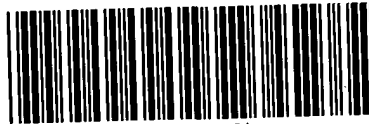


**SPTS Technologies Limited**  
**Annual Report**  
**30 June 2024**  
Company Number 07037852

WEDNESDAY



\*ADDDAMNC\*

A6

09/10/2024

#78

COMPANIES HOUSE

**CONTENTS**

	<b>Page</b>
Directors and advisors	1
Strategic report	2
Directors' report	5
Independent auditors' report	10
Income statement	13
Balance sheet	14
Statement of changes in equity	15
Notes to the financial statements	16

**DIRECTORS AND ADVISORS**

**Executive Directors**

Kieron Singleton  
Bren Douglas Higgins  
Virendra Arvind Kirloskar

**Company Secretary**

Andrew Evans (appointed 30 June 2024)

**Registered Office**

Ringland Way  
Newport  
NP18 2TA

**Independent Auditors**

PricewaterhouseCoopers LLP  
One Kingsway  
Cardiff  
CF10 3PW

**Solicitors**

Osborne Clarke  
2 Temple Back East  
Temple Quay  
Bristol  
BS1 6EG

## STRATEGIC REPORT

The Directors present their strategic report for the year ended 30 June 2024.

### Principal activities

The principal activity of the company is the design, manufacture, test and distribution of a range of specialised equipment used by the company's customers to produce semi-conductor-related devices. These devices include commercial microelectromechanical systems (MEMS), advanced packaging applications, power semiconductors, radio frequency chips and LEDs.

### Business review

During the year ended 30 June 2024, SPTS continued to provide a broad range of wafer processing equipment to produce various types of semiconductor devices. The company's products are used in both production and research environments across a number of markets. The company sells its products on a worldwide basis to a diversified customer base. These factors ensure that revenue risks continue to be well spread and help the company continue to manage market conditions in the future. Management has focused on positioning the business in key high growth market sectors and production accounts.

### Key Performance Indicators

	Year ended / as at 30 June 2024	Year ended / as at 30 June 2023	Annual Change %
	\$'000	\$'000	
Turnover	448,888	466,194	(3.7%)
Systems sales	429,145	449,080	(4.4%)
Gross Profit	229,466	216,135	6.2%
Gross margin	51.1%	46.4%	
Profit before taxation	169,236	186,024	(9.0%)
Cash and other current asset investments	136,976	148,578	(7.8%)
Net Assets	695,371	576,537	20.6%
Average number of employees	565	533	6.0%

During 2023/24 the investment in the semi-conductor market remained high, although several factors including geopolitical uncertainty, inventory surpluses and market demand challenges in the mobile market resulted in a global flattening of the semiconductor revenue which has driven a period of stabilization in the results of SPTS. Following a period of market stabilization, the industry outlook remains strong with analysts predicting revenue growth year over year expected to return in 2024/25. SPTS continues to present strong key performance indicators for the period ended 30 June 2024, despite the flattening of the market noted.

Turnover decreased by (3.7%) during the year. Following the flattening in the market noted above, SPTS witnessed a slight reduction in overall turnover year over year. Although, the overall results of SPTS remain strong with strong operational performance seeing an increase in Gross Profit during 2023/24. The revenue profile remains well diversified across its products, markets and regions with SPTS in a strong position to continue to see growth in revenue and other key performance indicators in future financial periods.

Key financial and performance indicators are supported by continued improvements to operations, internal control procedures, procurement practices and cost control to further strengthen SPTS' position. The strong performance has been reflected in a closing cash balance of \$137m, down on prior year due primarily to the free cash flow funding the new build manufacturing site which has progressed significantly during the year and dividend payments within the KLA group. As such, the directors believe SPTS remains well positioned to grow the business and capitalise on market opportunities during the expected phase of cyclical growth in the semiconductor industry.

The net assets of the business were \$695.4m as at 30 June 2024 (2023: \$576.5m), growth being driven by the profit generated in the year alongside fixed asset additions in relation to the new build manufacturing site and settlement of intercompany creditors.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties**

**Operational risk management**

The company regards the provision of a safe working environment as essential for its employees and the supply of products which are fully safety compliant as paramount for its customers. The company's operations have a low environmental impact on the local communities in which they are situated and are compliant with environmental regulations, following best practice and best available techniques wherever possible. The company has actively engaged environmental agencies during the year to improve these processes and is enhancing its business continuity planning. The commitment to sustainable operations has been integral within the development of the new build construction site scheduled to open in January 2025, the completed site is anticipated to be awarded BREEAM excellent sustainability certification.

**Financial risk management**

The nature of the company's operations, essentially being the production of complex, long lead-time capital equipment, most of which is exported, can give rise to the need for bank guarantees in exported sales and international currency transactions. The business' operations are run through the cash generation from those operations. The associated financial risks are liquidity, interest rates and exchange rate fluctuations.

The company operates a centralised treasury function, which acts within clearly defined policies approved by the Board that are designed to reduce the financial risk faced by the company. No speculative trading in currency or other financial instruments is undertaken. Liquidity is maintained through effective operational practices for working capital and cash flow management, supported by the availability of adequate borrowing facilities.

Transactional foreign currency exchange rate exposure is managed through a hedging programme using the forward markets. The company enter forward contracts to manage the natural short GBP exposure. Bad debts are an ever-present financial risk, managed by the use of credit rating checks and credit control techniques including letters of credit.

**Section 172(1) Statement**

In accordance with section 172(1) of the Companies Act 2006 the directors present the following statement on the company's engagement with employees and other stakeholders. The directors at all times endeavour to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making long term strategic decisions. As a result, consideration of the likely consequences of a decision in the long term is part of the directors' thinking on all issues. The directors retain oversight of matters of strategic importance including, the long term objectives of the Company.

The Company Board's responsibility to promote the long-term success of the Company, relies on inputs from, and positive relationships with, a wide range of stakeholders. We consider our primary key stakeholders to be our customers, employees and suppliers.

**STRATEGIC REPORT (continued)**

**Section 172(1) Statement (continued)**

Our success is built upon meeting our customer needs and requirements. The Company communicates frequently with our customers to ensure that our equipment continues to perform to the exceptional quality levels expected, whilst the Company is committed to providing exceptional installation, servicing and upgrades of existing equipment. Furthermore, the Company is committed to our research and development activities which amounted to 6.9% (2023: 6%) of turnover. The company continues to commit significant resources to research and development activities in order to design, produce and promote new products, to improve and upgrade existing products and to exploit new technologies providing high quality equipment to our customers.

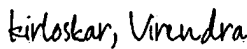
The Company directors are actively involved in promoting employee engagement. The directors believe that the employees are fundamental to the continued and long-term success of the Company. The directors strive to build a culture of high levels of employee empowerment, trust and engagement. This culture has been developed and continues to grow through the director's commitment to employee engagement activities. During the year examples of such activities include,

- Quarterly "all hands" meetings in which the directors present updates on the Company financial results and future operational outlook whilst providing an opportunity for employees to participate in a Q&A session with directors.
- Annual global employee engagement survey conducted during 2023 and 2024. This enabled the directors to receive directly from all employees' feedback and views on their experience of working for the Company. The results of these annual surveys enable the directors to make decisions regarding employee engagement activities included in the strategic plan for 2025 and beyond.
- The company prioritise the wellbeing of employees through numerous programmes, examples of such activities include in-person and online remote sessions for training, fitness, mental and physical wellbeing and relaxation.

The Company has long standing relationships with customers and key suppliers within the manufacturing supply chain and is committed to acting fairly with stakeholders. Strong relationships with our supply chain are fundamental to the Company's long-term success in ensuring continued production of high-quality wafer processing equipment for our customers. Through regular interactions with suppliers including supplier site visits the directors are confident that the requirements of our customers and manufacturing process will continue to be met in a timely and efficient manner through the appropriate planning activities in which we actively engage our suppliers. The directors are committed to timely payment of invoices to suppliers and actively look to ensure that payments are made as and when they fall due to all suppliers. This is supported by the average time to pay invoices for the period being 25 days (2023: 30 days).

The Company is committed to developing the community in which it operates, education and recruitment activities are extensive and focused on the local community. Regular education and open days are run for school children of various ages, whilst recruitment activities are inclusive of apprenticeships, undergraduate and graduate opportunities within the Company.

Signed on behalf of the Board of Directors

DocuSigned by:  
  
F3150CCE613B448...

**Virendra Arvind Kirloskar**  
**Director**

3 October 2024

## **DIRECTORS' REPORT**

The directors submit their report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the year ended 30 June 2024.

### **Directors**

The directors of the company during the year and up to the date of signing are as shown on page 1. The directors at the year end were as follows:

- Kieron Singleton
- Bren Douglas Higgins
- Virendra Arvind Kirloskar

### **Dividends**

During the year ended 30 June 2024, a dividend of \$20m was ratified by the Board, and paid to parent company SPTS Technologies UK Ltd in October 2023, with a further \$6.5m ratified and paid in June 2024. The directors do not recommend the payment of a further dividend at the year-end (2023: \$nil).

### **Directors' indemnity**

The SPTS Group has granted to some of its directors an indemnity (to the extent permitted by the Companies Act 2006) in respect of liabilities relating to proceedings brought by third parties and incurred as a result of their office. This qualifying third party indemnity was in force during the financial year and remains in force as at the date of approving the directors' report. This indemnity does not provide cover in the event that the director is proved to have acted dishonestly or fraudulently.

### **Future developments**

The directors expect the general level of activity to grow in 2024/25 and achieve year on year growth in line with the market predictions. Market projections for 2024/25 are strong and SPTS is well positioned to retain and improve market position with its existing customer base. Having been able to deliver a strong 2023/24, entering 2024/25 with strong order profile the company is in an excellent position to be able to continue to deliver first class solutions to its customer base and grow revenue and profit.

During 2023/24 the construction of the new build manufacturing site within Newport progressed significantly with core external construction activities completed of the 200,000 sq. ft facility in March 2024, with anticipated operational date remaining on plan and scheduled for January 2025. The new facility will provide high tech manufacturing, research and development and modern offices to further support the future growth of SPTS.

### **Research and development**

During the financial year, research and development expenditure amounted to 6.9% (2023: 6%) of turnover. The company continues to commit significant resources to research and development activities in order to design, produce and promote new products, to improve and upgrade existing products and to exploit new technologies. Development work is principally initiated by, or carried out in conjunction with, customers in order to improve or introduce products for a known market. This approach reduces the inherent risk in research and development activities.

### **Strategic Report**

The following information required in the Directors' Report has been included in the Strategic Report:  
- Financial risk management (page 3)

### **Employees**

The company believes that its employees are one of its greatest assets and continue to add value to the business. The company continues to encourage employee involvement by making information available to employees. The company has procedures for the communication of significant business issues to all subsidiaries. The company has internal procedures for consulting and communicating with employees to maximise the contribution of each employee to the development of the business. This is supported through newsletters and also through regular employee briefings at which members of the executive team outline company performance and future objectives, through formal communications the company drives a common awareness of all employees in relation to the financial and economic factors that affect the performance of the company. The company encourages the involvement of employees in the company's performance through access to share scheme of the ultimate parent entity.

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### Going concern

The company has achieved extremely strong results for the financial year which has continued through 2024. Due to the nature of the business and the working capital needed to fund the production of capital equipment, management of cash remains a key priority for the business. The directors monitor cash flow forecasts closely and on a timely basis. The group has positive cash balances and the directors are managing the level of facilities available and cash flow to meet future growth. As at the date of signing the Company is free from external debt, continues to generate positive cashflows and maintains a strong cash position. The directors monitor and review the financial risks which are disclosed within the strategic report.

The directors have reviewed the cash flow forecasts for the company for the period to December 2025 and beyond and are satisfied that these forecasts take account of all reasonably expected events in that period. The directors believe that the company's forecast results and its finance facilities arising from the change in ownership of the group of which it is a member, are sufficient to continue to meet its ongoing working capital requirements and fund continued growth of the business. The directors believe that the company is well placed to manage these business risks.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the financial statements.

### Revenue Streams

The company continues to generate revenue through two primary streams:

- Systems – the sale of capital equipment used in the production of microprocessors
- Spares, service and upgrades – the sale of spare parts and consumables, warranty type maintenance contracts and upgrades for existing Systems purchased by the customer base

### Financial instruments

Details of financial instruments are provided in note 15 of the financial statements.

### Functional currency

The group's financial statements are presented in US dollar functional currency. The respective average and closing US dollar to UK sterling rate used during the financial year was 0.7936 and 0.7853 (2023 - 0.8318 and 0.8056).

### Streamlined Energy and Carbon Reporting

The Company are committed to responsible energy management and practice energy efficiency throughout our organisation. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. We have implemented the projects below for the purpose of increasing the business energy efficiency in the current reporting period:

- Commenced modification of deposition thermal conditioning units so as to run only on demand and thus reduce usage of natural gas and electricity

**DIRECTORS' REPORT (continued)**

**Streamlined Energy and Carbon Reporting (continued)**

The tables below detail the energy used by the Company and carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

Type of Activity	Energy Usage		Measurement Unit
	Year Ended 30 June 2024	Year Ended 30 June 2023	
Total energy use covering electricity, gas and transport	12,599,219	12,826,540	kWh
Total emissions generated through combustion of gas	268.48	315.83	tCO2e
Total emissions generated through use of purchased electricity	2,274.45	2,124.19	tCO2e
Total emissions generated through use of other fuels	4.56	4.83	tCO2e
Total emissions generated through business travel	30.20	23.86	tCO2e
Total gross emissions	2,577.68	2,468.71	tCO2e
Intensity ratio (total gross emissions)	3.541	3.363	tCO2e per unit

**Methodology used in the calculation of disclosures**

**1. Data sources**

Meter readings and invoices (electricity and gas); recorded mileage (transport); purchase order records (other fuels).

Note: As transportation services procured for the shipping of SPTS manufactured products do not include direct payment for fuel consumption, the energy use associated with these fuels is excluded from disclosure under the SECR framework.

**2. Carbon Trust conversion factors used to calculate the greenhouse emissions associated with energy use (Conversion Factors: Introductory Guide, 2023 update).**

**3. Intensity ratio**

Total gross emissions in tCO2e per manufactured module shipped

**4. Data estimation**

Assumption made that company-owned vehicles are all diesel-fuelled and medium engine-sized

The following energy efficiency measures are under implementation during the period 2024 – 25.

- Modify deposition thermal conditioning units so as to run only on demand and thus reduce usage of natural gas and electricity
- Implement programme to assess and address potential leaks on the compressed air system to reduce Scope 2 emissions
- Replace process water cooling chillers to improve energy efficiency and reduce Scope 2 emissions
- Upon completion the new build manufacturing site is anticipated to be awarded BREEAM excellent sustainability certification.

**DIRECTORS' REPORT (continued)**

**Streamlined Energy and Carbon Reporting (continued)**

The Directors are committed to monitoring, limiting and reducing the carbon footprint of the Company and the impact on the environment in which it operates. Investment in energy and waste management systems and IT technology to reduce travel requirements of employees have been key to reducing the carbon footprint. The Directors aspires to the highest ethical standards in its management of the Company.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

**DIRECTORS' REPORT (continued)**

**Disclosure of information to auditors**

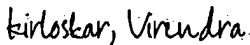
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors

DocuSigned by:  
  
F3150CC6E613B448...

**Virendra Arvind Kirloskar**  
**Director**

3 October 2024

# Independent auditors' report to the members of SPTS Technologies Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, SPTS Technologies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 30 June 2024; the Income Statement and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

#### Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety, environmental legislation and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax law and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the adequacy of the design of management's controls to prevent and detect irregularities;
- Enquiry of management around known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of those charged with governance;
- Challenge of assumptions made by management in relation to the significant accounting estimates;
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations; and
- Incorporating an element of unpredictability in our audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Bound (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff  
7 October 2024

**SPTS TECHNOLOGIES LIMITED****INCOME STATEMENT  
For the year ended 30 June 2024**

	Note	Year Ended 30 June 2024 \$'000	Year Ended 30 June 2023 \$'000
<b>TURNOVER</b>	2	448,888	466,194
Cost of sales		<u>(219,422)</u>	<u>(250,059)</u>
<b>GROSS PROFIT</b>		229,466	216,135
Administrative expenses		<u>(82,981)</u>	<u>(46,185)</u>
<b>OPERATING PROFIT</b>	3	<u>146,485</u>	<u>169,950</u>
Interest receivable and similar income	4	<u>22,751</u>	<u>16,074</u>
<b>PROFIT BEFORE TAXATION</b>		169,236	186,024
Tax on profit	6	<u>(23,902)</u>	<u>(19,667)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>145,334</u></u>	<u><u>166,357</u></u>

There are no other elements of comprehensive income and therefore no comprehensive income statement has been presented.

The notes on pages 16 to 31 are an integral part of these financial statements.

**SPTS TECHNOLOGIES LIMITED**

**BALANCE SHEET**

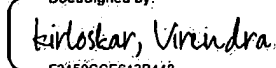
**As at 30 June 2024**

	Note	\$'000	As at 30 June 2024 \$'000	As at 30 June 2023 \$'000
<b>FIXED ASSETS</b>				
Intangible assets				
Intellectual property	7		79	392
Patents	7		354	404
Goodwill	8		9,677	10,715
Tangible assets	9		116,924	45,334
			<u>127,034</u>	<u>56,845</u>
<b>CURRENT ASSETS</b>				
Stocks	10	111,802		103,622
Debtors: amounts falling due within one year	11	96,846		96,296
Debtors: amounts falling due after one year	11	302,500		300,000
Other investments		50,000		-
Cash at bank and in hand		86,976		148,578
		<u>648,124</u>		<u>648,496</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(70,490)</u>		<u>(120,834)</u>
<b>NET CURRENT ASSETS</b>			<u>577,634</u>	<u>527,662</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			704,668	584,507
<b>PROVISIONS FOR LIABILITIES</b>	13		<u>(9,297)</u>	<u>(7,970)</u>
<b>NET ASSETS</b>			<u>695,371</u>	<u>576,537</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		21,306	21,306
Merger reserve			(25,000)	(25,000)
Retained earnings			699,065	580,231
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<u>695,371</u>	<u>576,537</u>

The financial statements on pages 13 to 31 of SPTS Technologies Limited, registered number 07037852, were approved by the Board of Directors on 03 October 2024 and signed on its behalf by Virendra Arvind Kirloskar.

The notes on pages 16 to 31 are an integral part of these financial statements.

Signed on behalf of the Board of Directors

DocuSigned by:  
  
 F3150CCE613B448...

**Virendra Arvind Kirloskar**  
**Director**

3 October 2024

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2024**

	<b>Called up share capital \$'000</b>	<b>Merger reserve \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total shareholders' funds \$'000</b>
Balance at 1 July 2022	21,306	(25,000)	413,874	410,180
Profit for the financial year	-	-	166,357	166,357
Balance at 30 June 2023	<u>21,306</u>	<u>(25,000)</u>	<u>580,231</u>	<u>576,537</u>
Balance at 1 July 2023	21,306	(25,000)	580,231	576,537
Profit for the financial year	-	-	145,334	145,334
Dividend paid	-	-	(26,500)	(26,500)
Balance at 30 June 2024	<u>21,306</u>	<u>(25,000)</u>	<u>699,065</u>	<u>695,371</u>

The notes on pages 16 to 31 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2024**

**1. ACCOUNTING POLICIES**

**General Information**

SPTS Technologies Limited (the "Company") is a private company, limited by shares and is incorporated and registered in England and Wales, United Kingdom. The address of its registered office is: Ringland Way, Newport, United Kingdom, NP18 2TA.

The financial statements have been prepared for the year ended 30 June 2024. The company's financial statements are presented as an individual undertaking and not on a group basis.

The company has taken advantage of the exemption in section 401 of Companies Act 2006 not to prepare consolidated financial statements, on the grounds that its results are included in the consolidated financial statements of another group company

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.1(a)

**Statement of compliance**

The financial statements of SPTS Technologies Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**Summary of significant accounting policy**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of accounting**

These financial statements are prepared on a going concern basis, under the historical cost convention (except for derivative financial instruments that are included at fair value), and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

**Going concern**

The company has achieved strong results for the financial year and expects to continue to do so in 2024/25. Due to the nature of the business and the working capital needed to fund the production of capital equipment, management of cash remains a key priority for the business. The directors monitor cash flow forecasts closely and on a timely basis. The group has positive cash balances and the directors are managing the level of facilities available and cash flow to meet future growth.

The directors have reviewed the cash flow forecasts for the company for the period to December 2025 and beyond and are satisfied that these forecasts take account of all reasonably expected events in that period. The directors believe that the company's forecast results and its finance facilities arising from the change in ownership of the group of which it is a member, are sufficient to continue to meet its ongoing working capital requirements and fund continued growth of the business. The directors believe that the company is well placed to manage these business risks.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**1. ACCOUNTING POLICIES (continued)**

**Intangible asset**

*i) Patents*

The capitalised patent cost arose during the management buyout in 2011 and is included at cost and amortised in equal annual instalments over a period of 20 years which is the estimated useful economic life. All other patent costs are expensed as incurred.

*ii) Goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which was assessed as 20 years. Provision is made for any impairment.

Amortisation is charged to administrative expenses in the income statement.

*iii) Intellectual Property*

These costs are being amortised to the Income Statement over their estimated useful economic life of 2 to 7 years

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation. Freehold land and assets under construction are not depreciated. On other assets, depreciation has been computed to write off the cost of tangible fixed assets on a straight-line basis over their expected useful lives.

Freehold buildings	2% per annum
Plant and machinery	33% per annum (previously 10% per Annum)
Fixtures, fittings and equipment	33% per annum (previously 10-33% per Annum)

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use. Repairs and maintenance are expensed as incurred.

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

**Stocks**

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the standard cost method.

The cost of finished goods includes materials, labour and a relevant proportion of production overheads.

Provision has been made for excess and slow-moving items where appropriate. Provision is based upon analysis of current inventory levels and forecast inventory demand based upon confirmed customer orders.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**1. ACCOUNTING POLICIES (continued)**

**Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

*i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

*ii) Deferred taxation*

Deferred taxation is provided at anticipated tax rates, using the full provision method, on all timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Turnover**

The company's turnover represents amounts receivable, excluding value added tax and trade discounts, in respect of goods and services provided in the normal course of business. Revenue is recognised based upon Incoterms associated with each specific sales with an assessment performed to ensure performance obligations are completed and associated risks for goods are passed to end customer or the supply of services in line with SPTS's right to receive consideration have been delivered

**Leases**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

*i) Finance leased assets*

Assets held under finance leases and hire purchase contracts are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after more than one year. The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

*ii) Operating leased assets*

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**1. ACCOUNTING POLICIES (continued)**

**Foreign currencies**

**i) Functional and presentation currency**

The financial statements are presented in US dollar and rounded to thousands.

The Company's functional and presentation currency is the US dollar.

**ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**Government grants**

When the conditions of grants are met, the revenue element is credited to the income statement as the related expenditure is incurred and the capital element is credited to the income statement over the expected useful life of the related assets.

**Research and development expenditure**

Research and development expenditure is written off to the income statement in the year in which it is incurred.

**Pension costs**

The amount of pension contribution payable in the period is charged to the income statement as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Restricted stock units**

Restricted stock units (RSUs) from the ultimate parent entity are granted to certain employees, the fair value of the RSUs at the date of grant is charged to the Income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of options instruments expected to vest at each balance sheet date so that, ultimately the cumulative amount recognised over the vesting period is based on the number of RSUs that eventually vest.

**Warranty provision**

The warranty provision relates to the expected costs of providing repairs and spares under warranty agreements given to customers.

**Cash and Cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

**Other Investments**

Other investments relate to investment deposits with maturities of more than three months.

**NOTES TO THE FINANCIAL STATEMENTS**

**year ended 30 June 2024**

**1. ACCOUNTING POLICIES (continued)**

**Financial Instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

*i) Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

*ii) Financial liabilities*

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including forward foreign exchange contracts are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or finance income as appropriate. Hedge accounting is not applied.

The fair values are based on market values of equivalent instruments at the balance sheet date.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**1. ACCOUNTING POLICIES (continued)**

**Financial Instruments (continued)**

*iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

*iv) Cashflow hedge of forecast purchases in foreign currency*

Where derivative financial instruments (forward foreign exchange contracts) are used to hedge against highly probably forecast transactions for the purchase of non-monetary assets in a foreign currency, the gain or loss arising from such instruments are added or deducted from the purchase price of the asset

**Related party transactions**

The group has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The group discloses transactions with related parties which are not wholly owned with the same group in note 19.

**Critical judgements and estimates in applying the accounting policies**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*- Useful economic lives of intangible assets and tangible assets*

The annual amortisation or depreciation charge for intangible and tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See notes 7 to 9 for the carrying amount of tangible and intangible fixed assets and note 1 for the useful economic lives for each class of asset.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**2. TURNOVER**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Turnover by destination</b>		
Europe	40,503	89,734
North America	60,957	52,721
Asia and rest of world	347,428	323,739
	<u>448,888</u>	<u>466,194</u>
<b>Turnover by type</b>		
Systems revenue	429,145	449,080
Spares, service and upgrades	19,743	17,114
	<u>448,888</u>	<u>466,194</u>

Reduction of turnover within Europe due to shift in business focus towards emerging markets in Asia and rest of world.

**3. OPERATING PROFIT**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The operating profit is stated after charging / (crediting) the following</b>		
Depreciation - owned assets	4,839	6,998
Operating lease costs	211	186
Amortisation of goodwill	1,038	1,039
Amortisation of patents and intellectual property	363	362
Grant income	(537)	(1,298)
Derivative financial instrument loss/(gain)	8,708	(17,502)
Foreign exchange loss	156	1,058
RSU Charge	110	40
	<u>          </u>	<u>          </u>

Inventories recognised as an expense during the year ended 30 June 2024 amounted to \$201,851k (2023: \$228,453k).

The analysis of auditors' remuneration is as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees payable to the company's auditors for the audit of the company's statutory financial statements	302	292
Non audit services – Tax advice	-	6
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Interest receivable and similar income</b>		
Interest receivable and similar income	22,751	16,074
	22,751	16,074
	22,751	16,074

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The aggregate payroll costs of the company were as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	45,945	39,625
Social security costs	6,699	5,506
Other pension costs	2,672	2,983
	55,316	48,114
	55,316	48,114

The monthly average staff numbers split by function was as follows:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Sales and customer support	25	27
Operations and research and development	454	422
Administration	86	84
	565	533
	565	533

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' emoluments	269	240
Directors' receivable under long term incentive	122	86
Directors' pension costs	41	25
	432	351
	432	351

Pension contributions for one (2023: one) director were paid into defined contribution schemes in the current and prior year.

One (2023: one) director exercised share options in the year, and received or was due to receive shares under the Long Term Incentive scheme.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Remuneration of highest paid director</b>		
Emoluments	269	240
Receivable under long term incentive	122	86
Pension contributions	41	25
	432	351
	432	351

The highest paid director exercised share options in the year, and received or was due to receive shares under the Long Term Incentive scheme.

**6. TAX ON PROFIT**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Analysis of the tax charge in the year</b>		
<b>Current tax</b>		
Current tax on income for the year	20,002	19,329
Adjustment in respect of prior year	1,918	-
	21,920	19,329
<b>Total current tax charge</b>	21,920	19,329
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,982	338
	1,982	338
<b>Total Deferred tax (note 13)</b>	1,982	338
<b>Tax charge on profit</b>	23,902	19,667

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**6. TAX ON PROFIT (continued)**

**(b) Factors affecting the tax charge in the year**

The tax charge assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before taxation	169,236	186,024
Profit before taxation by the standard rate of corporation tax of 25% (2023: 20.5%)	42,309	38,135
Effects of:		
Income/(expense) not deductible for tax purposes	114	(148)
Capital allowances in excess of depreciation	(4,247)	(290)
Impact of the UK Patent box deduction	(18,174)	(18,368)
Adjustment in respect of prior year	1,918	-
Origination and reversal of timing differences	1,982	338
<b>Total tax for the year</b>	<b>23,902</b>	<b>19,667</b>

**(c) Schedule of movement in deferred tax**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening deferred tax liability	(1,443)	(1,105)
Charged to income statement	(1,982)	(338)
Closing deferred tax liability	<b>(3,425)</b>	<b>(1,443)</b>

The closing deferred tax liability comprises accelerated capital allowances of \$3,425k (2023: \$1,443k)

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**6. TAX ON PROFIT (continued)**

**(d) Factors that may affect future tax charges**

The UK Government announced in the budget on 3 March 2021 that from 1 April 2023 an increase in the main rate of corporation tax to 25%. Current tax calculations for the current year, ending 30 June 2024, are based only on the revised rate of 25%, whereas for the prior year, ending 30 June 2023, a blended rate of 9 months at the pre-existing Corporation Tax rate of 19% (July 2022 to March 2023), and 3 months at 25% (April 2023 to June 2023) is used, giving an average for the year of 20.5%. Deferred tax calculations have applied the anticipated effective tax rate of SPTS Technologies which is lower than the 25% rate in the current year due to Patent Box deductions available to the company.

**7. INTANGIBLE ASSETS – INTELLECTUAL PROPERTY AND PATENTS**

	<b>Intellectual Property \$'000</b>	<b>Patents \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>			
At 1 July 2023	2,742	1,000	3,742
At 30 June 2024	<u>2,742</u>	<u>1,000</u>	<u>3,742</u>
<b>Accumulated Amortisation</b>			
At 1 July 2023	(2,350)	(596)	(2,946)
Charge for the year	(313)	(50)	(363)
At 30 June 2024	<u>(2,663)</u>	<u>(646)</u>	<u>(3,309)</u>
<b>Net book value</b>			
At 30 June 2024	<u>79</u>	<u>354</u>	<u>433</u>
Net book value			
At 30 June 2023	<u>392</u>	<u>404</u>	<u>796</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**8. INTANGIBLE ASSETS – GOODWILL**

	<b>\$'000</b>
<b>Cost</b>	
As at 1 July 2023 and 30 June 2024	<u>21,033</u>
<b>Accumulated amortisation</b>	
At 1 July 2023	(10,318)
Charge for the year	<u>(1,038)</u>
At 30 June 2024	<u>(11,356)</u>
<b>Net book value</b>	
At 30 June 2024	<u>9,677</u>
At 30 June 2023	<u>10,715</u>

**9. TANGIBLE ASSETS**

	<b>Freehold land and buildings \$'000</b>	<b>Plant and machinery \$'000</b>	<b>Fixtures, fittings and equipment \$'000</b>	<b>Assets under construction \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>					
At 1 July 2023	11,820	46,543	10,391	26,222	94,976
Additions	-	-	-	76,429	76,429
Reallocated	-	2,172	1,513	(3,685)	-
Disposals	-	(209)	(7)	-	(216)
At 30 June 2024	<u>11,820</u>	<u>48,506</u>	<u>11,897</u>	<u>98,966</u>	<u>171,189</u>
<b>Accumulated Depreciation</b>					
At 1 July 2023	(1,805)	(38,058)	(9,779)	-	(49,642)
Charge for the year	(148)	(3,763)	(928)	-	(4,839)
Disposals	-	209	7	-	216
At 30 June 2024	<u>(1,953)</u>	<u>(41,612)</u>	<u>(10,700)</u>	<u>-</u>	<u>(54,265)</u>
<b>Net book value</b>					
At 30 June 2024	<u>9,867</u>	<u>6,894</u>	<u>1,197</u>	<u>98,966</u>	<u>116,924</u>
At 30 June 2023	<u>10,015</u>	<u>8,485</u>	<u>612</u>	<u>26,222</u>	<u>45,334</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**10. STOCKS**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials and consumables	74,556	79,934
Work in progress	17,678	13,669
Finished goods	19,568	10,019
	<b>111,802</b>	<b>103,622</b>
	<b>111,802</b>	<b>103,622</b>

Stocks are stated after provision for impairment of \$6,026k (2023: \$3,281k). There is no significant difference between the replacement cost of work in progress and finished goods and their carrying amounts.

**11. DEBTORS**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts falling due within one year:		
Trade debtors	37,154	40,618
Allowance for doubtful debtors	(229)	(696)
Amounts owed by parent undertaking	-	4,000
Amounts owed by group undertakings	44,841	33,039
VAT recoverable	9,549	5,917
Derivative financial instruments	2,830	11,832
Corporation tax recoverable	241	-
Prepayments and accrued income	2,460	1,586
	<b>96,846</b>	<b>96,296</b>
	<b>96,846</b>	<b>96,296</b>

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts falling due after one year:		
Amounts owed by parent undertaking	300,000	300,000
Amounts owed by group undertakings	2,500	-
	<b>302,500</b>	<b>300,000</b>
	<b>302,500</b>	<b>300,000</b>

Trade debtors are stated after provisions for impairment of \$229k (2023: \$696k). Amounts owed by group undertakings due within one year are unsecured, interest free and repayable on demand. Amounts owed by parent and group undertakings after more than one year are unsecured and repayable through formalized loan agreements which are interest bearing between 3.906% and 4.816%. The \$300m owed by parent undertaking is repayable on 22 November 2025. The \$2.5m owed by group undertakings is repayable in full on 11 July 2025.

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	18,282	20,988
Amounts owed to group undertakings	26,652	50,531
Corporation tax payable	-	599
Derivative financial instruments	353	158
Accruals and deferred income	25,203	48,558
	70,490	120,834

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**13. PROVISIONS FOR LIABILITIES**

	<b>Deferred tax</b>	<b>Product</b>	<b>Total</b>
	<b>\$'000</b>	<b>warranties</b>	<b>\$'000</b>
		<b>\$'000</b>	
At 1 July 2023	1,443	6,527	7,970
Utilised	-	(4,344)	(4,344)
Charged to income statement	1,982	3,689	5,671
	3,425	5,872	9,297

The warranty provision relates to the expected costs of providing repairs and spares under warranty agreements given to customers. Warranty terms are generally between one and three years from the sale of the related product.

**14. CALLED UP SHARE CAPITAL**

	<b>2 pence</b>		<b>2 pence</b>	
	<b>ordinary</b>		<b>ordinary</b>	
	<b>share</b>		<b>shares</b>	
	<b>No.</b>	<b>2024</b>	<b>No.</b>	<b>2023</b>
		<b>\$'000</b>		<b>\$'000</b>
<b>Authorised</b>				
Ordinary shares	650,000,050	21,306	650,000,050	21,306
	650,000,050	21,306	650,000,050	21,306
<b>Called up, allotted and fully paid</b>				
Ordinary shares	650,000,050	21,306	650,000,050	21,306
	650,000,050	21,306	650,000,050	21,306

Each share has full rights in the company with respect to voting, dividends and distributions

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**15. FINANCIAL INSTRUMENTS**

The company has the following financial instruments:

	Note	2024 \$'000	2023 \$'000
<b>Financial assets that are debt instruments measured at amortised cost:</b>			
Trade debtors	11	36,925	39,922
Amounts owed by parent undertakings	11	300,000	304,000
Amounts owed by group undertakings	11	47,341	33,039
		<u>384,266</u>	<u>376,961</u>
<b>Financial assets that are debt instruments measured at fair value through profit and loss:</b>			
Derivative financial instruments	11	2,830	11,832
		<u>2,830</u>	<u>11,832</u>
<b>Financial liabilities measured at amortised cost:</b>			
Trade creditors	12	18,282	20,988
Amounts owed to group undertaking	12	26,652	50,531
Accruals	12	8,197	11,981
		<u>53,131</u>	<u>83,500</u>
<b>Financial liabilities that are debt instruments measured at fair value through profit and loss:</b>			
Derivative financial instruments	12	353	158
		<u>353</u>	<u>158</u>

The only financial instruments measured at fair value are the foreign exchange derivatives with the fair values being determined using valuation techniques that utilise observable market inputs.

The company enters into forward foreign exchange contracts to mitigate the exchange rate risk for certain payables and future costs that are denominated in GBP (£).

As a result of the financial instrument strategy the fair value of the foreign exchange forward contracts at 30 June 2024 are \$2,830k asset and \$353k liability (2023: \$11,832k asset and \$158k liability). The loss recognised in the income statement account is \$8,708k (2023: \$17,503k gain).

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended 30 June 2024**

**16. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

At 30 June, the company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Expiry date		
- within one year	110	70
- between one and two years	13	42
- between two and five years	254	260
	377	372
	377	372

**17. PENSIONS**

The company operates a defined contribution personal pension plan. Each employee-member has their own policy within the plan to which contributions are made at a defined percentage of pensionable salary. The assets of each of these policies are separately administered and are entirely separate from those of the group. Total contributions to the pension plan for the year ended 30 June 2024 were \$5,876k (2023 - \$4,652k). Contributions outstanding at the balance sheet date amounted to \$419k (2023: \$368k), these are transferred in the month subsequent to deduction.

**18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The company had capital commitments as at 30 June 2024 of \$17.3m (2023: \$48.8m) with respect to the construction and development of the new facility.

**19. RELATED PARTY TRANSACTIONS**

The group has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned.

**20. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is SPTS Technologies UK Limited, a company registered in England and Wales.

The smallest and largest group within which the results of the company are consolidated is that headed by KLA Corporation, which is registered in in the United States of America.

The ultimate parent and controlling party is KLA Corporation, a company registered in the United States of America. Its registered address is One Technology Drive, Milpitas, California, 95035. This is the largest group within which the results of the company are consolidated.