u>(9,503,426)</u>	<u>(5,967,713)</u>
Operating profit	4	1,070,757	768,310
Finance costs	7	(224,964)	(167,273)
Finance income	8	<u>3,433</u>	<u>–</u>
Profit before taxation		849,226	601,037
Taxation	9	<u>119,335</u>	<u>121,898</u>
Profit for the financial year		<u><u>968,561</u></u>	<u><u>722,935</u></u>

All results are generated from continuing operations.

There is no statement of other comprehensive income as all income and expenses for the current 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 ENVIRONMENTAL UK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

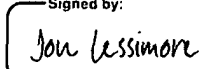
	Notes	2024 £	2023 £
Non-current assets			
Intangible assets	10	19,663,882	20,279,596
Property, plant and equipment	11	6,196,889	5,037,428
Right of use assets	12	2,218,143	2,464,664
Investments in subsidiaries	13	480,464	480,464
Deferred tax asset	19	431,018	197,917
		<u>28,990,396</u>	<u>28,460,069</u>
Current assets			
Stock	17	555,101	–
Trade and other receivables	15	18,509,782	17,041,180
Cash and cash equivalents	16	453,165	106,106
		<u>19,518,048</u>	<u>17,147,286</u>
Current liabilities			
Trade and other payables	18	9,143,512	6,938,823
Lease liabilities	12	488,810	514,916
Provisions	20	–	59,722
		<u>9,632,322</u>	<u>7,513,461</u>
Net current assets		<u>9,885,726</u>	<u>9,633,825</u>
Total assets less current liabilities		<u>38,876,122</u>	<u>38,093,894</u>
Non-current liabilities			
Lease liabilities	12	1,247,791	1,487,997
Provisions	20	1,686,298	1,632,425
		<u>2,934,089</u>	<u>3,120,422</u>
Net assets		<u><u>35,942,033</u></u>	<u><u>34,973,472</u></u>

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Notes	2024 £	2023 £
Shareholder's equity			
Share capital	22	2	2
Share premium account	23	31,024,617	31,024,617
Merger reserve	23	74,343	74,343
Retained earnings		4,843,071	3,874,510
Total shareholder's equity		35,942,033	34,973,472

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

The financial statements of Element Materials Technology Environmental UK Limited were approved by the Board of Directors and authorised for issue on 19 September 2025 and were signed on its behalf by:

Signed by:

 DBFC6AAF7B274AC...

Jonathan Lessimore
Director

22 September 2025

Company Registration No. 11371415

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital £	Share premium account £	Merger reserve £	Retained earnings £	Total £
Balance at 1 January 2023	2	31,024,617	74,343	3,151,575	34,250,537
Profit for the financial year	–	–	–	722,935	722,935
Balance at 31 December 2023	2	31,024,617	74,343	3,874,510	34,973,472
Profit for the financial year	–	–	–	968,561	968,561
Balance at 31 December 2024	2	31,024,617	74,343	4,843,071	35,942,033

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

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

1.1 General information and basis of accounting

Element Materials Technology Environmental UK Limited (the 'Company') 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 Company's principal activity is to provide specialist environmental testing and analysis.

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, as applicable to companies using FRS 101, except in relation to goodwill. Under IFRS 3 Business Combinations, goodwill is not amortised, but is reviewed for impairment on an annual basis. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. The Company is therefore invoking a 'true and fair' view override to overcome the requirement to write off goodwill over its useful economic life. Goodwill as at 31 December 2024 is £17,204,542 (2023: £17,204,542). Had the Company amortised goodwill, a period of 20 years would have been estimated as its useful economic life. Profit for the financial year would have been £860,227 lower (2023: £860,227 lower) had goodwill been amortised on this basis.

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.

The Company is a wholly owned subsidiary of Exova Group (UK) Limited and indirectly of EM Midco2 Limited. It is included in the consolidated financial statements of EM Midco2 Limited, which are publicly available. Therefore, the Company is exempt, by virtue of Section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The group financial statements of EM Midco2 Limited are available to the public and can be obtained as set out in Note 27.

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

The financial statements are presented in pounds sterling which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- 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:
 - 1. paragraph 79(a)(iv) of IAS 1;
 - 2. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - 3. paragraph 118(e) of IAS 38 Intangible Assets.
- The requirements of paragraphs 10(d), 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

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.1 General information and basis of accounting (continued)

- 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.

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 2024, net assets of £35,942,033 (2023: £34,973,472). The Company has no external loans or other borrowings or complex financial instruments as at 31 December 2024 (2023: £nil). The Company generated a profit after tax of £968,561 in the year ended 31 December 2024 (2023: £722,935).

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 ("EM Topco"), 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. The Directors have received confirmation that EM Topco 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 2026.

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 2026, takes into account the Group's cash flow and available undrawn banking facilities. The analysis, which involved a base case modelled on a plausible reduction to forecast EBITDA and a break-even scenario which the Group and Company directors consider implausible, concluded that even under the break even scenario 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 2026.

The Directors have chosen the period to 31 December 2026 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.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.2 Going concern (continued)

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.
- Likelihood of settlement of significant legal claims
- Input from the majority shareholder on its strategic plans for the Group

The going concern assessment takes into account the Group's cash flow and available undrawn credit facilities. Based on the going concern assessment performed over the period to 31 December 2026, 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.

The base case includes an adjustment to the forecasts to consider the impact of plausible scenarios on the headroom on cash and available credit facilities. This base case scenario, which sensitised the forecasts for specific identified risks, modelled the reduction in anticipated levels of underlying EBITDA and the associated increase in net debt. It was also further sensitised to consider 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 a decline in end markets.

Throughout this 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 covenant.

Further considerations were made to assess a further deterioration to the EBITDA reduction modelled in the base case scenario that would result in a break-even liquidity position for the Group, including consideration of the plausibility of the occurrence of this deterioration and the Group and Company 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 EM Topco will support the Company as necessary and has the ability to do so, to 31 December 2026, 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 2026.

Therefore, the financial statements of the Company have been prepared on a going concern basis.

1.3 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.

Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Any impairment loss for goodwill is recognised directly in the statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent years.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.4 Other intangible assets

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

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, together with any related deferred tax liability.

Amortisation 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 - 10 years
Computer software	1 - 4 years
Trade patents	15 years

An intangible asset is derecognised 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 recognised in the statement of profit or loss when the asset is derecognised.

1.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment. The cost of property, plant and equipment is the purchase cost, together with any directly attributable costs.

Depreciation is provided on all property, plant and equipment, 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:

Leasehold improvements	Lower of useful life and remaining contractual lease term (5 – 10 years)
Plant and machinery	3 – 15 years

Assets in the course of construction are reclassified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Property, plant and equipment is derecognised 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 recognised in the profit or loss.

1.6 Lease arrangements

The Company holds leases on assets used in the ordinary course of business. The Company recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases 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.

All leases where the Company is the lessee (except for low-value lease arrangements and those with less than a 12-month duration) are recognised in the statement of financial position. A lease liability is recognised based on the present value of the future lease payments, and a corresponding right-of-use asset is recognised. 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.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.6 Lease arrangements (continued)

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 by the lessee in restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the lease term and the end of the useful life of the asset.

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 leases held by the Company are split into two categories: property and non-property. The Company leases various properties, principally offices and laboratories, which have varying terms and renewal rights that are typical to the area in which they are located. Non-property leases are for motor vehicles.

Variable lease payments not included in the initial measurement of the lease liability are recognised in the 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 Company comprises:

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

After the commencement date the Company 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.

1.7 Investments in subsidiaries

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

1.8 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset, other than goodwill which is tested for impairment annually, 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 profit or loss.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.8 Impairment of non-financial assets (continued)

For assets where an impairment loss subsequently reverses, the carrying amount of the asset 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.

1.9 Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and sale. Cost of sales is recognised in the same period as corresponding revenue.

1.10 Trade and other receivables

Trade and other receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less expected credit losses. The Company applies IFRS 9 to measure expected credit losses (ECL) which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables, unbilled sales and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets and unbilled sales relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts.

Intercompany loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Intercompany loans are measured at amortised cost, less impairment.

1.11 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 trade and other payables.

1.12 Trade and other payables

Trade and other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Contract liabilities arise where the Company has invoiced the customer or received payment from them but has not yet done the work and the invoices and/or payments exceed the revenue recognised to date. Loans payable are recorded at the proceeds received, net of direct issue costs. Finance charges and direct issue costs, are accounted for on an accrual basis in the statement of profit or loss using the effective interest rate method and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

1.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting year end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.13 Provisions (continued)

A restructuring provision is recognised when the Company 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 Company.

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. Estimates are established at the inception of the lease and are reviewed annually for the impact of inflation, any material changes in underlying cost of restoration or any significant redevelopment works which have taken place.

1.14 Revenue from contracts with customers

The Company recognises revenue from specialist environmental testing and analysis pursuant to written contracts with its customers.

Revenue is measured at the fair value of the consideration to which the Company expects to be entitled and represents amounts receivable for services provided in the normal course of business, net of VAT and other sales-related taxes. These services are recognised using 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.

Revenue is reduced for estimated and agreed liquidated damages resulting from failure to meet the agreed service performance levels set out in the contract.

In most instances, activities undertaken to fulfil performance obligations to the customer represent a series of substantially-the-same services which have the same pattern of transfer. On this basis most of the Company's contracts have a single performance obligation. In cases where the Company identifies more than one performance obligation such as added services or different product subgroups the transaction price is allocated between the performance obligations based on the observable stand-alone selling prices.

Output methods are normally used for contracts with well-defined milestones. This ensures that no material work-in-progress is omitted and at the same time, externally relevant milestones in a form of tests completed, test report issued, etc are utilised.

Contract assets are recognised in line with revenue and the timing of invoicing. Contract Assets are reclassified to unbilled revenue at the point when performance obligations are satisfied. Unbilled revenue is reclassified to trade receivables at the point when invoices are issued to customers. Contract liabilities are recognised when customer payments precede the satisfaction of performance obligations and are reduced when corresponding revenue is recognised.

The Company does not consider a significant financing component to be present in any of its contracts. The period between the recognition of revenue and payments is rarely greater than one year.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.15 Employee benefit plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.16 Finance costs

Finance costs are interest expenses, predominantly interest on lease liabilities, recognised in the statement of profit or loss using the effective interest rate method.

1.17 Taxation

Current tax

The current tax (charge)/credit is based on the taxable profit for the year. Taxable profit differs from profit or loss 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.

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 reflects 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 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.

1.18 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 profit or loss.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (continued)

1.19 Adoption of new and revised accounting standards

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 and adopted by the UK Endorsement Board 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 a material impact on the financial statements of the Company.

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 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.

2.1 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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of other intangible assets and tangible fixed assets

Critical judgement is applied when determining whether there are indicators of impairment in relation to other intangible assets and tangible fixed assets. In making this judgement the directors have considered internal factors including current asset utilisation and external market factors which may impact asset utilisation.

2.2 Key sources of estimation

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period end, 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.

(a) Impairment of goodwill

Goodwill is tested annually for impairment or more frequently when there is an indication that it may be impaired. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Company performed sensitivity analysis to identify risk associated with goodwill impairment.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3 Revenue

Analysis of revenue by customer location:

	2024	2023
	£	£
United Kingdom	29,740,732	25,854,876
Rest of Europe	3,747,666	2,765,018
Rest of World	2,594,595	1,503,465
	<u>36,082,993</u>	<u>30,123,359</u>

	2024	2023
	£	£
Amounts included in contract liabilities at the beginning of the year recognised as revenue in the year	<u>127,511</u>	<u>142,896</u>

The table below represents contract assets which are initially recognised for revenue earned from ongoing services. Upon completion of services and acceptance by the customer, the amount recognised as contract asset is reclassified to unbilled revenue prior to invoicing when it moves to trade receivables.

Set out below is the amount of revenue recognised from:	2024	2023
	£	£
Amounts included in contract assets at the end of the year	<u>908,495</u>	<u>1,925,800</u>

Payment of invoiced revenue is generally due within 45 to 90 days of satisfaction of performance obligations.

4 Operating profit

	2024	2023
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment (note 11)	1,064,744	1,117,943
Depreciation of right of use assets (note 12)	1,016,334	579,087
Amortisation of intangible assets (note 10)	624,961	730,126
Foreign exchange losses	451,513	358,699
Inventories recognised as an expense	<u>2,783,929</u>	<u>2,790,074</u>

5 Auditor's remuneration

Fees payable to Ernst & Young LLP for the audit of the Company were borne by another company within the Group and disclosed in the consolidated financial statements of EM Midco2 Limited. Fees payable in the prior year were also borne by another company within the Group.

There were no non-audit services provided to the Company during the year (2023: none).

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

6 Employees and directors

Employees

The average monthly number of persons employed by the Company during the year was:

	2024	2023
Production and distribution	332	328
Administration	42	41
	<u>374</u>	<u>369</u>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	14,076,350	12,397,036
Social security costs	1,423,675	1,331,784
Pension costs	627,587	587,615
	<u>16,127,612</u>	<u>14,316,435</u>

Directors

The 4 Directors who served during 2024 also served as directors 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 Directors for services to the Group was £785,612 (2023: £575,336) of which £132,788 (2023: £167,977) has been paid through these financial statements. There were no other short-term employee benefits paid to the Directors in the year (2023: £nil) and there were no retirement benefits accruing to the Directors under pension schemes as at 31 December 2024 (2023: £nil). The highest paid director received £390,098 (2023: £331,020).

7 Finance costs

	2024	2023
	£	£
Interest expense on lease liabilities	169,064	152,670
Other interest payable	3,250	2,856
Discount unwind	52,650	11,747
	<u>224,964</u>	<u>167,273</u>

8 Finance income

	2024	2023
	£	£
Other interest receivable	3,433	–
	<u>3,433</u>	<u>–</u>

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

9 Taxation

a) The tax credit in the statement of profit or loss is made up as follows:

	2024	2023
	£	£
Current tax		
UK corporation tax	–	–
Adjustment in respect of prior years	–	–
Total current tax	<u>–</u>	<u>–</u>
Deferred tax		
Origination and reversal of timing differences	(369,966)	(368,444)
Adjustment in respect of prior years	136,865	169,071
Total deferred tax	<u>(233,101)</u>	<u>(199,373)</u>
Withholding tax		
Withholding tax written off	113,766	77,475
Total withholding tax	<u>113,766</u>	<u>77,475</u>
Total tax on continuing operations	<u>(119,335)</u>	<u>(121,898)</u>

b) Reconciliation of the total tax credit

The tax credit in the statement of profit or loss for the year is lower than the standard rate of corporation tax in the UK of 25% (2023 - 23.5%). The differences are explained below:

	2024	2023
	£	£
Accounting profit before income tax	<u>849,226</u>	<u>601,037</u>
Tax calculated at UK standard rate of corporation tax of 25% (2023 - 23.5%)	212,307	141,244
Disallowed expenses and non-qualifying depreciation	159,924	21,706
Adjustment in respect of prior years	136,865	169,071
Tax rate change	–	(22,107)
Group relief claimed for no consideration	(741,673)	(509,287)
Withholding tax written off	113,242	77,475
Taxation credit for the year	<u>(119,335)</u>	<u>(121,898)</u>

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

10 Goodwill and other intangible assets

	Goodwill	Computer software	Trade patents	Customer relationships	Total
	£	£	£	£	£
Cost					
At 1 January 2024	17,204,542	745,143	38,153	6,402,831	24,390,669
Transfer from assets under construction	–	9,247	–	–	9,247
At 31 December 2024	<u>17,204,542</u>	<u>754,390</u>	<u>38,153</u>	<u>6,402,831</u>	<u>24,399,916</u>
Amortisation					
At 1 January 2024	–	506,472	6,812	3,597,789	4,111,073
Charge for the year	–	148,939	2,544	473,478	624,961
At 31 December 2024	<u>–</u>	<u>655,411</u>	<u>9,356</u>	<u>4,071,267</u>	<u>4,736,034</u>
Carrying amount					
At 31 December 2024	<u>17,204,542</u>	<u>98,979</u>	<u>28,797</u>	<u>2,331,564</u>	<u>19,663,882</u>
At 31 December 2023	<u>17,204,542</u>	<u>238,671</u>	<u>31,341</u>	<u>2,805,042</u>	<u>20,279,596</u>

Goodwill is assessed annually for impairment. The impairment assessment is based on a projected cashflow over a five-year period and the key assumptions utilised in the model are the discount rate and long-term growth rate which were 9.00% and 3.30% respectively. In order for an impairment to be required the discount rate applied would need to be increased above 16.0% or the growth rate reduced below (8.3%).

As at 31 December 2024, the Directors of the Company consider there to be no impairment in relation to the goodwill.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

11 Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Assets under construction	Total
	£	£	£	£
Cost				
At 1 January 2024	1,032,001	9,214,344	1,023,977	11,270,322
Additions	–	975,998	1,257,454	2,233,452
Transfers	49,653	985,965	(1,035,618)	–
Transfers to software cost (intangible assets)	–	–	(9,247)	(9,247)
At 31 December 2024	<u>1,081,654</u>	<u>11,176,307</u>	<u>1,236,566</u>	<u>13,494,527</u>
Accumulated depreciation				
At 1 January 2024	729,125	5,503,769	–	6,232,894
Charge for the year	58,355	1,006,389	–	1,064,744
At 31 December 2024	<u>787,480</u>	<u>6,510,158</u>	<u>–</u>	<u>7,297,638</u>
Net book value				
At 31 December 2024	<u>294,174</u>	<u>4,666,149</u>	<u>1,236,566</u>	<u>6,196,889</u>
At 31 December 2023	<u>302,876</u>	<u>3,710,575</u>	<u>1,023,977</u>	<u>5,037,428</u>

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

12 Lease arrangements

Right of use assets

	Property	Non-property	Total
	£	£	£
Cost			
At 1 January 2024	3,131,471	776,016	3,907,487
Additions	311,748	181,368	493,116
Remeasurement	36,122	240,575	276,697
Expiry	(533,378)	–	(533,378)
At 31 December 2024	<u>2,945,963</u>	<u>1,197,959</u>	<u>4,143,922</u>
Accumulated depreciation			
At 1 January 2024	1,235,782	207,041	1,442,823
Charge for the year	590,305	426,029	1,016,334
Expiry	(533,378)	–	(533,378)
At 31 December 2024	<u>1,292,709</u>	<u>633,070</u>	<u>1,925,779</u>
Net book value			
At 31 December 2024	<u>1,653,254</u>	<u>564,889</u>	<u>2,218,143</u>
At 31 December 2023	<u>1,895,689</u>	<u>568,975</u>	<u>2,464,664</u>

Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Current		Non-current	
	2024	2023	2024	2023
	£	£	£	£
Property	203,413	301,366	953,414	1,119,625
Non-property	285,397	213,550	294,377	368,372
Total	<u>488,810</u>	<u>514,916</u>	<u>1,247,791</u>	<u>1,487,997</u>

The non-current balance above is due between 1-8 years.

Interest expense

Interest expense on the lease liabilities recognised within finance costs was £169,064 (2023: £152,670). The total lease payments of £675,475 (2023: £457,597) is set first against the interest expense with the remaining £506,411 (2023: £304,927) against the principal. As at 31 December 2024, there were no leases which the Company was committed to with future cash flows which have not been accounted for except certain leases with lease terms of less than 12 months and leases that are low value. The total expense recognised for such leases was £13,938 (2023: £10,585). The Company holds no variable leases. The property leases include options for the company to terminate the leases between 2026 and 2028, as they are not expected to be exercised the lease liability has been calculated assuming the early termination options will not be exercised.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 Investments in subsidiaries

	Shares in group undertakings £
Cost	
At 1 January 2024	480,464
Additions	—
At 31 December 2024	<u>480,464</u>
Carrying amount	
At 31 December 2024	<u>480,464</u>
At 31 December 2023	<u>480,464</u>

As at 31 December 2024, the Directors of the Company consider there to be no indicators of impairment in relation to the investments held. Details of the subsidiaries are set out in note 14.

14 Subsidiaries

A list of the investments in subsidiaries, including the name, registered office, country of incorporation and proportion of ownership interest is given below.

Subsidiary undertakings	Registered office	Country of incorporation	Principal activity	Percentage holding %
Catalyst Environmental Limited	3 rd Floor Davidson Building, 5 Southamptton Street, London, WC2E 7HA	UK	Dormant	100
Environmental Evaluation Limited	3 rd Floor Davidson Building, 5 Southamptton Street, London, WC2E 7HA	UK	Dormant	100
Jones Environmental Forensics Limited	3 rd Floor Davidson Building, 5 Southamptton Street, London, WC2E 7HA	UK	Dormant	100
Envirodat Limited	3 rd Floor Davidson Building, 5 Southamptton Street, London, WC2E 7HA	UK	Dormant	100

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

15 Trade and other receivables

	2024	2023
	£	£
Trade receivables	6,621,003	6,572,430
Contract assets	908,495	1,925,800
Amounts owed by group undertakings	9,149,335	7,835,090
Unbilled revenue	1,001,836	–
Prepayments and other receivables	829,113	707,860
	<u>18,509,782</u>	<u>17,041,180</u>

No trade receivables fall due after more than one year. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade receivables are stated after an expected credit loss of £228,294 (2023: £106,426) and contract assets after an expected credit loss of £3,872. The trade receivables, unbilled revenue and contract asset balances relate to contracts with customers.

The Company measures the loss allowance for trade receivables, contract assets, unbilled revenue and all amounts owed by group undertakings at an amount equal to lifetime ECL. The expected credit losses on the receivables are estimated using a provision matrix by reference to past default experience of the debtor book and an analysis of the debtor book 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 the current as well as the forecast direction of conditions at the reporting date.

In determining the recoverability of a trade receivable, the Company 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.

16 Cash and cash equivalents

	2024	2023
	£	£
Cash at bank denominated in GBP	107,288	88,682
Cash at bank denominated in EUR	230,680	14,239
Cash at bank denominated in USD	115,197	3,185
	<u>453,165</u>	<u>106,106</u>

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17 Stock

	2024	2023
	£	£
Stock	555,101	–
	<u>555,101</u>	<u>–</u>

18 Trade and other payables

	2024	2023
	£	£
Trade payables	1,315,467	758,707
Amounts owed to group undertakings	4,346,123	1,653,475
Contract liabilities	310,305	127,511
Taxation and social security	1,207,404	2,737,733
Accruals and other payables	1,964,213	1,661,397
	<u>9,143,512</u>	<u>6,938,823</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Deferred taxation

The following are the deferred tax liabilities and assets recognised by the company and movements thereon during the current reporting year.

	Fixed asset timing differences	Intangible asset timing differences	Total asset timing differences
	£	£	£
Deferred tax asset/(liability) at 1 January 2024	899,177	(701,260)	197,917
Deferred tax movements			
Current year movement	251,597	118,369	369,966
Adjustment in respect of prior years	(136,865)	–	(136,865)
Deferred tax asset/(liability) at 31 December 2024	<u>1,013,909</u>	<u>(582,891)</u>	<u>431,018</u>

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

20 Provisions

	2024	2023
	£	£
Dilapidations	1,686,298	1,632,425
Restructuring	–	19,129
Other provisions	–	40,593
	<u>1,686,298</u>	<u>1,692,147</u>

	Dilapidations	Restructuring	Other	Total
	£	£	Provision	£
			£	
At 31 December 2023	1,632,425	19,129	40,593	1,692,147
Discount unwind	52,650	–	–	52,650
Unutilised	–	(19,129)	(40,593)	(59,722)
Remeasurement	1,223	–	–	1,223
At 31 December 2024	<u>1,686,298</u>	<u>–</u>	<u>–</u>	<u>1,686,298</u>

	2024	2023
	£	£
Current	–	59,722
Non-current	1,686,298	1,632,425
	<u>1,686,298</u>	<u>1,692,147</u>

The dilapidations provision represents management's best estimate of restoration costs with respect to leased properties for which a present obligation exists. As at 31 December 2024, the dilapidation provisions decreased to £1,686,298 (2023: £1,632,425). The liability is management's best estimate regarding the cost of restoring operating sites to their original condition in accordance with the terms of the lease contracts, with payment expected to be made at the lease expiry dates which are between 2025 and 2033. The timing of the cash outflows is expected to be as leases expire, in line with the lease liability profile in note 12.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

21 Employee benefit plans

Defined contribution plans

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 recognised as an employee benefit expense in the Statement of profit or loss as incurred. The Company recorded costs of £627,587 in respect of defined contribution plans in the year to 31 December 2024 (2023: £587,615). At the year end, contributions of £174,186 (2023: £121,551) due in respect of the current reporting period had not been paid over to the scheme. These balances are reported within trade and other payables within other payables.

22 Share capital

	2024	2023
	£	£
Authorised, issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

The ordinary shares are non-redeemable and hold full rights in respect of voting.

23 Reserves

Share premium account

	2024	2023
	£	£
Share premium	<u>31,024,617</u>	<u>31,024,617</u>

On 1 September 2018 the former parent company, Exova (UK) Limited, contributed assets of £31,024,618 at book value in return for one share in the company, creating the share premium account.

Merger reserve

On 30 April 2021 the company hived up the net assets of Envirodan Limited. The transaction created a merger reserve of £74,343 as a result of the change in net assets of the subsidiary from the acquisition date to the hive up date.

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

24 Commitments and contingent liabilities

Capital commitments

At 31 December 2024, the Company had capital commitments as follows:

	2024	2023
	£	£
Contracted for but not provided	<u>221,335</u>	<u>313,382</u>

Capital committed at 31 December 2024 is for spend on plant and equipment.

Contingent liabilities and guarantees

The Company has given a guarantee in respect of the Senior Facilities Agreement (SFA) of EM Midco2 Limited, another group company. As at 31 December 2024, the Company along with a number of other group companies has jointly and severally guaranteed \$1,781 million which is secured by a charge on the Company's assets. Security will only be enforceable on the occurrence of an Event of Default as defined by the SFA.

The Company has given a guarantee in respect of the TTL Chiltern Pension scheme. The Company along with several other group companies jointly and severally guaranteed to meet all present and future obligations and liabilities of the Scheme in the event of a default by Warringtonfire Testing and Certification Limited. Due to the nature of the pension scheme, obligations will fluctuate with changes to the assumptions and funding position. At 31 December 2024 the pension scheme was showing a net surplus position of £845,000 (2023: net deficit £250,000). The Trustee of TTL Chiltern Group Pension scheme purchased a bulk annuity buy-in policy to cover all members of the Scheme to reduce the Company's exposure to changes in the value of the defined benefit obligation which came in to effect on 6 October 2023.

The company had jointly and severally guaranteed the value added tax liability (VAT) of other companies within the same VAT group. The VAT balance at 31 December 2024 was recoverable totalling £1.9m (2023: payable of £3.7m).

25 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.

26 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 into with wholly owned group companies or key management personnel.

The Company is disclosing here transactions entered into with one partially owned group company. During the financial year to 31 December 2024, the Company made sales of £659,700 (2023: £385,096) to Element Materials Technology South Africa Proprietary Limited. The balance outstanding at 31 December 2024 was £511,652 net of expected credit loss provision of £467,059 (2023: £1,170,146).

ELEMENT MATERIALS TECHNOLOGY ENVIRONMENTAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

27 Ultimate holding company and controlling party

The Company's ultimate parent undertaking is Temasek Holdings (Private) Limited, a company incorporated in Singapore. The Company's immediate parent is Exova Group (UK) Limited Limited, 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 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.