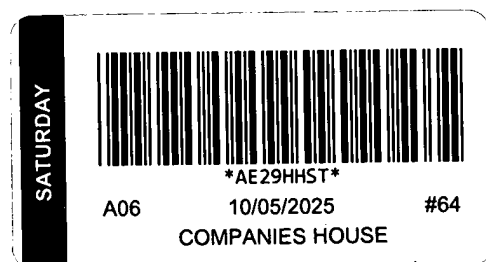


Registered number:
06606708

SCHALTBAU MACHINE ELECTRICS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

RPG CROUCH CHAPMAN LLP
Chartered Accountants
40 Gracechurch Street
London
EC3V 0BT



SCHALTBAU MACHINE ELECTRICS LIMITED

COMPANY INFORMATION

Directors	T Fox Dr. J E R Brandes
Company secretary	D Y Chen
Registered number	06606708
Registered office	335 - 336 Woodside Way Springvale Industrial Estate Cwmbran Torfaen NP44 5BR
Independent auditors	RPG Crouch Chapman LLP Chartered Accountants & Statutory Auditor 40 Gracechurch Street London EC3V 0BT

SCHALTBAU MACHINE ELECTRICS LIMITED

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SCHALTBAU MACHINE ELECTRICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

Directors

The directors who served during the year were:

T Fox
Dr. J E R Brandes

Principal activity

The principal activity of the company is the manufacture, repair, and distribution of electrical components for use in a broad spread of industries for power distribution.

Results and dividends

The profit for the year, after taxation, amounted to £714,000 (2023 - £891,000).

The company's key financial indicators during the year were as follows:

	Unit	2024	2023
Turnover	£000	9,313	10,103
Gross profit margin	%	37.85	34.75
Profit before tax	£000	953	1,185
Profit before tax as a percentage of turnover	%	10.23	11.73

Business review

The growth in the EV Charger market failed to materialise as expected and despite growth within the UK, intercompany and export sales fell compared to 2023. Many customer projects were delayed or ran at lower volumes than planned. Schaltbau launched the EDDICY brand in 2024 and significant marketing effort was made that should bear fruit in 2025. The company still expects the use of DC power for mobility and energy storage to increase but at a slower rate than previously expected. The company's rail business grew in 2024, and the company was successful in winning a major rail project in 2024 for a new product segment, however this will not translate into sales before 2027. The company's diversification of its customer base over the last few years helps to ensure its continued success.

SCHALTBAU MACHINE ELECTRICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Principal risks and uncertainties

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and investment securities.

The carrying amount of financial assets of £4,379,000 (2023: £3,394,000) represents the maximum credit exposure. In addition, the company has established a credit policy under which each new customer is analysed for creditworthiness before the standard payment and delivery terms and conditions are offered. The company also maintains for each customer sale limits that if exceeded require approval from management.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments.

Currency risk

The company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. The company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The results for the year are set out in the Income Statement on page 10.

Other significant matters

The company continuously monitors other events, such as the conflict in Ukraine, and Gaza, rising material costs and potential material shortages, and where possible acts to reduce the impact of such events on the business. The company is closely monitoring the effect of the Gaza conflict on the cost and duration of international transport. The current known risks are not expected to significantly affect the growth of the business over the medium term.

Political contributions

The company made no political donations or incurred any political expenditure during the year (2023: £nil).

Employment of disabled persons

The company's policy is to recruit disabled workers for those vacancies that they can fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

SCHALTBAU MACHINE ELECTRICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Employee involvement

The company's policy is to consult and discuss with employees, through staff meetings, all matters likely to affect employees' interests.

Information on matters of concern to employees is given through bulletins and reports that seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Engagement with suppliers, customers and other business relationships

As part of the Schaltbau Group, Schaltbau Machine Electrics Limited conforms to the Schaltbau Group Code of Conduct which all employees are asked to observe in their day-to-day activities.

The code of conduct sets out the foundations of how the company deals with all its stakeholders.

This includes but is not limited to:

- Expectations towards business partners
- Corporate principles
- General conduct for employees and the company
- Conduct of the company towards its employees
- Conduct of employees towards the company and third parties
- Compliance implementation and control

The company's local management is responsible to ensure compliance to the Code of Conduct. Schaltbau Group monitor compliance through its compliance system and regular audit.

Future developments

Schaltbau Machine Electrics Limited specialises in products for handling DC power and the move to renewable energy is expected to continue to drive our growth in future years. Several new products are launching in 2025, and we are working closely with our customer base to provide solutions that can support this growth. Our diverse customer base ensures we are not over reliant on any single customer.

Business in the Rail market grew slightly and our move into a new product segment will support long term growth in this area which remains a key market. We continue to collaborate closely with our sister companies in the Schaltbau group to ensure we can support our customers worldwide and provide local service activities to support our rail customers.

Research and development activities

Research and new product development is led by Schaltbau GmbH with limited activities performed locally.

SCHALTBAU MACHINE ELECTRICS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Going concern

The financial statements are prepared on a going concern basis. The directors have performed an assessment of the company's ability to continue as a going concern based on the board-approved forecasts of the company for the 12 months following the date of signing the financial statements. The forecasts have also been assessed against what is considered a reasonable downside risk scenario. The directors have considered the working capital requirements in these forecasts and are confident that these will be covered by the existing facilities. Consequently, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook due to the conflict in Ukraine and the increase of costs and duration on international transport due to the Gaza conflict. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, RPG Crouch Chapman LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2nd May 2025 and signed on its behalf.



T Fox
Director

SCHALTBAU MACHINE ELECTRICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

SCHALTBAU MACHINE ELECTRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCHALTBAU MACHINE ELECTRICS LIMITED

Opinion

We have audited the financial statements of Schaltbau Machine Electrics Limited (the 'Company') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

SCHALTBAU MACHINE ELECTRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCHALTBAU MACHINE ELECTRICS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

SCHALTBAU MACHINE ELECTRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCHALTBAU MACHINE ELECTRICS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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:

- We gained an understanding of the legal and regulatory framework applicable to the Company and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These include but were not limited to compliance with the Companies Act 2006 and UK GAAP.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

SCHALTBAU MACHINE ELECTRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCHALTBAU MACHINE ELECTRICS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

RPG Crouch Chapman LLP

Mark Bayliss FCA (Senior Statutory Auditor)

for and on behalf of
RPG Crouch Chapman LLP

Chartered Accountants
Statutory Auditor

40 Gracechurch Street
London
EC3V 0BT

Date: 8 May 2025

SCHALTBAU MACHINE ELECTRICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £000	2023 £000
Turnover	4	9,313	10,103
Cost of sales		(5,805)	(6,592)
Gross profit		3,508	3,511
Administrative expenses		(2,617)	(2,309)
Operating profit	5	891	1,202
Interest receivable and similar income	7	102	22
Interest payable and similar expenses	8	(40)	(39)
Profit before tax		953	1,185
Tax on profit	9	(239)	(294)
Profit for the financial year		714	891

There were no recognised gains and losses for 2024 or 2023 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2024 (2023:£NIL).

The notes on pages 13 to 31 form part of these financial statements.

SCHALTBAU MACHINE ELECTRICS LIMITED
REGISTERED NUMBER:06606708

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	10	1,309	1,445
Deferred tax	18	58	53
		<u>1,367</u>	<u>1,498</u>
Current assets			
Stocks	11	2,176	1,985
Debtors: falling due within one year	12	4,154	3,196
Cash at bank and in hand	13	302	259
		<u>6,632</u>	<u>5,440</u>
Creditors: falling due within one year	14	(1,411)	(991)
Net current assets		<u>5,221</u>	<u>4,449</u>
Total assets less current liabilities		<u>6,588</u>	<u>5,947</u>
Creditors: due after more than one year	15	(838)	(911)
		<u>5,750</u>	<u>5,036</u>
Net assets		<u><u>5,750</u></u>	<u><u>5,036</u></u>
Capital and reserves			
Called up share capital	19	590	590
Capital redemption reserve	20	4,372	4,372
Profit and loss account	20	788	74
		<u>5,750</u>	<u>5,036</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2/5/2025



T Fox
Director

The notes on pages 13 to 31 form part of these financial statements.

SCHALTBAU MACHINE ELECTRICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2023	590	4,372	(817)	4,145
Profit for the year	-	-	891	891
Dividends: Equity capital	-	-	(630)	(630)
Dividends reversed	-	-	630	630
At 1 January 2024	590	4,372	74	5,036
Profit for the year	-	-	714	714
At 31 December 2024	590	4,372	788	5,750

The notes on pages 13 to 31 form part of these financial statements.

In the previous year the company received a request to pay dividend to Schaltbau GmbH and has made a payment of GBP 630,000 on the 21st September 2023. After reviewing the retained earnings it was recognised that the dividend could not be paid and the dividend proposal was withdrawn and the paid amount of GBP 630,000 is to be considered to be an interest bearing intercompany loan. This is reflected on the asset side of the balance sheet.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

The principal activity of the company is the manufacture, repair and distribution of electrical components for use in a broad spread of industries. The Company is controlled by Schaltbau GmbH who owns 100% of the share capital of Schaltbau Machine Electrics. Schaltbau GmbH is a subsidiary of the ultimate controlling party, The Carlyle Group Inc.

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office is:
335-336 Woodside Way
Springvale Industrial Estate
Cwmbran
Torfaen
NP44 5BR

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The presentation currency of these financial statements is Sterling. All amounts have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Schaltbau Holding AG, as the parent company, includes the company in its consolidated financial statements. The consolidated financial statements of Schaltbau Holding AG are prepared in accordance with international Financial Reporting Standards and are published electronically in the German Federal Gazette or can be viewed on the company website. <https://ir.schaltbaugroup.com/websites/schaltbau/German/4410/finanzberichte.html>.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Schaltbau Holding AG as at 31 December 2024 and these financial statements may be obtained from Hollerithstrasse 5, 81829, Munich, Germany.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are dispatched as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.5 Leases

The company leases the office, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 to 10 years but may have extension options. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.5 Leases (continued)

cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The entity applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- 10 years
Plant and machinery	- 3 - 15 years
Other fixed assets	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2.14 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

2.16 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.16 Financial instruments (continued)

using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

3.1 Lease accounting

These liabilities are measured at the net present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate. The lessee's estimated incremental borrowing rate applied to lease liabilities as at 1 January 2024 was 4.27% (2023: 4.31%). The discount rate used was based on yields of EUR-denominated reference bonds of non-financial companies with comparable credit ratings. Yields for specific maturities were determined using a classical linear regression analysis model.

3.2 Stock and debtor provision

The company has a formal policy for making provisions for stock and debtors to ensure they are stated at no more than their expected recoverable amounts. When calculating the stock provision, management considers the nature and age of the stock, as well as applying assumption around anticipated salability of the stock. For the calculation of the debtors provision, management considers factors including the aging profile of the debtors and historical experiences.

3.3 Deferred Tax

A deferred tax asset is only setup when it is likely that it will be realised. The deferred tax calculation is based on the future profitability of the company.

SCHALTBAU MACHINE ELECTRICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****4. Turnover**

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Sale of goods	9,313	10,103
	9,313	10,103

Analysis of turnover by country of destination:

	2024 £000	2023 £000
United Kingdom	2,680	2,416
Europe	4,751	5,057
Rest of the world	1,882	2,630
	9,313	10,103

5. Operating profit

The operating profit is stated after charging:

	2024 £000	2023 £000
Audit fees	30	42
Depreciation	241	207
Inventory recognised as an expense	5,254	5,992
Exchange differences	78	(31)
	-	-

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. Employees

	2024	2023
	£000	£000
Wages and salaries	1,306	1,407
Social security costs	133	124
Cost of defined contribution scheme	54	53
	1,493	1,584

The average monthly number of employees, including the directors, during the year was as follows:

	2024	2023
	No.	No.
Production	19	22
Administration and support	18	19
	37	41

7. Interest receivable

	2024	2023
	£000	£000
Interest income from cash-pooling accounts	102	22
	102	22

8. Interest payable and similar expenses

	2024	2023
	£000	£000
Finance leases and hire purchase contracts	40	39
	40	39

SCHALTBAU MACHINE ELECTRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

9. Taxation

	2024 £000	2023 £000
Corporation tax		
Current tax on profits for the year	240	90
Adjustments in respect of previous periods	4	-
	<u>244</u>	<u>90</u>
Total current tax	<u>244</u>	<u>90</u>
Deferred tax		
Origination and reversal of timing differences	(5)	204
Total deferred tax	<u>(5)</u>	<u>204</u>
Tax on profit	<u>239</u>	<u>294</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2023 - *higher than*) the standard rate of corporation tax in the UK of 25% (2023 - 23.52%). The differences are explained below:

	2024 £000	2023 £000
Profit on ordinary activities before tax	<u>953</u>	<u>1,185</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.52%)	238	279
Effects of:		
Adjustments to tax charge in respect of prior periods	6	3
Short-term timing difference leading to an increase (decrease) in taxation	(5)	12
Total tax charge for the year	<u>239</u>	<u>294</u>

The UK Government increased the corporation tax rate to the current rate of 25% from 1 April 2023. Income taxes in statement of comprehensive income in 2023 were measured at 23.52% (blended average). Deferred tax as at 31 December 2024 was recognised at 25%.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

10. Tangible fixed assets

	Right of use assets - Land & Buildings £000	Right of use assets - Plant and Machinery £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2024	1,023	42	1,634	4	2,703
Additions	-	27	80	-	107
Disposals	-	-	(142)	-	(142)
At 31 December 2024	<u>1,023</u>	<u>69</u>	<u>1,572</u>	<u>4</u>	<u>2,668</u>
Depreciation					
At 1 January 2024	94	14	1,147	4	1,259
Charge for the year on owned assets	-	-	104	-	104
Charge for the year on right-of-use assets	102	16	-	-	118
Disposals	-	-	(140)	-	(140)
Impairment charge	-	-	18	-	18
At 31 December 2024	<u>196</u>	<u>30</u>	<u>1,129</u>	<u>4</u>	<u>1,359</u>
Net book value					
At 31 December 2024	<u>827</u>	<u>39</u>	<u>443</u>	<u>-</u>	<u>1,309</u>
At 31 December 2023	<u>929</u>	<u>29</u>	<u>487</u>	<u>-</u>	<u>1,445</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2024 £000	2023 £000
Tangible fixed assets owned	443	487
Right-of-use tangible fixed assets	866	958
	<u>1,309</u>	<u>1,445</u>

The company has lease contracts for various offices, warehouses, equipment and tools used in the operations.

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

10. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2024	2023
	£000	£000
Property	827	929
Plant and machinery	39	29
	866	958

Depreciation charge for the year ended

	2024	2023
	£000	£000
Property	102	101
Plant and machinery	16	11
	118	112

Additions to right-of-use assets

	2024	2023
	£000	£000
Additions to right-of-use assets	27	1,048

11. Stocks

	2024	2023
	£000	£000
Raw materials and consumables	443	594
Work in progress (goods to be sold)	1,094	818
Finished goods and goods for resale	639	573
	2,176	1,985

There is no significant difference between the replacement costs of raw materials, work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provision for impairment of £369,000 (2023: £337,000)

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

12. Debtors

	2024 £000	2023 £000
Due after more than one year		
Deferred tax	58	53
	58	53
Due within one year		
Trade debtors	690	853
Amounts owed by group undertakings	3,389	2,283
Other debtors	1	3
Prepayments and accrued income	70	57
Financial instruments	4	-
	4,154	3,196

Amounts owed by group undertakings are unsecured and need to be paid between 30-90 days of date of invoice.

Trade receivables are stated after provision for impairment of £32,000 (2023: £32,000)

No trade receivables fall due after more than one year.

13. Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	302	259
	302	259

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

14. Creditors: Amounts falling due within one year

	2024	2023
	£000	£000
Trade creditors	422	498
Amounts owed to group undertakings	403	32
Corporation tax	240	90
Other taxation and social security	75	36
Lease liabilities	87	70
Other creditors	44	83
Accruals and deferred income	122	182
Financial instruments	18	-
	1,411	991

Amounts owed to group undertakings are unsecured and need to be paid between 30 – 90 days of date of invoice

15. Creditors: Amounts falling due after more than one year

	2024	2023
	£000	£000
Lease liabilities	832	911
Financial instruments (after 1 yr)	6	-
	838	911

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

16. Leases

Company as a lessee

The company has lease contracts for various offices, warehouses, equipment and tools used in operations.

Lease liabilities are due as follows:

	2024 £000	2023 £000
Not later than one year	87	70
Between one year and five years	832	911
	<u>919</u>	<u>981</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2024 £000	2023 £000
Interest expense	40	39
Expenses relating to leases of low-value assets	8	20
	<u>48</u>	<u>59</u>

The total cash outflow for leases in 2024 was £133,000 (2023: £119,000).

17. Financial instruments

	2024 £000	2023 £000
Financial assets		
Financial assets measured at fair value through profit or loss	<u>4</u>	<u>-</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	<u>(24)</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise forward contract currency derivatives.

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio comprise currency forward contracts.

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. Deferred taxation

	2024 £000
At beginning of year	53
Utilised in year	4
At end of year	57

The deferred tax asset is made up as follows:

	2024 £000	2023 £000
Accelerated capital allowances	(95)	(112)
Tax losses carried forward	44	69
Other items	109	96
	58	53

19. Share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
590,000 (2023 - 590,000) A shares of £1.00 each	590	590

20. Reserves

Capital redemption reserve

The reserve was created when the company repurchased its own shares out of distributable profits, in compliance with legal capital maintenance requirements. This reserve is non-distributable.

Profit and loss account

The reserve comprises accumulated profits and losses of the entity after dividends and transfers to other reserves. This reserve is available for distribution to shareholders, subject to applicable legal and regulatory restrictions.

SCHALTBAU MACHINE ELECTRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

21. Pension commitments

The company operates a defined contribution pension scheme. The total expense relating to this plan in the current year was £40,000 (2023 - £41,000). In addition, the company made contributions into employees' private pension schemes of £14,000 (2023 - £12,000).

22. Controlling party

The company is a subsidiary undertaking of Schaltbau GmbH which is the immediate parent company.

The ultimate parent company is The Carlyle Group Inc. with its registered office in Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA, whose business activity is the holding of investments. The consolidated financial statements for the largest group of affiliated companies are prepared by Voltage Global Holding GmbH, Promenadeplatz 8, Munich, 80333, Germany.