Specialty Measurement Holdco Limited

Annual report and consolidated financial statements

Registered number 12959007

For the year ended 31 December 2022

Contents

Officers and professional advisors

Company registration number	12959007
Registered office	48 Lancaster Way Business Park Ely Cambridgeshire CB6 3NW
Director	Mr R Gedeon
Auditor	KPMG LLP Canada Square London E14 5GL

Strategic report

Business review

The company is principally engaged as an intermediate holding company and in the provision of management services to its subsidiary undertakings. The group is principally engaged in the design, manufacture and sale of dewpoint meters, relative humidity meters and software systems to integrate relative humidity probes, hygrometers, and humidity calibration systems, instruments for the measurement of natural gas quality and oxygen and other electronic measuring instruments. The comparatives shown are for the period from incorporation, 19 October 2020 to 31 December 2021.

The group's underlying trading for the period was satisfactory, with an operating profit before depreciation and amortisation of £41.0 million (2021: £34.0 million).

On 28 February 2023 the group acquired 100% of the issued share capital of SensoScientific Inc. through its subsidiary undertaking Rotronic Instruments Corp. for a consideration of USD 112.0 million. The acquisition was funded by the utilisation of existing term loan facilities and a new term loan facility of USD 53 million.

Performance in 2022 has continued to demonstrate how Specialty Measurement Holdco Limited Group ("the group"), as a manufacturer of instruments and sensors used in a variety of applications in essential industries, is resilient to the effects of macro-economic variables such as inflation, interest rates and energy price increases. Cash reserves of the group were always very stable and high positive operating cash flows were generated in 2022. The group expects the following development of its core customer segments for 2023: Investment in renewable energy, particularly Hydrogen production at scale in Europe and North America. Higher adoption of Automated monitoring in Life Sciences and Pharma as the sector adopts BigData. Continued growth in the Natural Gas markets. Energy efficiency opportunities will see investment in the Compressed Air and Transport sectors. Food and Beverage, Medical and Transport are stable with opportunities in developing regions while the HVAC and Building technologies markets are expected to remain stable.

Key performance indicators

The group reports on a number of key performance indicators (KPIs) in its monthly management accounts, the main focus being on turnover, gross margins, overhead costs, return on sales and cash flow.

In the year ended 31 December 2022 the financial KPIs were as follows:

- Turnover of £149.0 million (2021: £137.2 million)
- Gross margins of 62.5% (2021: 63.2%)
- Other operating charges (excluding depreciation and amortization) £52.1 million (2021: £52.7 million)
- Operating profit before interest, tax, depreciation and amortisation of £41.0 million (2021: £34.0 million)

Cash generated from operating activities of £29.5 million

Principal risks and uncertainties

The group recognises that some of its main risks and uncertainties are as follows:

- Global economic and political conditions, which are mitigated by having a geographically diverse customer base.
- Competitive pressures, which the group addresses by high investment in research & development, improving efficiencies in manufacturing and focused marketing.
- Currency fluctuations, particularly the Euro, US dollar and Swiss Franc, which are described below.
- Material damage and other product and individual risks, for which the group has international insurance policies.

Strategic report *(continued)*

Financial risk management objectives and policies

The group uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, primarily interest rate risk, currency risk and liquidity risk.

Interest rate risk

The group finances its trading operations through retained profits and its acquisitions through equity and long-term debt. The group has exposure to interest rate fluctuations on its external borrowings, which are subject to LIBOR. In October 2022, the group invested in a derivative instrument to limit the exposure to interest fluctuations on its external borrowings.

Currency risk

The group is exposed to transactional foreign exchange risk. Some transaction exposures are hedged through the use of foreign currency bank accounts.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash inflow and availability of a revolving credit facility of £25 million, of which £21 million remains undrawn.

Along with its cash resources, the Group is financed by an external loan facility of £266 million (2021: £256million) and a £25 million (2021: £25million) revolving credit facility, through its subsidiary, Specialty Measurement Bidco Limited. As of 31 December 2022, these facilities were £216 million (2021: £199 million) and £4 million (2021: £5million) drawn respectively. The loan facility is subject to a leverage covenant and has a minimum term ending in November 2027. During the year and up to the date of signing these financial statements, the EBITDA and net debt level covenant was not breached, and the group operated within the parameters of the facilities. Post year end the acquisition of SensoScientific Inc. was financed by additional external loan amounting to £94 million . The additional loan financing is consistent with the terms of the existing loan facility in respect of covenants and minimum term.

Management has developed forecast scenarios including both a base case and a severe but plausible case, which cover at least 12 months from the date of signing these financial statements. The severe but plausible case simulates the potential impacts of the macro-economic variables such as inflation and interest rate changes. These scenarios demonstrate that the group continues to have strong levels of liquidity and that it operates within its banking facilities, including its covenants, noted above. Management have also prepared a remote downside scenario, with sales levels declining by 5%, which results in cash flow and margin levels that still leave the group with adequate levels of liquidity and the banking covenant is maintained. The group's operating cash inflow was £8.7 million in Q1 2023. Given the record high order book at the end of Q1 2023 , there is limited risk that the remainder of the year will see much reduced revenue or cash flows. Even in this remote downside simulation liquidity levels will stay healthy, available revolving credit facilities of £21 million will remain unused and the net-debt level covenant will not be breached.

Future developments

The group continues to invest in research & development in order to extend its product portfolio and add value for customers by improving product specification and functionality. In 2022 a number of new products were successfully launched and 2023 will see the release of various updates to existing product lines as well as the introduction of additional products. The group also continues to invest heavily in worldwide sales & marketing, to broaden its geographical and industry market base. In addition, the group intends to grow via acquisition of companies with a complementary product range.

This report was approved by the board and signed on its behalf by:

R Gedeon
Director

Date: 27 April 2023

Director's report

The director presents his report and the financial statements for the year ended 31 December 2022.

Results and dividends

The group's loss after tax for the year, after charging amortisation of goodwill and intangibles of £39,196,144 (2021: £50,109,527) and depreciation on tangible fixed assets of £1,778,498 (2021: £1,777,467) was £38,367,639 (2021: £35,792,906). A dividend of £nil was paid in the year ended 31 December 2022.

Director

The director who served the company during the year and to the date of this report, was as follows:

Mr R Gedeon

Research and development

The group continues to invest in research and development on new and existing products.

Corporate governance

As a result of the introduction of the new UK Corporate Governance Code 2018, Section 172(1), the board has reviewed its engagement with employees and other stakeholders in order to ensure that the views of all our stakeholders are considered at board level.

The existing mechanisms for engagement with employees by the board include reviewing and implementing suggestions received from employees, individual site visits by members of the board and other senior managers, and written communications from the board and senior managers on matters of importance to the group, including financial performance. We will continue to review and adapt our approach to employee engagement during the coming year. By developing our employees and providing a range of benefits we ensure that we have highly motivated people with the right skills which allow the company to compete effectively in the global marketplace. To attract and retain employees, we ensure that our remunerative packages are both fair and competitive.

We retain close relationships with our customers and provide product support through our sales representatives, who are active throughout the world. Where required, we provide regular on-site support and training sessions with all the members of our global distribution network. We conduct audits and site visits, when appropriate, to ensure that a strong relationship is maintained with all our critical suppliers. This includes prompt payment of all suppliers. We expect all our suppliers to be compliant with the Modern Slavery Act and work closely with them to build on our knowledge and promote best practice.

Impact on environment

Specialty Measurement Holdco Limited's emissions for the year ended 31 December 2022 fall below the levels for which reporting under Streamlined Energy and Carbon Reporting in the UK is required.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that they ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

R Gedeon
Director

48 Lancaster Way Business Park
Ely
Cambridgeshire
CB6 3NW

Date: 27 April 2023

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The director is responsible for preparing the Strategic Report, Director's report and the financial statements and the Group and parent Company 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 they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECIALTY MEASUREMENT HOLDCO LIMITED

Opinion

We have audited the financial statements of Specialty Measurement Holdco Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the Group or the Company or to cease their operations, and as he has concluded that the Group and the Company's financial position means that this is realistic. He also has concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for [at least a year] from the date of approval of the financial statements ("the going concern period").

In our evaluation of the director's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECIALTY MEASUREMENT HOLDCO LIMITED *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of director, key management personal and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, director and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that sale of goods and services rendered at cut-off are recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journals posted to revenue and cash accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the director and other management (as required by auditing standards), and discussed with the director and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation , taxation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECIALTY MEASUREMENT HOLDCO LIMITED *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and director' report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 6, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECIALTY MEASUREMENT HOLDCO LIMITED *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

M Prince

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Canada Square
London
E14 5GL

28 April 2023

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2022

	Note	2022	Period ended 31 December 2021
		£	**£**
Turnover	*3*	**148,957,091**	**137,159,666**
Cost of sales		**(55,873,794)**	**(50,514,881)**
Gross profit		**93,083,297**	**86,644,785**
Other operating expenses (net)	*4*	**(52,057,129)**	**(52,664,510)**
Operating profit before depreciation and amortisation of goodwill and intangible fixed assets	*5*	**41,026,168**	**33,980,275**
Depreciation of tangible fixed assets	*5*	**(1,778,498)**	**(1,777,467)**
Amortisation of goodwill and intangible fixed assets	*5*	**(39,196,144)**	**(50,109,527)**
Operating profit / (loss)		**51,526**	**(17,906,719)**
Interest receivable and similar income	*8*	**30,684**	**8,377,389**
Interest payable and similar expenses	*9*	**(35,487,472)**	**(19,249,732)**
Loss before taxation		**(35,405,262)**	**(28,779,062)**
Taxation	*10*	**(2,962,377)**	**(7,013,844)**
Loss for the financial year / period		**(38,367,639)**	**(35,792,906)**
Other comprehensive income			
Foreign exchange gains on translation of foreign operations		**1,968,010**	**592,931**
Actuarial gain on defined benefit pension schemes		**1,427,652**	**2,149,960**
Total comprehensive loss for the financial year / period		**(34,971,977)**	**(33,050,015)**

All of the activities of the company are classed as continuing.

The notes on pages 18 to 42 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2022

	Note	2022	2022	2021	2021
		£	£	£	£
Fixed assets					
Intangible assets and goodwill	*12*		307,870,807		345,045,690
Tangible assets	*13*		5,886,915		5,123,365
			313,757,722		350,169,055
Current assets					
Stocks	*16*	28,785,957		23,382,946	
Debtors	*17*	35,137,529		23,624,341	
Cash at bank and in hand		12,845,062		11,829,309	
		76,768,548		59,163,418	
Creditors: amounts falling due within one year	*18*	(20,988,044)		(21,058,344)	
Net current assets		55,780,504			37,778,252
Total assets less current liabilities			369,538,226		387,947,307
Creditors: amounts falling due after more than one year	*19*		(214,710,292)		(198,006,682)
Provisions for liabilities					
Deferred taxation	*20*		(1,392,993)		(747,242)
Other provisions	*21*		(242,765)		(268,454)
Pension obligations	*22*		(2,035,721)		(2,796,497)
Net assets			151,156,455		186,128,432
Capital and reserves					
Called up share capital	*23*		10,000		10,000
Share premium			219,168,447		219,168,447
Profit and loss account			(68,021,992)		(33,050,015)
Shareholders' funds			151,156,455		186,128,432

The notes on pages 18 to 42 form part of these financial statements.

These financial statements were approved by the board of director on 27 April 2023 and were signed on its behalf by:

R Gedeon
Director

Company registered number: 12959007

Company Balance sheet
as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	*14*	**219,178,447**	**219,178,447**
Total fixed assets		**219,178,447**	**219,178,447**
Net assets		**219,178,447**	**219,178,447**
Capital and reserves			
Called up share capital	*23*	**10,000**	**10,000**
Share premium		**219,168,447**	**219,168,447**
Profit and loss account		-	-
Shareholders' funds		**219,178,447**	**219,178,447**

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Income Statement. The profit dealt with in the financial statements of the parent company for the year was £nil.

The notes on pages 18 to 42 form part of these financial statements.

These financial statements were approved by the board of director on 27 April 2023 and were signed on its behalf by:

R Gedeon
Director

Company registered number: 12959007

Consolidated Statement of Changes in Equity

	Note	Called up share capital £	Share premium £	Profit and loss account £	Total equity £
Total comprehensive income for the period					
Loss for the period			-	(35,792,906)	(35,792,906)
Other comprehensive income				2,742,891	2,742,891
Total comprehensive loss for the period		-	-	(33,050,015)	(33,050,015)
Transactions with owners, recorded directly in equity					
Shares issued during the period	*23*	10,000	219,168,447	-	219,178,447
Total contributions by and distributions to owners		10,000	219,168,447	-	219,178,447
Balance at 31 December 2021		10,000	219,168,447	(33,050,015)	186,128,432
Balance at 1 January 2022		10,000	219,168,447	(33,050,015)	186,128,432
Total comprehensive income for the year					
Loss for the year		-	-	(38,367,639)	(34,367,639)
Other comprehensive income				3,395,662	3,395,662
Balance at 31 December 2022		10,000	219,168,447	(68,021,992)	151,156,455

The notes on pages 18 to 42 form part of these financial statements.

Company Statement of Changes in Equity

	Note	**Called up share capital** £	**Share premium** £	**Profit and loss account** £	**Total equity** £
Total comprehensive income for the period					
Loss for the period		-	-	-	-
Other comprehensive income		-	-	-	-
Actuarial gain on defined benefit pension schemes					
Total comprehensive loss for the period		-	-	-	-
Transactions with owners, recorded directly in equity					
Shares issued during the period	*23*	**10,000**	**219,168,447**	**-**	**219,178,447**
Total contributions by and distributions to owners		**10,000**	**219,168,447**	-	**219,178,447**
Balance at 31 December 2021		**10,000**	**219,168,447**	**-**	**219,178,447**
Balance at 1 January 2022		**10,000**	**219,168,447**	**-**	**219,178,447**
Total comprehensive income for the year					
Profit for the year		-	-	-	-
Balance at 31 December 2022		**10,000**	**219,168,447**	-	**219,178,447**

The notes on pages 18 to 42 form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Note	2022	2021
		£	**£**
Cash flows from operating activities			
Loss for the financial year		**(38,367,639)**	**(35,792,906)**
Adjustments for:			
Amortisation of intangible fixed assets and goodwill	*5*	**39,196,144**	**50,109,527**
Depreciation of tangible fixed assets	*5*	**1,778,498**	**1,777,467**
Loss on disposal of tangible fixed assets	*5*	**3,949**	**92,418**
Interest receivable		**(30,684)**	**(8,377,389)**
Interest payable		**35,487,472**	**19,249,732**
Taxation		**2,962,377**	**7,013,844**
Increase in debtors		**(10,630,851)**	**(349,948)**
Increase in stocks		**(5,403,011)**	**(3,470,830)**
Increase in creditors		**1,680,742**	**4,987,735**
Increase / (decrease) in provisions		**2,305,074**	**(1,544,617)**
Difference between pension charge and contributions		**485,079**	**897,445**
Net cash generated from operating activities		**29,467,150**	**34,592,478**
Cash flows from investing activities			
Purchase of tangible assets	*12*	**(2,347,055)**	**(1,985,823)**
Purchase of intangible fixed assets	*13*	**(1,276,707)**	**(513,054)**
Receipts from the sale of fixed assets		**-**	**9,708**
Purchase of subsidiary undertaking	*15*	**-**	**(317,508,881)**
Purchase of preference share dividend receivable	*15*	**-**	**(9,657,997)**
Net cash acquired with subsidiary undertaking		**-**	**30,029,048**
Net cash used in investing activities		**(3,623,762)**	**(299,626,999)**
Cash flows from financing activities			
Interest paid		**(16,669,335)**	**(16,289,712)**
Interest received		**28,529**	**67,844**
Term loan received		**-**	**211,858,245**
Debt issue costs paid		**-**	**(6,781,250)**
Term loan paid	*19*	**(1,000,000)**	**(123,096,823)**
Ordinary share capital issued		**-**	**219,178,447**
Net cash used in financial activities		**(17,640,806)**	**284,936,751**
Tax paid		**(8,041,544)**	**(8,986,135)**
Net increase in cash and cash equivalents		**161,038**	**10,916,095**
Foreign exchange translation adjustment		**854,715**	**913,214**
Cash and cash equivalents at beginning of year		**11,829,309**	**-**
Cash and cash equivalents at end of year		**12,845,062**	**11,829,309**

The notes on pages 18 to 42 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022 (continued)

Analysis of Changes in Net Debt

	At 1 January 2022	Cash Flows	Other Non-cash Changes	At 31 December 2022
	£	£	£	£
Cash and cash equivalents				
Cash	11,829,309	161,038	854,715	12,845,062
Borrowings				
Debt due within one year	-	-	-	-
Debt due after one year	(198,006,682)	(1,000,000)	(17,703,610)	(214,710,292)
Total	(198,006,682)	(1,000,000)	(17,703,610)	(214,710,292)

Notes
(forming part of the financial statements)

1 Accounting policies

Specialty Measurement Holdco Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 12959007 and the registered address is 48 Lancaster Way Business Park, Ely, Cambridgeshire CB6 3NW.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

The financial statements, incorporating the financial statements of the company and all group undertakings, have been prepared under the historical cost convention, in accordance with applicable UK accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and with the Companies Act 2006.

The financial statements are presented in sterling (£).

1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern

Notwithstanding a loss for the year of £38.3 million, (2021: £35.8 million) the financial statements of Specialty Measurement Holdco Limited ("the company") have been prepared on a going concern basis, which the director consider to be appropriate for the following reasons.

Performance in 2022 has continued to demonstrate how Specialty Measurement Holdco Limited Group ("the group"), as a manufacturer of instruments and sensors used in a variety of applications in essential industries, is resilient to the effects of macro-economic variables such as inflation, interest rates and energy price increases. Cash reserves of the group were always very stable and high positive operating cash flows were generated in 2022. The group expects the following development of its core customer segments for 2023: Investment in renewable energy, particularly Hydrogen production at scale in Europe and North America. Higher adoption of Automated monitoring in Life Sciences and Pharma as the sector adopts BigData. Continued growth in the Natural Gas markets. Energy efficiency opportunities will see investment in the Compressed Air and Transport sectors. Food and Beverage, Medical and Transport are stable with opportunities in developing regions while the HVAC and Building technologies markets are expected to remain stable.

The group has seen limited impact to its supply chain both during and following the covid pandemic, which is thanks to own technology and in-house manufacturing capabilities. There are relatively few sole source key components. Increased cost of supplies is in most cases passed on to customers. Localised lock downs in Shanghai temporarily affected the operation of local business leading to temporary increase in stock as at 31 December 2022. Overall financial impact is considered to be minimal.

Along with its cash resources, the Group is financed by an external loan facility of £266 million (2021: £256million) and a £25 million (2021: £25million) revolving credit facility, through its subsidiary, Specialty Measurement Bidco Limited. As of 31 December 2022, these facilities were £216 million (2021: £199 million) and £4 million (2021: £5million) drawn respectively. The loan facility is subject to a leverage covenant and has a minimum term ending in November 2027. During the year and up to the date of signing these financial statements, the EBITDA and net debt level covenant was not breached, and the group operated within the parameters of the facilities. Post year end the acquisition of SensoScientific Inc. was financed by additional external loan amounting to £94 million . The additional loan financing is consistent with the terms of the existing loan facility in respect of covenants and minimum term.

Management has developed forecast scenarios including both a base case and a severe but plausible case, which cover at least 12 months from the date of signing these financial statements. The severe but plausible case simulates the potential impacts of the macro-economic variables such as inflation and interest rate changes. These scenarios demonstrate that the group continues to have strong levels of liquidity and that it operates within its banking facilities, including its covenants, noted above. Management have also prepared a remote downside scenario, with sales levels declining by 5%, which results in cash flow and margin levels that still leave the group with adequate levels of liquidity and the banking covenant is maintained. The group's operating cash inflow was £8.7 million in Q1 2023. Given the record high order book at the end of Q1 2023 , there is limited risk that the remainder of the year will see much reduced revenue or cash flows. Even in this remote downside simulation liquidity levels will stay healthy, available revolving credit facilities of £21 million will remain unused and the net-debt level covenant will not be breached.

Based on the above assessment the Director is confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. Therefore, the Director has continued to prepare these financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, usually on shipment of the goods.

Revenue from services provided by the group is recognised when the group has performed its obligations and in exchange obtained the right to consideration.

1.5 Research and development

Development costs are written off in the year of expenditure, unless it is a specific project, generated wholly by a third party and for which recoverability can be assessed with reasonable certainty, in which case it is capitalised and amortised in line with the expected sales arising from the project.

1.6 Intangible fixed assets

Intangible assets are initially recorded at cost and amortised in equal annual instalments over a period of 5 to 10 years, being their estimated useful economic life. Provision is made for any impairment.

Impairment reviews in respect of goodwill are not performed annually unless an event indicates that an impairment review is necessary. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses or significant reduction in cash flows.

1.7 Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Acquired goodwill - 10 years
Other intangibles - over 5 years, in line with expected sales arising from the projects

1.8 Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property - over the expected life of the lease
Plant and machinery - 3 - 5 years
Motor vehicles - 4 years

Assets in the course of construction are not depreciated until brought into use.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.10 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Pension costs

Defined contribution pension scheme

The group operates defined contribution pension schemes for many employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

Defined benefit pension scheme

Termination and retirement benefits:

Some overseas subsidiary companies have retirement and termination benefits which fall within the scope of FRS 102: Retirement Benefits as defined benefit schemes. The liabilities of these schemes are measured on an actuarial basis and are discounted to their present values using a discount rate based on corporate bond rates in the associated countries. There are no assets associated with the benefits. The liability is recognised in full on the balance sheet. An associated deferred tax balance relating to the liability is recognised.

Post-employment benefit:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense/ (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.12 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the director consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.13 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value, total value of this instrument recognised under other assets amount to £1,851,076 (2021: nil). The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss, total change in instrument recognised under other expense amounts to £392,496 (2021: nil). The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

1.15 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes *(continued)*

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, the director are required to make judgements, estimates and assumptions about the carrying amount 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Carrying value of investments and intangible assets

Where there are indicators of impairment of investments and intangible assets, the group compares the carrying value of the asset with its recoverable amount, represented by the higher of its value in use and net present value.

Value in use is based on a discounted cash flow model, and therefore is sensitive to the discount rate used as well as the expected future cash flows and extrapolated growth rate. For the PST Group cash generating unit, no reasonable change in assumptions would cause a material impairment and therefore no sensitivity analysis has been disclosed.

Financial instrument classification

The group's term loan is required to be classified as either a basic or non-basic financial instrument in accordance with the conditions set out under FRS 102 Section 11.9.

The director has concluded that the term loan should be reported as a basic financial instrument as there are no terms or conditions that indicate it should be reported as a non-basic financial instrument and as such is recognised at amortised cost in the balance sheet using the effective interest rate method.

Notes *(continued)*

3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2022	2021
	£	£
Analysis of turnover by country destination:		
United Kingdom	10,435,225	10,464,342
Europe	52,377,987	52,396,325
Japan	7,119,142	8,297,341
North America	35,530,873	34,072,200
China	23,324,732	16,819,760
Rest of the world	20,169,132	15,109,698
	148,957,091	137,159,666

4 Other operating expenses (net)

	2022	2021
	£	£
Distribution costs	30,088,372	28,394,318
Administrative expenses	22,484,617	24,357,382
Other operating (income)	(478,867)	(87,190)
	52,094,122	52,664,510

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2022	2021
	£	£
Amortisation of goodwill	38,592,387	41,182,130
Amortisation of other intangible fixed assets	603,757	8,927,397
Depreciation of owned tangible fixed assets	1,778,498	1,777,467
Loss on disposal of tangible fixed assets	3,949	92,418
Legal and professional expenses arising from acquisition	-	3,461,095
Operating lease costs:		
Land and buildings	2,261,757	2,116,834
Other	264,969	283,496
Research and development material expenditure written off	1,521,946	1,055,813
Net foreign exchange (gain) / loss on trading balances	(267,417)	19,282

Notes *(continued)*

5 Expenses and auditor's remuneration *(continued)*

Auditor's remuneration:

	2022	2021
Audit of the company	10,000	10,000
Audit of the financial statements of the group and subsidiary undertakings	305,500	252,434
Taxation fees	105,197	78,293

In addition to the research and development material expenditure written off shown above, research and development labour costs totalling £4,109,342 have also been written off. These costs are included in note 6 below.

6 Staff numbers and costs

The average number of persons employed (including director) during the year, analysed by category, was as follows:

	2022	2021
Production	375	350
Research and development	62	62
Sales and distribution	255	237
Administration	75	70
	767	719

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	34,198,400	28,889,353
Social security costs	5,716,893	4,368,115
Other and pensions costs	7,292,649	4,826,269
	47,207,942	38,083,737

Notes *(continued)*

7 Director's remuneration

	2022 £	2021 £
Director's emoluments		
	-	-

The director considers that key management personnel as defined in FRS 102 are the senior management team of the group. The remuneration of the key management personnel in the year is as follows:

	2022 £	2021 £
Emoluments	871,319	987,472
Benefits in kind	15,275	12,967
Social security costs	93,794	54,399
Value of company pension contributions to money purchase schemes	15,468	31,270
	995,856	1,086,108

8 Interest receivable and similar income

	2022 £	2021 £
Bank interest	23,197	38,574
Other interest	7,487	36,821
Net foreign exchange gains on term loan (see note 19)	-	8,301,994
	30,684	8,377,389

9 Interest payable and similar expenses

	2022 £	2021 £
Interest payable on bank overdrafts	45,116	11,381
Interest payable on term loan facility	16,996,304	16,736,354
Amortisation of debt issue costs	1,001,339	2,348,398
Net foreign exchange losses on term loan (see note 19)	17,389,770	-
Interest on pension scheme liabilities – other subsidiaries	54,943	153,599
	35,487,472	19,249,732

Notes *(continued)*

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

		2022		Period ended 31 December 2021	
	Note	£	£	£	£
Current tax					
UK Corporation tax		(147,028)		1,968,059	
Overseas tax		5,507,437		6,330,969	
Total current tax			5,360,409		8,299,028
Deferred tax					
Origination and reversal of timing differences	20	(2,398,202)		(1,285,184)	
Deferred tax			(2,398,202)		(1,285,184)
Total tax			2,962,377		7,013,844

Reconciliation of effective tax rate	2022	Period ended 31 December 2021
	£	£
Loss before taxation	(35,405,262)	(28,779,062)
UK corporation tax of 19%	(6,727,000)	(5,468,022)
Effects of:		
Expenses not deductible for tax purposes	8,468,332	11,830,910
Effect of overseas tax rate	1,288,386	794,805
Deferred tax not recognised	(67,341)	(143,849)
Tax on loss	2,962,377	7,013,844

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax assets and liabilities at 31 December 2022 have been calculated at 25% (31 December 2021: 19%).

11 Profit attributable to members of the parent company

No income statement is presented for the parent company as permitted by Section 408 of the Companies Act 2006. The profit dealt with in the financial statements of the parent company for the year was £nil.

Notes *(continued)*

12 Intangible assets and goodwill

	Goodwill	Trade name	Other	Total
	£	£	£	£
Cost				
At beginning of year (see note 15)	385,247,661	405,582	9,501,974	395,155,217
Additions	-	-	1,276,707	1,276,707
Foreign exchange adjustment	676,211	45,459	42,739	764,409
At end of year	385,923,872	451,041	10,821,420	397,196,333
Amortisation				
At beginning of year	41,182,130	8,450	8,918,947	50,109,527
Charge for the year	38,592,387	56,380	547,377	39,196,144
Foreign exchange adjustment	11,270	947	7,638	19,855
At end of year	79,785,787	65,777	9,473,962	89,325,526
Net book value				
At 31 December 2022	**306,138,085**	**385,264**	**1,347,458**	**307,870,807**
At 31 December 2021	344,065,531	397,132	583,027	345,045,690

Intangible assets are recognised separately from goodwill where a contractual or legal right to the asset is held, or where a development asset has been wholly generated by a third party.

13 Tangible fixed assets

	Freehold Property	Leasehold property	Plant and Equipment	Motor vehicles	Assets in course of construction	Total
	£	£	£	£	£	£
Cost						
At beginning of year	1,036,591	1,947,007	21,711,852	556,112	5,853	25,257,415
Additions	-	170,873	1,345,231	36,450	794,501	2,347,055
Disposals	-	-	(88,237)	(89,822)	(1,538)	(179,597)
Foreign exchange adjustment	-	62,671	1,066,695	39,021	43,308	1,211,695
At end of year	1,036,591	2,180,551	24,035,541	541,761	842,124	28,636,568
Depreciation and impairment						
At beginning of year	253,006	1,037,481	18,394,461	449,102	-	20,134,050
Charge for the period	20,728	275,135	1,440,175	42,384	76	1,778,498
Disposals	-		(88,237)	(87,411)	-	(175,648)
Foreign exchange adjustment	-	41,969	938,715	32,069	-	1,012,753
At end of year	273,734	1,354,585	20,685,114	436,144	76	22,749,653
Net book value						
At 31 December 2022	**762,857**	**825,966**	**3,350,427**	**105,617**	**842,048**	**5,886,915**
At 31 December 2021	783,585	909,526	3,317,391	107,010	5,853	5,123,365

14 Investments held as fixed assets

	Shares in group undertakings £
Cost and net book value	
At beginning of year	**219,178,447**
At end of year	**219,178,447**

At 31 December 2022, the company held 100% of the allotted ordinary share capital of the following:

		Country of incorporation
Specialty Measurement Bidco Limited	48 Lancaster Way Business Park, Ely, CB6 3NW, United Kingdom	England and Wales
PST Group Holdings Limited *	48 Lancaster Way Business Park, Ely, CB6 3NW, United Kingdom	England and Wales
Process Sensing Technologies Limited **	48 Lancaster Way Business Park, Ely, CB6 3NW, United Kingdom	England and Wales
Parametric Investments Limited ***	48 Lancaster Way Business Park, Ely, CB6 3NW, United Kingdom	England and Wales
Michell Instruments Limited ****	48 Lancaster Way Business Park, Ely, CB6 3NW, United Kingdom	England and Wales
Process Sensing Technologies PST GmbH (formerly Michell Instruments GmbH) ****	Max-Planck-Stasse 14, D-61381, Friedrichsdorf, Germany	Germany
Michell Instruments Benelux BV ****	Krombraak 11, Oosterhout 4906 CR, The Netherlands	Netherlands
Process Sensing Technologies PST SAS (formerly Michell Instruments SAS)****	1, rue Monseigneur, Bt C 69800 Saint Priest, France	France
Process Sensing Technologies PST Srl (formerly Michell Italia srl)****	Via Magenta 77., Edificio 6, 20017 Rho, Milano, Italy	Italy
Michell Japan KK ****	Musashino Center Building, 1-19-18 Nakacho, Musashino, Tokyo 180-0006, Japan	Japan
Michell Instruments (Shanghai) Co. Limited ****	Zone D, Floor 6, Building 4, No. 889 Yishan Road, Shanghai 200233, China	China
Michell Instruments Brasil Ltda ****	Av. Henrique Valadares 69, Loja C – Centro, Rio de Janeiro, RJ 20231-030, Brazil	Brazil
Rotronic AG***	Grindlestrasse 6, CH-8303, Bassersdorf, Switzerland	Switzerland
Rotronic Instruments Corp. *****	135 Engineers Rd Suite, 150 Hauppauge, NY 11788, USA	USA
Process Sensing Technologies (PST UK) Limited (formerly Rotronic Instruments UK Limited) *****	Unit1a Crompton Fields, Crompton Way, Crawley, West Sussex, RH10 9EE, United Kingdom	England and Wales
Rotronic Messgeräte GmbH *****	Einsteinstrasse 17-23, D-76275, Ettlingen, Germany	Germany
Process Sensing Technologies PST Pte. Ltd (formerly Rotronic Instruments Pte Ltd) *****	1003 Bukit Merah Central, #06-31, Inno Centre, Singapore, 159836	Singapore
Rotronic Canada Inc. *****	206-435 McNeilly Rd., Stoney Creek, ON, Canada, L8E 5E3	Canada
Analytical Instruments Inc.*****	1209 Orange Street, Wilmington, DE 19801, USA	USA
LDetek Inc.*****	990 rue Monfette E., Thetford Mines, Quebec, G6G 7K6 Canada	Canada
PST Canada Holdings ULC*****	1055 West Hastings Street, Suite 1700, Vancouver, V6E 2E9, Canada	Canada
Richbloom Holdings Limited*****	Hermitage Lane Industrial Estate, Kingsmill Way, Mansfield, Nottinghamshire, NG18 5ER, United Kingdom	England and Wales

Dynament Limited*****	Hermitage Lane Industrial Estate, Kingsmill Way, Mansfield, Nottinghamshire, NG18 5ER, United Kingdom	England and Wales
Status Scientific Controls Limited*****	Hermitage Lane Industrial Estate, Kingsmill Way, Mansfield, Nottinghamshire, NG18 5ER, United Kingdom	England and Wales
Richbloom Marketing Limited*****	Hermitage Lane Industrial Estate, Kingsmill Way, Mansfield, Nottinghamshire, NG18 5ER, United Kingdom	England and Wales
Ntron Limited*****	Mullaghboy Industrial Estate, Navan, Co. Meath, Ireland	Ireland
SST Sensing Limited*****	5 Hagmill Crescent, Shawhead Industrial Estate, Coatbridge, ML5 4NS	Scotland
Isensix Corp*****	557 Cottonwood Avenue, Hartland, WI 53029, USA	USA
Process Sensing Technologies PST Private Limited****	C-1033, Brigade Xanadu Aspiro 1, Chanakyan Main Road, Mogappair West, Chennai, Tamil Nadu, 600095	India

* Investment held indirectly through the company's direct investment in Specialty Measurement Bidco Limited.

** Investment held indirectly through the company's direct investment in PST Group Holdings Limited.

*** Investment held indirectly through the company's investment in Process Sensing Technologies Limited.

**** Investment held indirectly through the company's investment in Parametric Investments Limited.

***** Investment held indirectly through the company's investment in Rotronic AG.

All of the above subsidiaries are engaged in the supply, service and technical support of humidity measurement instruments and other related products. Process Sensing Technologies Limited and Parametric Investments Limited are intermediate holding companies.

Notes *(continued)*

15 Acquisitions

On 25 November 2020, the company acquired 100% of the issued share capital of PST Group Holdings Limited (formerly BV PMT Limited) and subsidiaries through its subsidiary undertaking Specialty Measurement Bidco for consideration of £303,058,694 and acquisition costs of £6,068,960. Additionally, the company acquired the accrued dividends on preference shares of PST Group Holdings Limited for consideration of £9,657,997.

The estimate net assets at the dates of acquisition are stated at their fair values as set out below:

	Book value £	Fair value adjustments £	Fair value to group £
Fixed assets			
Intangible assets	108,015,468	(99,232,168)	8,783,300
Tangible assets	5,090,655	-	5,090,655
	113,106,123	(99,232,168)	13,873,955
Current assets			
Stock	19,976,336	(533,877)	19,442,459
Trade and other debtors	22,548,632	(11,483)	22,537,149
Cash at bank and in hand	28,035,216	-	28,035,216
	70,560,184	(545,360)	70,014,824
Current liabilities			
Trade and other creditors	20,651,242	-	20,651,242
Taxation payable	3,674,309	-	3,674,309
	24,325,551	-	24,325,551
Creditors: amounts falling due after more than one year	123,096,823	-	123,096,823
Provision for liabilities			
Deferred tax liability	5,533,282	(3,512,786)	2,020,496
Other provisions	354,790	-	354,790
Pension provision	4,178,039	-	4,178,039
	10,066,111	(3,512,786)	6,553,325
Net assets acquired	26,177,822	(96,264,742)	(70,086,920)
Goodwill arising on acquisition			379,214,574
			309,127,654
Discharged by:			
Consideration paid			303,058,694
Costs directly associated with the acquisition			6,068,960
			309,127,654

Notes *(continued)*

15 Acquisitions (continued)

On 8 November 2021, the company acquired 100% of the issued share capital of Isensix Corp through its subsidiary undertaking, Rotronic Instruments Corp for a consideration of £8,111,762 and acquisition costs of £269,464.

The estimate net assets at the dates of acquisition are stated at their fair values as set out below:

	Book value	Fair value adjustments	Fair value to group
	£	£	£
Fixed assets			
Intangible assets	7,137	624,906	632,043
Tangible assets	393	-	393
	7,530	624,906	632,436
Current assets			
Stock	469,657	-	469,657
Trade and other debtors	1,125,706	-	1,125,706
Cash at bank and in hand	1,993,831	-	1,993,831
	3,589,194	-	3,589,194
Current liabilities			
Trade and other creditors	1,909,476	-	1,909,476
Taxation payable	8,981	-	8,981
	1,918,457	-	1,918,457
Provision for liabilities			
Deferred tax liability	-	156,226	156,226
	-	156,226	156,226
Net assets acquired	1,678,267	468,680	2,146,947
Goodwill arising on acquisition			6,234,280
			8,381,227
Discharged by:			
Consideration paid			8,111,762
Costs directly associated with the acquisition			269.464
			8,381,227

16 Stocks

	Group 2022 £	Group 2021 £
Raw materials and consumables	**17,107,456**	12,198,102
Work in progress	**5,762,120**	5,667,685
Finished goods	**5,916,381**	5,517,159
	28,785,957	23,382,946

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £36,914,936 (2021: £34,611,897). The write-downs amounted to £217,989 (2021: -£332,591) as discussed below. The write-down and reversal are included in cost of sales. The reversal of the write-downs was due to the consumption of previously written-down stock.

17 Debtors

	Group 2022 £	Group 2021 £
Trade debtors	**21,590,944**	16,511,411
Other debtors	**1,999,664**	1,868,945
Taxation receivable	**1,979,165**	1,049,072
VAT receivable	**1,567,079**	1,243,290
Deferred tax asset (see note 20)	**3,574,468**	598,026
Prepayments and accrued income	**4,426,209**	2,353,597
	35,137,529	23,624,341

18 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £
Trade creditors	**6,160,606**	5,463,254
Taxation payable	**748,503**	2,499,545
Other taxation and social security	**2,702,610**	2,476,320
Accruals and deferred income	**11,376,325**	10,619,225
	20,988,044	21,058,344

Notes *(continued)*

19 Creditors: amounts falling due after more than one year

	Group 2022	Group 2021
	£	£
Term loan and revolving credit facility	**220,104,155**	**203,714,385**
Less: unamortised issue costs	**(5,393,863)**	**(5,707,703)**
	214,710,292	**198,006,682**

The term loan is repayable in full on 25 November 2027 and incurs interest at 6.25% plus LIBOR rate per annum. As at 31 December 2022 this facility was £216,104,156 drawn.

The revolving credit facility of £25 million is repayable in full on 25 November 2026 with interest charged at 3.5% plus LIBOR rate. As at 31 December 2022 this facility was £4 million drawn.

Both of these facilities are secured by cross group guarantees over the assets of the Specialty Measurement Holdco Limited group.

Term loan and revolving credit facility	Group 2022	Group 2021
	£	£
At beginning of year	**(203,714,385)**	**-**
Net term loan repaid / (received)	**1,000,000**	**(212,016,379)**
Net foreign exchange (losses) / gains on term loan	**(17,389,770)**	**8,301,994**
At end of year	**220,104,155**	**(203,714,385)**

20 Deferred tax assets and liabilities

Group

	2022	2021
	£	£
At beginning of year	**149,216**	1,134,324
Recognised on acquisitions and intangibles (see note 15)	**-**	156,227
Charge to other comprehensive income in the year / period	**67,341**	143,849
Charge to statement of comprehensive income in the year / period	**(2,398,032)**	(1,285,184)
At end of year	**(2,181,475)**	149,216

	2022	2021
	£	£
Presented as:		
Deferred tax asset	**(3,574,468)**	(598,026)
Deferred tax liability	**1,392,993**	747,242
	(2,181,475)	149,216

Notes *(continued)*

19 Deferred assets and liabilities *(continued)*

The group's deferred tax asset comprises as follows:

	2022	2021
	£	£
Pension obligation	**479,035**	598,026
Corporation tax losses carried forward	**3,095,433**	-
Deferred tax asset carried forward	**3,574,468**	598,026

The group's provision for deferred tax consists of the tax effect of timing differences in respect of:

	Provided 2022	Provided 2021
	£	£
Accelerated capital allowances	**434,291**	211,222
Business combinations	**97,242**	145,816
Pension liability	**861,460**	390,204
Deferred tax liability carried forward	**1,392,993**	747,242

At 31 December 2022, the company had no recognised or unrecognised deferred tax assets or liabilities.

21 Other provisions

Other – Group

	Warranty	**Legal**	**Other**	**Total**
	£	**£**	**£**	**£**
At beginning of year	**201,579**	**21,215**	**45,660**	**268,454**
Charge to statement of comprehensive income in the year	2,835	-	-	2,835
Applied in year	(49,172)	-	-	(49,172)
Foreign exchange difference	15,804	2,198	2,646	20,648
At end of year	**171,046**	**23,413**	**48,306**	**242,765**

Notes *(continued)*

22 Pension obligations

Total pension provision

	2022	2021
	£	£
Defined benefit - Post employments benefit scheme (see note 22.1)	**812,494**	1,594,693
Defined benefit – other termination and retirement benefits (see note 22.2)	**1,223,227**	1,201,804
Pension provision	**2,035,721**	2,796,497

22.1 Defined benefit - Post employments benefit scheme

Rotronic AG, a subsidiary of Process Sensing Technologies Limited, participates in The Pension Plan of AXA Insurance which is a defined benefit arrangement. Rotronic AG moved its pension plan from AXA to Swisscanto with effect from 1 January 2019. A full actuarial valuation was carried out as at 31 December 2019 by a professionally qualified actuary, independent of the scheme's sponsoring employer responsible.

Net pension liability

	2022	2021
	£	£
Defined benefit obligation	**12,703,748**	12,926,354
Plan assets	**11,891,254**	11,331,661
Net pension liability	**812,494**	1,594,693

Movements in present value of defined benefit obligation

	2022	2021
	£	£
At beginning of year	**12,926,354**	12,682,910
Current service cost	**852,157**	848,894
Interest expense	**42,702**	21,816
Contributions by members	**328,648**	338,782
Remeasurement: actuarial gains	**(2,491,247)**	(878,030)
Experience losses	**98,300**	(565,267)
Benefits paid	**(392,593)**	738,222
Exchange adjustments	**1,339,427**	(260,973)
At 31 December 2022	**12,703,748**	12,926,354

Movements in fair value of plan assets

	2022	2021
	£	£
At beginning of year	**11,331,661**	9,758,259
Interest income	**38,024**	17,676
Return on plan assets, excluding amount in interest income	**(990,353)**	265,450
Contributions by employer	**401,680**	414,067
Contributions by members	**328,648**	338,782
Benefits paid	**(392,593)**	738,222
Exchange adjustments	**1,174,187**	(200,795)
At 31 December 2022	**11,891,254**	11,331,661

Notes *(continued)*

22 Pension commitment *(continued)*

Expense recognised in the profit and loss account

	2022	2021
	£	£
Current service cost	**852,157**	848,894
Net interest expense on net defined benefit liability	**4,678**	4,140
Difference due to movement in exchange rates	**165,240**	(60,179)
Total expense recognised in profit or loss	**1,022,075**	792,855

Defined benefit costs recognised in Statement of other comprehensive income

	2022	2021
	£	£
Actuarial gains arising from changes in financial assumptions	**(2,491,247)**	(878,030)
Experience gains arising on the scheme liabilities	**98,300**	(565,267)
Return on plan assets, excluding amount in interest income	**990,353**	(265,450)
Total expense recognised in statement of other comprehensive income	**(1,402,594)**	(1,708,747)

Notes *(continued)*

22 Pension commitment *(continued)*

22.1 Defined benefit - Post employments benefit scheme (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2022 Fair value %	2021 Fair value %
Equities	-	-
Government debt	-	-
Corporate bonds	-	-
Property	-	-
Other	**100**	100
	100	100
Actual return on plan assets	**(990,353)**	265,450

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2022	2021
Discount rate	2.25%	0.30%
Future salary increases	0% – 2%	0% – 2%
Expected rate of future benefit increases	-	-
Yields on Swiss Government with maturity of 20 years	-0.02%	-0.02%
Suggested risk premium	0.25% - 0.75%	0.2% - 0.5%

Last full actuarial valuation was performed on 31 December 2019.

In valuing the liabilities of the pension fund at 31 December 2022, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Participants aged 65: 22.38 years (male), 24.43 years (female).

Notes *(continued)*

22 Pension commitment *(continued)*

22.2 Defined benefit – other termination and retirement benefits

Liabilities of the retirement and termination provision are based on actuarial valuations. The most recent valuation was carried out as at 31 December 2022.

Defined benefit costs recognised in Statement of comprehensive income

	2022 £	2021 £
At beginning of year	**1,201,804**	1,253,386
Service cost	**217,912**	486,378
Interest cost	**50,507**	54,683
Benefits paid	**(212,871)**	(32,712)
Actuarial gains	**(25,060)**	(441,213)
Foreign exchange difference arising on defined benefit obligations	**(9065)**	(118,718)
At end of year	**1,223,227**	**1,201,804**

Defined benefit costs recognised in Statement of comprehensive income

	2022 £	2021 £
Current service cost	**(217,912)**	(486,378)
Interest on pension scheme liabilities	**(50,507)**	(54,683)
Difference due to movements in exchange rates	**9,065**	118,718
	(259,354)	**(422,343)**

Defined benefit costs recognised in the Statement of other comprehensive income

	2022 £	2021 £
Experience (losses)/gains arising on the scheme liabilities	**(25,060)**	**(441,213)**

Actuarial assumptions

	2022	2021
Discount rate – Italy	**2.00%**	**2.00%**
Discount rate – Japan	**5.00%**	**5.00%**
Discount rate – France	**3.80%**	**1.00%**
Salary increases – Italy and Japan	-	-
Salary increases – France	**1.50%**	**1.50%**

All benefits have been valued as lump sums on exit or retirement therefore no life expectancy rates have been used.

Notes *(continued)*

23 Capital and reserves

	2022	2021
	£	£
Allotted, called up and fully paid		
Ordinary shares of 1p each	**10,000**	**10,000**
	10,000	**10,000**

On incorporation the company issued 1 ordinary share of £0.01 each at par.

On 25 November 2021 the company issued 1,000,002 ordinary shares of £0.01 each at a premium of £219.17 per share.

24 Commitments

Group

The company's future minimum operating lease payments under non-cancellable finance and operating leases are as follows:

	Other 2022	Other 2021
	£	£
Finance leases which expire:		
Within one year	**75,626**	58,366
Between two and five years	**164,578**	100,995
After more than five years	**-**	-
	240,204	159,361

	Land and buildings 2022	Other 2022	Land and buildings 2021	Other 2021
	£	£	£	£
Operating leases which expire:				
Within one year	**1,180,733**	**189,998**	1,189,182	189,648
Between two and five years	**7,104,384**	**446,647**	3,936,958	427,816
After more than five years	**2,516,611**	**-**	2,377,165	-
	10,801,728	**636,645**	7,503,305	617,464

25 Contingent Liabilities

A fixed and floating charge on the assets of a number of companies within the group was registered on 31 March 2022 as security on a term loan and revolving credit facility for the intermediate parent company, Specialty Measurement Bidco Limited. The liabilities in respect of these charges as at the date of the charge registration were £212 million.

Notes *(continued)*

26 Financial assets and liabilities

	Group 2022 £	Group 2021 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**36,435,670**	**30,209,665**
Financial liabilities		
Financial liabilities measured at amortised cost	**(232,247,223)**	**(214,089,161)**

Financial assets measured at amortised cost comprise of cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise the term loan, trade creditors and accruals.

27 Reserves

The called up share capital represents the nominal value of shares that have been issued.

The profit and loss account includes all current year retained profits and losses.

28 Related parties

The ultimate controlling party of Specialty Measurement Holdco Limited is AEA Investors LP, a US Private Equity firm.

The parent company has taken advantage of the exemption in FRS 102 Chapter 33 Related Party Disclosures paragraph 33.1A not to disclose transactions with fellow subsidiaries of the Specialty Measurement Holdco group.

Personnel compensation in relation to key management for the year amounted to £995,856 (2021: £1,086,108).

29 Financial risk management

The group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure.

Foreign exchange transactional currency exposure

The group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of currency accounts. At the year end the company had €4.1 million and Japanese Yen 311.2 million (2021: €5.8 million and Japanese Yen 307.4 million)). At 31 December 2022 the fair value of these open contracts amounted to a loss of £159,847 (2021: £94,293 gain).

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows.

Customer credit exposure

The group offers credit terms to its customers which allows payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong ongoing customer relationships.

30 Ultimate parent company and parent company of larger group

The immediate parent company is Specialty Measurement Holdco I Limited, a company incorporated and registered in Jersey. The ultimate parent company is Specialty Measurement Topco Limited, a company incorporated and registered in Jersey.

The ultimate controlling party is considered to be the US Private Equity firm, AEA Investors LP.

31 Subsequent events

On 28 February 2023 the group acquired 100% of the issued share capital of SensoScientific Inc. through its subsidiary undertaking Process Sensing Technologies PST Corp. for a consideration of USD 112.0 million. The acquisition was funded by the utilisation of existing term loan facilities and a new term loan facility of USD 53 million.

32 Parent company guarantee

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

Specialty Measurement Bidco Limited

PST Group Holdings Limited

Process Sensing Technologies Limited

Process Sensing Technologies (PST UK) Limited (formerly Rotronic Instruments Limited)

Richbloom Holdings Limited