Megger Group Limited

Registered Number: 02582519

Report and Financial Statements

30 November 2024

Archcliffe Road, Dover, Kent, CT17 9EN

Annual Report 2024

Contents

Megger Group Limited

DIRECTORS' REPORT

For the year ended 30 November 2024

The Directors present their annual report and the audited consolidated financial statements for Megger Group Limited and its subsidiary undertakings ("the Group") for the year ended 30 November 2024 on pages 14 to 45. Company financial statements for Megger Group Limited ("the Company") are on pages 46 to 54.

Results and dividends

The Group's consolidated statement of income and consolidated statement of comprehensive income are set out on pages 15 and 16. During the year ended 30 November 2024, the Company paid a dividend of €10,000,000 (2023: €15,000,000) to the ultimate parent company, TBG AG .

Principal activities and review of the business

The principal activities of the Group continued to be the design, manufacture, marketing and distribution of electrical and electronic measuring instruments, together with associated monitoring equipment and software applications. The principal activity of the Company was that of a holding company.

A review of the business is presented in the Strategic Report from page 4.

Significant events

The Group made a number of investments in the year:

- Following an initial investment in 2021, Megger exercised its call option in the year, to take the Group's ownership of IPS Energy ownership to 80%. IPS's asset performance management market is sized at $3.4 billion (2022) and forecast to more than double by 2032. Moving to predictive maintenance based on Asset Performance reduces maintenance costs and increases asset uptime, which is of critical importance as the provision of power continues to electrify, with associated pressures on energy grids.
- The Group purchased two businesses that together formed a new division – Megger Industrial Reliability Services ("MIRS"). Diagnostic Solutions (UK) provides vibration sensors with associated monitoring, and Distence (Finland) provides software for monitoring rotating machines. The MIRS offering provides customers with a means of monitoring asset health and planning downtime based on signs of degradation.
- Seba Sweden was formerly an Associate and the Group purchased the shares it did not already own, to take full ownership of the business and integrate into its Swedish operations.
- The Group took a minority investment in Synaptec, a Scottish business specialized in distributed electrical sensors for AC cable applications and offshore cabling (note 14).

We were delighted to introduce over 100 new colleagues to Megger as part of these transactions and are excited for the opportunities they will bring to further both the success of the Group and their own careers.

Good progress was made in the redevelopment of the Radeburg site, with construction of a new warehouse and service facility proceeding during 2024 and expected to complete ahead of schedule in 2025.

Employees

It is the policy of the Group to follow laws and norms in each country where it operates and, specifically in the UK:

- The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.
- Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.
- The Group subsidiaries hold regular meetings to discuss the Group's financial results, any significant operating issues, the future plans of the Group and other matters of concern to its employees.
- Consultation is generally through informal channels but, where appropriate, is supplemented by Works Councils, whose members are elected by the employee.

Going concern

A review of the results and financial position of the Group occurs regularly with the Board of Directors of Megger Group Limited. This included a review of the forecasts of the business for the 18 month period to May 2026, being over one year after the date of approval of these financial statements. This review included a range of commercially sensitive downside scenarios assessed, together with mitigating actions within the Group's control, such as payment of dividends and certain discretionary expenditure. Details of the Group's banking facilities, which run to 2026, are outlined in notes 17 to 20 of the consolidated financial statements. The Group has considerable financial resources together with established long-term relationships with a number of customers and suppliers. As a consequence, the Directors believe that the Company is well placed to manage its business risks and liquidity successfully. During the year, the Company satisfied comfortably its covenants (which comprise leverage and interest cover) and met its requirements to make quarterly interest payments. The Company expects to remain compliant in the Going Concern assessment period, even in plausible downside scenarios.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Principal risks and uncertainties

Risks and uncertainties are discussed in the Strategic Report on pages 7 to 9.

Future developments

Future developments are discussed in the Strategic Report on page7.

Directors

The Directors in office from the beginning of the year to the date of this report were:

J. P. Abson
A. J. Boughtwood (resigned 18 March 2024)
A. C. Dodds
J. B. Fairbairn (resigned 8 March 2024)
J. Gobelhaider (appointed 18 March 2024)
P. S. Grumett
J. J. C. Simpson

K. Corriero, Company Secretary

Directors' qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its Directors and the Directors of its subsidiary companies, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Group research and development activities

The Group is heavily committed to research and development activities so as to secure its position as a market leader in its addressable markets. Each manufacturing site has a programme of current and future development projects which address on going enhancements to existing products as well as development of new products to expand the portfolio.

Financial risk management objectives and policies

These are discussed in detail in the Strategic Report on page 7.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Section 172(1) stakeholder compliance statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. They must make decisions in good faith that they believe will most likely promote the success of the Company for the benefit of its members as a whole. In making these decisions the Directors must consider, amongst other things:

- Likely long-term impact of their decisions
- Interests of employees and the need to act fairly between members of the Company
- The effect on the community and environment in which the Group operates

Key stakeholders and how we engage

Shareholders	Megger has regular interaction with its shareholder, including monthly operating reviews and quarterly reporting, of which one is a detailed strategic five year planning review. There are also several ad hoc discussions taking place every month.
Employees	Group senior management conducted a series of visits to all sites and major sales offices during the year. These were supplemented by regular video conferences. Engagement with the Group's key leadership includes operating reviews, operating efficiency initiatives, annual strategy and budget meetings and regular "town hall" broadcasts. Within the individual sites there are regular briefing sessions with employees on the performance of the business, underpinned by the Megger Excellence System, a continuous improvement programme. The Group conducts an annual employee engagement survey and tracks progress over time, along with key matters in need of addressing by the Group's leadership.
Customers	Our customers are at the heart of our business, as we provide the equipment that maintains and supports critical infrastructure. We maintain regular face to face contact to understand their needs and maintain a substantial investment each year in developing our products accordingly. We regularly seek feedback on our performance and take account of this in developing our offering. The Group also maintains contact through social media, which is progressively showing more adaptability to our industry. During 2024, the Group has invested in its digital platforms and communications capabilities to improve contact with and add value to customers.
Suppliers	We have personal relationships across our supply chain and maintain contact through regular meetings and phone calls. These contacts have proven particularly important as we advance our continuous improvement programme, lean supply chain opportunities and seek cost improvements.

Energy use and carbon emissions

GHG emissions and energy use data:	2024	2023
MWh Tonnes of CO2e		
Scope 1 – UK gas and oil usage	6	47
Scope 1 – UK transport usage	75	67
Scope 2 – UK electricity usage	296	301
Total UK usage	377	415
Intensity ratio (MWh Tonnes of CO2e per €m of Group revenues)	1.0	1.2

The Group recognises that its activities have an environmental impact and carbon footprint. Our UK facility adheres to the requirements of ISO 14001 for its environmental management systems. We only use packaging that can be recycled and where possible we use recycled materials, whilst also remaining compliant with other safety regulations to which we are subject (e.g. IEC61010). Megger subscribes to the WEE Directive recycling scheme which pays for test equipment to be recycled, thereby avoiding bringing product back to sites and the carbon footprint associated with doing so. As part of our continuous improvement efforts, surveys and improvements were carried out across the facility to reduce energy consumption, including compressed air, electrical consumption, power correction and balancing. The site's solar panels helped significantly reduce our reliance on oil and gas.

The methodology for gathering the gas, oil and electricity usage was to obtain the recorded MWh's from the financial system records, whereas for transport usage the actual or calculated business miles were obtained from expense claims or recorded mileage forms. Both were converted using the UK Government GHG Conversion Factors for Company Reporting.

Directors' Responsibilities Statement

The Directors are responsible for preparing the strategic report, the directors' report and the Financial Statements, in accordance with applicable laws 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 UK-adopted International Accounting Standards.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK-adopted international 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The Directors confirm that:

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

The Directors' Report was approved by the Board of Directors on 28 March 2025 and was signed on its behalf by:

DocuSigned by:

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J. J. C. Simpson
Director

Registered office: Archcliffe Road, Dover, Kent, CT17 9EN.

Megger Group Limited

STRATEGIC REPORT

For the year ended 30 November 2024

The Directors present their Strategic Report for the year ended 30 November 2024.

Review of the business

The Group's core business is the design, manufacture and sale of test and measurement instrumentation, condition monitoring and software solutions for electrical transmission, distribution, industrial, transportation applications, rotating machines and low voltage electrical installations. In addition, Megger supplies terminal blocks and connectors, delivers specialist testing, safety and training services and provides a range of water leak detection and monitoring systems. The Group has ten manufacturing sites across the world, supported by worldwide sales and marketing facilities. Megger is uniquely very broad in product range and global reach amongst our immediate competitors.

A record year

Megger has an excellent brand, technology and products that are trusted and valued by its customers. The Group's strategy places Megger at the heart of the developing power sector, with the increased reliance on the electricity grid that will come with "net zero" targets.

Megger saw a record 2024, with a number of key highlights:

- Megger recorded customer orders of €401.0m, up 16% from 2023
- Record revenues of €388.4m, up 8%
- EBITDA growth of 23% to €78.8m

Orders across almost every one of the Group's core application segments showed excellent year on year growth, with standout performance in our Cable, General Electric Test, Transformer and Services categories. Megger successfully incorporated IPS Energy, Diagnostic Solutions, Distence and Seba Sweden during the year, which have already contributed to the Group's revenues and profitability.

Collaboration with IPS Energy advanced well, with the launch of our first multi-tenancy solution, Transformer Intelligence Centre, which has particular relevance in analysing the oil test results conducted by Avo Diagnostics.

Further growth came from the introduction of a series of new products, in order to maintain Megger's market leadership. Most notably, the Group launched new DC insulation resistance test sets, Electric Vehicle charge point testing and 37kV VLF test sets, whilst recently launched new products such as the EGIL200, SPI4000, MFT-X1 and STX40 continued to gain traction and take market share. The Group also continued to expend its geographic footprint with new offices in Morocco, South Korea and Brasil. Our Added Value Services continued to expand as Avo Diagnostics was fully integrated into the Group and we increased focus on the performance of our network of service centres.

Following acquisitions of Diagnostic Solutions and Distence, the team developed a comprehensive vibration monitoring offering aimed at maximising asset uptime at increased efficiency across a longer asset lifetime. The resultant solution, Megger Industrial Reliability Solutions (MIRS), was launched shortly before year end and a number of trials underway into the new year.

Megger has an excellent team, with dedicated staff who offer unrivalled subject matter expertise for all users of power. This is underpinned by a strong culture and values that support personal growth, encourages accountability and fosters collaboration.

Improved financial performance

Key Performance Indicators	2024 €'000	2023 €'000	Change %
Revenues	388,401	358,292	8.4%
Gross margin	55.2%	53.7%	1.5%
Profit for the financial year	30,013	24,653	21.7%
EBITDA	78,807	64,030	23.1%
Equity Attributable to Shareholders of the Parent	241,909	217,063	11.4%
	Heads	Heads	
Average number of persons employed during the year	1,804	1,617	11.6%

The consolidated revenues of the Group increased 8.4% to €388.4m (2023: €358.3m), representing another record year. Margin percentage levels rose by 1.5% to 55.2% (2023: 53.7%), as continuous improvement activities and price increases helped to offset the rising cost of materials and employment, together with an improvement in product revenue mix, through the dedicated work of the Group's sales and product management teams. Whilst Megger continued to maintain close management of indirect costs, the Group continued to invest in new products, sales methods, systems and staff, which management believe will place the Group well for long term sustainable growth. As a result, the Group's EBITDA increased by 23% to €78.8m (2023: €64.0m).

The effective corporate tax rate increased to 23% in 2024 (2023: 22%) and reflects the spread of applicable tax rates prevailing in the jurisdictions in which the Group operates; the increase was predominantly due to the increase in tax rates outlined in note 10. Cash from operations for the year was €76.2m (2023: €62.9m), a significant improvement reflecting actions taken to manage working capital during the year.

Ongoing focus on continuous improvement

The Group continued to invest in its production facilities in 2024, most notably the ongoing expansion of Radeburg (Germany), in response to the need to increase manufacturing capacity to satisfy rising customer demand for its market leading Cable test products.

The Group continued to advance the Megger Excellence System (MES) to drive operational improvements, an investment that delivered greater margins, thereby providing capital to further develop in the Group. The MES programme had a number of focus areas in the year:

- Continuous improvement in the Group's ten manufacturing sites, embracing a culture of customer service, product quality and cost management that maintains the competitiveness of the Group All sites are tasked with making improvements from product design costs, supply chain and operational efficiency, in addition to structural changes at the Group level.
- Expansion of MES beyond manufacturing and supply chain into service centres and commercial operations.
- Development of the Group's Project Management Office to provide structure and support change programmes.
- Delivery of the Intelligent Automation exercise, with 13 processes live in finance and ten in operations and a long pipeline of further opportunity for FY25.

The Group continued to develop its systems infrastructure during the year. Notable successes included implementation of the Workday core HR platform across key sites and upgrading our cyber security capabilities with the introduction of Darktrace to correlate threats across our organization, with real-time detection to known and novel threats.

We also continued to invest in our Data Team, establishing improved standards of data consistency and advancing our CRM systems functionality.

Employee commitment remains excellent – the engagement score across the Group rose to 8.5, up from 8.3 in 2024 and reflecting year on year improvement since 2018, when the score stood at 7.4. Current scores are in the top quartile of industry averages. It is however important that we listen to our colleagues and a series of follow up actions will be communicated during 2025.

Megger's people remain key to our success

Megger's values are critical to the Group's success, which are embodied by the superb team we have in the organisation. We are an international team, operating across multiple time zones and cultures, but are unified by our common values.

We have continued to invest in training in the past few years with a focus on personal development, which has seen a significant impact with the confidence with which we pursue sales growth and continuous improvement through the organisation.

Our wider communities also remain important, which we support through sponsorship, volunteering and practical support.

Outlook for the financial year ending 30 November 2025

Megger's market prospects remain excellent, underpinned by a number of strong market fundamentals.

Long term, the electrical share of the global energy demand is forecast to increase from a current 18% through to 24% by 2040 and from 25 T kWh in 2020 to 55 T kWh in 2050. Demand will be driven by several factors:

- Rising living standards bringing increased electrical consumption
- Increased global pressure to integrate environmentally friendly renewable energy resources. Whilst creating a sector compound growth rate of 10%, this is far short of the needs to address net zero carbon sustainability targets and changes being sought through reduced planning regulations to enable grid connectivity for renewables, which is the current constraint.
- Electrification of mobility, with substantial growth in Rail and Electric Vehicles (EVs), which despite current EV market disruption, the latter is forecast to rise from 20m to 240m units by 2030 (IEA Forecast), leading to substantial increases in public charging infrastructure, with estimates for 80m charge points by 2030. Electrical aerospace is also targeted by Airbus by 2035.
- A shift to electrical heat pumps for gas space heating, doubling the heat pump installation rate, leading to an expected cumulative demand for 10 million units over the next five years, requiring an additional 100 GW of electrical capacity in Europe alone.
- The growth of data centres, many with dedicated renewable sources of supply. Goldman Sachs estimates data centre power demand will grow 160% by 2030, in turn rising from c.1-2% of overall power demand to 3-4% by the end of the decade.

Grid modernisation and the integration of renewable energy resources into the network presents many challenges for the grid operators, but opportunities for Megger. These include network reliability, complexity, power quality, efficiency and security by way of providing network asset health and insights on their condition, enabling utilities to reduce costs through predictive maintenance practices. Megger's strategy focuses on its core test & measurement devices, condition monitoring equipment, on-line monitoring systems and data insights to deliver greater value to the customer.

Alongside the Group's primary power utility and supply customer base, associated OEMs and service providers, Megger also serves many electrical test needs of the broader industrial and low voltage installed wiring market. Larger industrial companies (manufacturing, mining, transportation etc.) are demanding improved power efficiency and reliability. Noting that over 50% of power used in industry is consumed by electrical motors, this is a key area of testing investment for Megger, addressing static and dynamic test regimes. These customers have the same philosophy of asset condition assessment (motors, switchgear, circuit breakers, safety earthing, cabling) in order to reduce operating costs and minimise unplanned failures/outages.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly financial, interest rates, exchange rates, liquidity, legislation, political and economic conditions, technology, competitor activity, cyber attacks, climate and maintenance of product quality.

Financial risk management objectives and policies

The Group's principal financial instruments comprise bank and other loans and overdrafts, cash and short term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group decides whether to enter into fixed or variable interest contracts based on the most favourable conditions at the time of entering into the contract. The Group decided to take out interest rate hedges on €120m of its debt facilities during the year.

Exchange rate risks

The Group operates internationally with a high proportion of revenues and costs denominated in currencies other than Euros. Generally the period of time between order receipt and payments is limited, and currency gains and losses on individual transactions are generally not significant. Where there are longer lead times, significant currency exposures are generally managed by matching financial assets with financial liabilities in the same currency, with the individual business considering the exchange rate risk on any significant contract values.

Over the year as a whole the Group results, investment values and borrowings can be significantly affected by fluctuations in exchange rates. Such fluctuations are managed by matching payments and receipts in the same currency whenever possible, as well as converting currencies at favourable spot rates of exchange to service the forecasted demand of different currencies.

Principal risks and uncertainties (continued)

Liquidity risks

The Group monitors its risk to a shortage of funds using detailed forecasts for future periods. The Group updates its detailed forecasts quarterly to monitor the liquidity risk closely. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and funding from its shareholder. The Group has strong cash flows that support the repayment of the loans as they fall due.

Legislation risk

The Group is exposed to ongoing changes to legal, fiscal and/or regulatory requirements, not just in countries where it has operations but also in the countries where it does business and these regulations may substantially differ from country to country. The Group is fully committed to complying with such changes and is supportive of regulatory considerations, environmental improvement and health and safety requirements. However, as regulations continue to change the Group may face potential design and supply issues as well as the The Group regularly monitors legal and regulatory matters at both a Group and operational level and consults with external advisers where necessary.

Political and Economic conditions risks

Many of the Group's products are used in infrastructure development as well as maintenance and are therefore dependent on favourable economic conditions to fund such projects. The lingering impact of the UK's decision to leave the EU and political volatility in key markets, combined with the Ukraine war, have resulted in a prolonged period of global economic uncertainty. The Group has demonstrated a reassuring level of resilience during an unprecedented period of change and uncertainty and is expected to remain strongly profitable and cash positive with substantial growth potential. The current threat of tariff imposition is being monitored closely in the event Megger product codes are included.

Offsetting some of the issues created by the current economic environment:

- The Group is truly global in nature and has a strong geographic spread of business. It has sales to all the major economies and most countries in the world and is thus well placed to benefit from where growth occurs. In addition, the Group's facilities are located in numerous territories which reduce the risk arising from operating in a single territory. This has been boosted by the establishment of an Indian plant during the year.
- Most of the Group's product ranges as used in rigorous environments and notwithstanding their high manufacturing and engineering quality, require replacement after a few years, so ensuring a substantial replacement market.
- The Group is introducing numerous new products which are expected to add market share, create new opportunities and trigger demand for upgrades.
- The Group has an international manufacturing footprint.
- The Group continues to invest for the long term.
- Ageing infrastructure maintenance will have to continue regardless of economic conditions.

Competitor and Technology Risk

Competitor activity and developing technology could affect the level of the Group's revenues and profitability. The Group invests heavily in engineering to ensure that its products are technically appropriate and are price competitive. Where applicable, patents are sought on new technology developed and patents, trademarks and other intellectual property assets are rigorously defended against infringement. The Group also invests heavily in providing local pre- and post-sale support to its customers.

Cyber attacks

The Board has invested in security devices to detect and rebuff viruses and allocated dedicated financial and personnel resource to ensure the Group's infrastructure is protected against the latest threats.

Product quality risk

Quality deficiencies could jeopardise the Group's reputation in the market and lead to liability claims for defective products. The Group invests heavily in engineering to ensure that its products are of the highest quality and applies the latest standards and practices in its development processes, in conjunction with rigorous testing routines. This is underpinned by MES programme that brings a culture of continuous improvement.

Climate risk

The Group directly manufacturers products from multiple locations, each involving supply chains that span the Globe. The Group has prepared a comprehensive sustainability strategy, targeting "net zero" Scope 1 and 2 carbon emissions by 2040 and will be preparing targets for Scope 3 as the data becomes available. Further, the Group's products support customers in achieving their own "net zero" targets. Together, these policies will prepare the Group well to address future climate risks.

Principal risks and uncertainties (continued)

General

The Directors have ensured that the Group has in place effective systems for managing and mitigating significant risks, which, where relevant, incorporate performance management systems and the appropriate remuneration incentives.

The Strategic Report was approved by the Board of Directors on 28 March 2025 and was signed on its behalf by:

DocuSigned by:

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J. J. C. Simpson
Director

Registered office: Archcliffe Road, Dover, Kent, CT17 9EN.
K. Corriero – Company Secretary

Independent auditor's report to the members of Megger Group Limited

Independent auditor's report to the members of Megger Group Limited

Opinion

We have audited the financial statements of Megger Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2024, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statements of changes in equity, the consolidated statements of cash flows, notes to the financial statements, including summary of significant accounting policies, the company balance sheet, the company statement of changes in equity, the company statement of cash flows and notes to the company's financial statements. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2024 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the invasion of Ukraine, military conflict in Israel and the global inflationary environment, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Independent auditor's report to the members of Megger Group Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement page 3, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to UK-adopted international accounting standards, the Companies Act 2006 and the relevant tax compliance regulations in the UK.
- We understood how the Group is complying with relevant legal and regulatory frameworks by making inquiries of management and those charged with governance. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the processes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those processes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Our audit procedures involved: journal entry testing, with a focus on material consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; substantive testing of revenue transactions both within and after the year end to ascertain the appropriate recognition of revenue within the year, utilising data analytics to identify unusual transactions for further testing and enquiries of group management or component management at locations where full scope audit procedures and specified audit procedures were performed. In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Independent auditor's report to the members of Megger Group Limited

Auditor's responsibilities for the audit of the financial statements (continued)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Group operates
  - understanding of the legal and regulatory requirements specific to the Group.

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 auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Jonathan Maile

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Jonathan Maile BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
28 March 2025

Megger Group Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2024

Consolidated income statement

For the year ended 30 November 2024

	note	2024	2023
		€'000	€'000
Revenue	5	388,401	358,292
Cost of sales		(173,985)	(165,722)
Gross profit		**214,416**	**192,570**
Selling and marketing expenses		(81,937)	(75,138)
Administrative expenses		(52,151)	(48,281)
Research & development expenses	6	(31,878)	(27,997)
Other operating income	6	5,493	129
Other operating expenses	6	(1,115)	(2,841)
Total expenses		**(161,588)**	**(154,128)**
Operating profit		**52,828**	**38,442**
Interest receivable and similar income	7	1,497	1,771
Interest payable and similar charges	8	(13,154)	(11,108)
Share of (loss) / profit from equity accounted investments	13	(2,015)	2,409
Profit on ordinary activities before taxation	6	**39,156**	**31,514**
Tax on profit on ordinary activities	10	(9,143)	(6,861)
Profit for the financial year from continuing operations		**30,013**	**24,653**
Profit for the financial year attributable to:			
Owners of the parent		29,788	24,653
Non-controlling interests		225	-
		30,013	**24,653**

The accounting policies and notes on pages 20 to 45 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 30 November 2024

	note	2024 €'000	2023 €'000
Profit for the financial year:		**30,013**	**24,653**
OTHER COMPREHENSIVE INCOME:			
Currency translation		**4,834**	**(5,744)**
Currency translations, net of tax		**4,834**	**(5,744)**
Items which will not subsequently be reclassified to the income statement			
Actuarial gains on post-retirement benefits plans		334	691
Income tax effect		(110)	(184)
Actuarial results, net of tax	**22**	**224**	**507**
Other comprehensive income / (loss) for the year, net of tax		**5,058**	**(5,237)**
TOTAL COMPREHENSIVE INCOME		**35,071**	**19,416**
Of which			
Attributable to non-controlling interests		**225**	**-**
Attributable to shareholders of the parent		**34,846**	**19,416**

The accounting policies and notes on pages 20 to 45 form part of these financial statements.

Consolidated balance sheet

As at 30 November 2024

	note	2024	2023 restated
		€'000	€'000
Non current assets			
Intangible assets	11	268,637	168,002
Tangible assets	12	95,547	86,230
Investments in associates	13	419	41,772
Financial assets at fair value through P&L	14	4,616	-
Pension asset	22	1,959	1,452
		371,178	**297,456**
Current assets			
Inventories	15	74,208	68,851
Trade and other receivables	16	105,928	80,214
Cash at bank and in hand	28	23,445	16,125
		203,581	**165,190**
Current liabilities			
Trade and other payables	17	(76,067)	(54,072)
Provisions	21	(1,921)	(2,813)
Financial liabilities	17	(353)	-
Current tax	17	(3,812)	(2,333)
		(82,153)	**(59,218)**
Net current assets		**121,428**	**105,972**
Receivables falling due after one year	16	2,912	2,194
Total assets less current liabilities		**495,518**	**405,622**
Non-current liabilities			
Net borrowings	18	(178,857)	(134,541)
Deferred consideration	18	(1,054)	(4,892)
Lease liabilities	18	(23,354)	(25,043)
Provisions for liabilities	21	(30,548)	(23,960)
		(233,813)	**(188,436)**
Net assets		**261,705**	**217,186**
Capital and reserves			
Called-up share capital	23	92,158	92,158
Foreign exchange translation reserve	23	8,493	3,659
Merger reserve account	23	30,364	30,364
Retained earnings	23	110,894	90,882
Amount attributable to owners of the parent		**241,909**	**217,063**
Non-controlling interests	30	19,796	123
Total equity		**261,705**	**217,186**

The restatement of prior year comparatives is explained in note 31.

The financial statements, including the accounting policies and notes on pages 20 to 45, were approved by the Board of Directors on 28 March 2025.

Signed on behalf of the Board of Directors:

DocuSigned by:

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J. J. C. Simpson

Director

Company registration no: 02582519

Consolidated statement of changes in equity

For the year ended 30 November 2024

	Called-up share capital	Foreign exchange translation reserve	Merger reserve account	Profit and loss account	Amount attributable to owners of the parent	Non-controlling interests	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 December 2022	**92,158**	**9,403**	**30,364**	**80,722**	**212,647**	**123**	**212,770**
Profit for the financial year	-	-	-	24,653	24,653	-	24,653
Other comprehensive (loss) / income	-	(5,744)	-	507	(5,237)	-	(5,237)
Total comprehensive (loss) / income	**-**	**(5,744)**	**-**	**25,160**	**19,416**	**-**	**19,416**
Dividends paid	-	-	-	(15,000)	(15,000)	-	(15,000)
Balance at 30 November 2023	**92,158**	**3,659**	**30,364**	**90,882**	**217,063**	**123**	**217,186**
At 1 December 2023	**92,158**	**3,659**	**30,364**	**90,882**	**217,063**	**123**	**217,186**
Profit for the financial year	-	-	-	29,788	29,788	225	30,013
Other comprehensive income	-	4,834	-	224	5,058	-	5,058
Total comprehensive income	**-**	**4,834**	**-**	**30,012**	**34,846**	**225**	**35,071**
Acquistions in the year (Note 29)					-	19,448	19,448
Dividends paid	-	-	-	(10,000)	(10,000)	-	(10,000)
Balance at 30 November 2024	**92,158**	**8,493**	**30,364**	**110,894**	**241,909**	**19,796**	**261,705**

The issued share capital and other items are detailed in note 23 of the consolidated financial statements.

The accounting policies and notes on pages 20 to 45 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 November 2024

	note	2024 €'000	2023 €'000
Cash flows from operating activities			
Profit for the financial year from continuing operations		**30,013**	**24,653**
Adjustments for:			
Amortisation of intangible assets	11	17,848	13,358
Share of profit from equity accounted investments		2,015	(2,409)
Depreciation of tangible assets	12	13,624	12,359
Profit on disposal of tangible assets	6	(235)	(129)
Remeasurement of deferred consideration	6	(5,258)	-
Unwind discount of deferred consideration from business combinations	8	1,045	559
Interest payable and similar charges	8	12,109	10,549
Interest receivable and similar income	7	(1,497)	(1,771)
Tax on profit on ordinary activities	10	9,143	6,861
EBITDA as quoted in the Strategic Report		78,807	64,030
Pension contributions paid	22	(87)	(84)
(Increase) in trade and other receivables		(17,908)	(6,520)
(Increase) / decrease in inventories		(3,933)	6,649
Increase / (decrease) in trade and other payables		19,469	(2,568)
(Decrease) / increase in provisions and pensions		(111)	1,377
Cash from continuing operations		**76,237**	**62,884**
Income taxes paid		(13,050)	(5,486)
Net cash from continuing operations		**63,187**	**57,398**
Cash flows from investing activities:			
Proceeds from sale of tangible assets		1,127	490
Purchase of tangible assets		(16,903)	(11,343)
Purchase of intangible assets	11	(5,716)	(5,010)
Development capitalisation	11	(11,943)	(8,730)
Business combinations net of cash acquired	30	(36,950)	(14,096)
Investments in associated undertakings		-	478
Other investing activities	14	(4,616)	-
Interest received	7	624	186
Net cash used in investing activities		**(74,377)**	**(38,025)**
Cash flows from financing activities:			
Proceeds from borrowings	20	60,000	28,200
Repayments of borrowings	20	(17,431)	(13,544)
Repayment of leasing liabilities	20	(5,013)	(5,260)
Payment of bank facility fees		-	(157)
Interest and bank charges paid		(10,499)	(8,262)
Dividends paid	23	(10,000)	(15,000)
Net cash generated from / (used in) financing activities		**17,057**	**(14,023)**
Net increase in cash and cash equivalents		5,867	5,350
Foreign exchange translation adjustment		691	(1,051)
Cash and cash equivalents at beginning of year		15,336	11,037
Cash and cash equivalents at end of period		**21,894**	**15,336**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		23,445	16,125
Bank overdrafts	20	(1,551)	(789)
Cash and cash equivalents		**21,894**	**15,336**

The accounting policies and notes on pages 20 to 45 form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 November 2024

1. Company information

Megger Group Limited ("the Company") is a limited-liability company incorporated in the UK with number 02582519. The registered office is Archcliffe Road, Dover, Kent, CT17 9EN. The Company acts as a holding company with investments mainly in Europe and North America. The principal activity of Megger Group Limited and its subsidiaries ("the Group") is the design, manufacture, marketing and distribution of a range of electrical and electronic testing and measuring instruments. In the opinion of the Directors, who are considered the Group's chief operating decision maker, this represents a single class of continuing business and operating segment.

2. Basis of preparation

2.1 - Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS ("IFRSs"). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Euros (€) and all values are rounded to the nearest thousand (€'000) except when otherwise indicated. The Euro : GBP exchange rate at year end was 0.831 (2023: 0.862).

The Group financial statements consolidate the financial statements of Megger Group Limited and all its subsidiary undertakings drawn up to 30 November each year.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the year was €2,799,000 (2023 restated: €14,033,000 profit).

2.2 - Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

New standards, interpretations and amendments

None of the standards, interpretations and amendments effective for the first time from 1 December 2024 have had a material effect on the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 November 2024 reporting periods and have not been early adopted by the Group. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.3 - Going concern

A review of the results and financial position of the Group occurs regularly with the Board of Directors of Megger Group Limited. This included a review of the forecasts of the business for the 18 month period to May 2026, being more than one year after the date of approval of these financial statements. This review included a range of commercially sensitive downside scenarios assessed, together with mitigating actions within the Group's control, such as payment of dividends and certain discretionary expenditure. Details of the Group's banking facilities, which run to September 2026, are outlined in notes 17 to 20 of the consolidated financial statements. The Group has considerable financial resources together with established long-term relationships with a number of customers and suppliers. As a consequence, the Directors believe that the Company is well placed to manage its business risks and liquidity successfully. During the year, the Company comfortably satisfied its covenants (which comprise leverage and interest cover) and met its requirements to make quarterly interest payments. The Company expects to remain compliant in the Going Concern assessment period, even in plausible downside scenarios.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. Significant judgements and estimates

3.1 - Judgements

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make certain judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources. The items in the financial statements where these judgments have been made include:

- Impairment of intangible assets and goodwill, judgements and outcomes, detailed in note 11
- An assessment as to whether the Group has significant influence or joint control over its associates, detailed in notes 4.3 and 13
- Deferred tax asset recoverability, detailed in note 16

3.2 - Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis and revisions recognised in the period in which the estimate is revised if the revision affects only that period, or if the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are outlined below:

- Assessment of useful economic lives of non-current assets, detailed in notes 4.4 and 4.5
- Valuation of call options over certain associates, detailed in note 4.15 (c)
- Inventory provisioning, detailed in note 15
- Provisioning for trade receivables, detailed in note 16
- Warranty provisioning, detailed in note 21
- Actuarial assumptions relating to the Defined Benefit pension scheme liabilities, detailed in note 22
- Valuation of acquisition intangibles, detailed in note 30

4. Principal accounting policies

4.1 - Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of acquisition) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Goodwill on acquisitions comprises the excess of fair value of the consideration over the fair value of the net identifiable assets acquired. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. The costs of all acquisition-related fundraising, along with those costs incurred in integrating and reorganising acquired businesses, are charged to the post-acquisition income statement. Goodwill is carried at cost less accumulated impairment losses and tested for impairment annually. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Non-controlling interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated income statement, consolidated statement of comprehensive income and separately from shareholders' equity in the consolidated balance sheet. For each business combination, the Group measures the non-controlling interest in the acquiree at the total of the appropriate share of the acquiree's identifiable net assets at the date of acquisition and the change in equity since the date of acquisition. After initial recognition the non-controlling interest may show a deficit balance since both profits and losses are allocated to the shareholders based on their equity interests. For the non-controlling interests in IPS, prior to taking a majority interest in the company, the group elected to recognise the non-controlling interests at their proportionate share of the acquired net identifiable assets (Note 30).

4.2 - Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the Company's financial statements.

4. Principal accounting policies (continued)

4.3 - Investments in associates

In determining recognition, an assessment is made as to whether the Group has significant influence or joint control over the entity. This judgement includes an assessment as to whether the Group has the right to influence financial, operational and other decisions of the associate. IAS 28 specifies the criteria to have significant influence as follows:

- Representation on the board of directors or equivalent governing body of the associate
- Participation in the policy-making process
- Material transactions between the parent and the associate
- Interchange of managerial personnel
- Provision of essential technical information

The Group's share of the associates' revenue, profit, assets and liabilities have historically not been material and therefore only the share of profit has been disclosed.

Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the investor's share of the net assets of the associate, under the equity method of accounting. Any impairment loss is recognised immediately in profit or loss.

4.4 - Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Research expenditure is charged to the income statement as incurred. Development expenditure, typically on new or enhanced products, is recognised on an individual project basis, as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Development costs not meeting these criteria are expensed as incurred.

Other intangible assets mainly comprise trademarks and trade names, technology acquired as part of a business combination and acquired software which is not an integral part of the related hardware. In addition, software licence costs and related costs for significant software implementation projects are capitalised and reported within other intangible assets. Customer relationships and know-how, acquired as part of a business combination, are initially valued at fair value. Customer relationships and know-how acquired separately are measured at cost.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

• Customer lists	up to 15 years
• Trademarks and trade names	up to 15 years
• Know-how	up to 15 years
• Patents	determined by the remaining life of acquired patents
• Technology	1-5 years
• Development costs	1-5 years

If there is an indication that there has been a significant change in estimated useful life or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

4.5 - Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Demonstration units are capitalised as tangible assets and depreciated over the estimated useful life up to a maximum of five years.

Assets under construction are carried at the costs incurred up to the balance sheet date.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

• Buildings	30 years
• Plant and machinery	3-10 years
• Vehicles (other operating fixed assets)	4 years
• Demonstration units (other operating fixed assets)	1-5 years
• Right of use assets	up to 13 years (note 29)

4. Principal accounting policies (continued)

4.6 - Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. In preparing this review, an assessment is made of the appropriate cash generating units by identifying the appropriate economic entity, usually based on periodic financial reporting. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. Intangible assets with indefinite useful lives, including assets not yet available for use or sale, are subject to an annual impairment test.

4.7 - Inventories

Inventories are valued at the lower of cost and net realisable value on a first in / first out basis, after making due allowance for obsolete and slow moving items. Cost comprises purchase cost of goods, costs of conversion and other costs in bringing the inventories to their present location and condition.

4.8 - Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

The Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of- use asset arising from the head lease.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, 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.

4. Principal accounting policies (continued)

4.8 - Leases (continued)

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives. The lease liability is included in the 'Loans and borrowings' line in the Consolidated statement of financial position and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 4.6.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

4.9 - Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

4.10 - Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- The Group is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within receivables. Deferred tax assets and deferred tax liabilities are offset only if:

- The Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. Principal accounting policies (continued)

4.11 - Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. It includes revenue earned from third parties from the sale of goods and from the rendering of services. Services provided by the Group include maintenance contracts, training and long term warranties.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch of the goods. This is usually when the goods leave the manufacturing plant or warehouses of the Group, but will ultimately be determined by the shipping terms and transfer of risk and reward of ownership to the customer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated and if so, the appropriate period of recognition. In determining the transaction price, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any.

Revenue from the rendering of services is recognised on the provision of those services. This will normally be on a straight-line basis over the term of the contract, or, if the performance pattern is other than straight line, in line with the fulfilment of the associated contractual obligation.

The Group's software income comprises two types, subscription or license based. Subscription income represents a periodic fee charged to the customer covering the following performance obligations; the provision of hosting services; the right to use Megger software and the provision of maintenance services (when this becomes applicable to the customer). The periodic payments are recognised as revenue in the period to which they relate. This reflects the underlying performance obligations of the Group and termination rights of the customer. License based income comprises three components: an initial license fee, a service fee and a maintenance fee. The initial license is recognised on invoicing, typically at the outset of the contract. The service fee is recognised based achievement of on agreed contractual milestones in supporting a customer implementing the software. The maintenance fee is recognised over the period to which it relates, usually on a straight line basis. As the Group's activities expand further into development and implementation, the revenue recognition policies of the Group will be developed to recognise income in line with completion of performance obligations under IFRS15 Revenue from Contracts with Customers.

4.12 - Other operating income and expense

Other operating income and expense includes certain non-trading items incurred in the ordinary course of business. This includes acquisition expenses as incurred, any differences in the determination of deferred consideration on acquisitions in the period and recorded proceeds from the sale of non-core assets.

4.13 - Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred; that is, when the employees render services.

A UK pension fund is held within Megger Instruments Limited (a subsidiary undertaking) and is a contributory, defined benefit, externally funded scheme which is contracted out of the UK state scheme. The scheme is closed for additional benefit accruals. Net interest is charged on the net defined benefit liability and is included in interest payable and similar charges. Actuarial gains and losses are reported within other comprehensive income. Scheme assets are measured at fair values. The liabilities are measured annually on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates of equivalent currency and term of the scheme liabilities. The net deficit is presented within defined benefit pension liability. The Group has two small defined benefit schemes in Germany and France that are closed to new members and accounted for in a similar manner.

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

Certain employees of the Group participate in a long-term bonus plan. Provisions are made for the estimated liability for this plan at each financial year-end, based upon current and estimated future business performance.

4. Principal accounting policies (continued)

4.14 - Foreign currency translation

(a) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Euros (€).

(b) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

(c) Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Euro (€) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of Group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4.15 - Financial instruments

The Group 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 Group's accounting policies in respect of financial instruments transactions are explained below:

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

(a) 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 Group'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.

Financial assets at amortised cost

Financial 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 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 Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at Fair Value through Other Comprehensive Income. 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 Group always recognises lifetime expected credit losses ("ECL") for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, 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.

4. Principal accounting policies (continued)

4.15 - Financial instruments (continued)

(b) 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.

Financial liabilities 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.

(c) Call options

In certain cases, the Group has a call option to purchase further shareholdings in certain subsidiaries. In determining the market value of such options, the Group considers the exercise terms and where appropriate, range of potential payments in doing so, which are performance based. These terms are compared to an external review of market multiples, similarly considering the impact of business performance - the greater the performance, so in turn are the growth prospects of the target and so the higher the multiple a market buyer would be prepared to pay. Management considers the potential range of forecast outcomes against these market multiples to determine whether there is a bargain purchase, in which case the valuation difference would result in a value of the option. Management assumes that if an option is "out of the money" it would not be exercised, so no asset arises. Based on projected performance of the associates and the terms of any call options to be exercised as at 30 November 2024, it is management's judgement that the Group's call options have a value of €820,000 (2023: €820,000).

4.16 - Capital management

The Group's principal sources of capital derive from cash generated from operations, and borrowings sourced from the Group's Term Loan and Revolving Credit Facilities. The interest on the Group's borrowings is payable at a floating rate, together with a fixed margin calculated with reference to the Group's EBITDA leverage ratio. The Group purchased options in the year of €120m at a fixed rate of interest, to hedge against interest rate movements. These run to September 2026 to coincide with the expiry of the current facilities.

Predominant capital requirements comprise working capital, fixed assets, investment in product development and acquisitions.

The Group prepares weekly cash reports and monthly cash flow analyses, together with a quarterly banking covenant report and a "look forward" forecasting model out more than 18 months. Together, these ensure the Group maintains sufficient capital for its needs.

5. Revenue

Revenue, analysed by category, was as follows:	2024 €'000	2023 €'000
Sale of goods	350,658	328,148
Rendering of services	37,743	30,144
	388,401	**358,292**

Revenue, analysed by geographical region, is as follows:		
UK	31,272	30,825
Rest of the world	357,129	327,467
	388,401	**358,292**

The amount of revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous periods is €3,199,000 (2023: €4,036,000).

There were no major customers accounting for a material share of income (2023: none).

6. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:	2024 €'000	2023 €'000
Inventories recognised as an expense in the period	88,647	78,938
Research and development expenses less amounts capitalised and amortisation	31,878	27,997
Amortisation and impairment of intangible assets excluding development costs	10,882	7,049
Depreciation of tangible assets	13,624	12,359
Profit on sale of tangible assets	(235)	(129)
Remeasurement of deferred consideration	(5,258)	-
Exchange losses	2,442	2,841
Lease payments recognised as an operating expense	758	536

Exchange gains are reported in the income statement within Other operating income and exchange losses are reported as Other operating expenses.

	€'000	€'000
Fees payable to the Company's auditor for the audit of the parent Company and the Group's consolidated financial statements	146	126
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	343	372
Audit-related assurance services	73	18
Tax compliance services	6	6
Auditors' remuneration total	**568**	**522**

7. Interest receivable and similar income

	2024 €'000	2023 €'000
Interest income	624	186
Pension interest	873	765
Fair value gains on financial assets	-	820
	1,497	**1,771**

8. Interest payable and similar charges

	2024 €'000	2023 €'000
Interest expense	(8,087)	(6,728)
Bank charges	(1,745)	(1,534)
Interest and bank charges paid per the statement of cash flows	(9,832)	(8,262)
Financial charges on finance leases	(667)	(690)
Bank facility commitment fees amortisation	(783)	(837)
Pension interest	(827)	(760)
Interest payable and similar charges per the statement of cash flows	(12,109)	(10,549)
Unwinding of discount on earn-out liabilities	(1,045)	(559)
	(13,154)	**(11,108)**

9. Directors and employees

Staff costs during the year were as follows:	2024 €'000	2023 €'000
Wages and salaries	122,766	109,097
Social Security costs	23,080	20,892
Pension and other expenses	7,776	6,801
Employee benefit expense total	**153,622**	**136,790**

The average number of persons employed during the year was:	2024	2023
Production and operating employees	832	753
Administrative employees	972	864
	1,804	**1,617**

The remuneration of the Board of Directors was:	2024 €'000	2023 €'000
Wages and salaries	2,166	1,965
Short-term bonus plan	1,114	903
Long-term bonus plan	803	523
	4,083	**3,391**

The key management personnel of the Group are considered to be the Board of Directors, numbering 8 during the year (2023: 7). The Group has both short-term and long-term bonus plans for certain Directors. These bonus plans are based on the operational performance of the Group.

During the year, pension scheme contributions of €75,000 (2023: €91,000) were made on behalf of 6 directors (2023: 6). Contributions made on behalf of the highest paid director were €12,000 (2023: €9,000).

Total emoluments of the highest paid director in the year were €1,233,000 (2023: €1,048,000).

10. Tax on profit on ordinary activities

Analysis of the charge for the year	2024 €'000	2023 €'000
UK corporation tax:		
Current year	(3,608)	(2,866)
Adjustments in respect of prior periods	525	222
Overseas corporation tax:		
Current year	(8,465)	(6,517)
Adjustments in respect of prior periods	758	44
	(10,790)	**(9,117)**
Deferred taxation:		
Current year	2,204	2,346
Adjustments in respect of prior years	(326)	(99)
Effect of change in tax rates	(231)	9
Charge to income statement	**1,647**	**2,256**
Tax per statement	**(9,143)**	**(6,861)**

In March 2021, the UK government announced an increase in corporation tax from 19% to 25% with effect from 1 April 2023. This increase was enacted in June 2021 and has resulted in an adjusted rate for 2024 of 25.0% (2023: 23.0%).The tax assessed for the year is lower than the adjusted corporation tax rate, and the differences are explained as follows:

	2024 €'000	2023 €'000
Profit on ordinary activities before taxation	**39,156**	**31,514**
At statutory income tax rates of 25.0% (2023: 23.0%) (average)	(9,789)	(7,248)
Difference in income tax rates of other countries	1,368	(723)
Unrecognised tax losses arising current year	(263)	(237)
Adjustments in respect of current income tax of previous periods	1,283	266
Adjustments in respect of deferred income tax of previous periods	(326)	(99)
Impact of income not subject to tax	680	1,588
Impact of expenditure not allowed for income tax purposes	(632)	(642)
Withholding tax suffered	(56)	(79)
Tax rate changes	(231)	9
Other	(1,177)	270
Total income tax	**(9,143)**	**(6,895)**
Other tax expense	-	34
Tax on profit on ordinary activities	**(9,143)**	**(6,861)**

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a debit of €110,000 (2023: €184,000 debit).

The Pillar Two tax framework, which is a global minimum tax regime, will become applicable in the year ending November 2025. Preparation for the new regime is being managed by the parent company, TBG AG, with assistance from external tax consultants. Initial analysis indicates some top-up tax will be payable across the TBG group, but not a material value. The Megger Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

11. Intangible fixed assets

	Goodwill	Development costs	Customer lists	Other	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 December 2022	84,655	77,206	65,454	43,125	270,440
Additions	-	8,730	-	5,010	13,740
Business combinations	6,527	-	4,907	1,278	12,712
Disposals	-	(2,750)	-	(199)	(2,949)
Reclassifications	(1,415)	-	1,255	160	-
Exchange adjustments	(439)	(1,905)	(484)	207	(2,621)
At 30 November 2023	**89,328**	**81,281**	**71,132**	**49,581**	**291,322**
Amortisation and impairment					
At 1 December 2022	6,087	42,788	38,230	25,979	113,084
Amortisation	-	6,309	4,407	2,642	13,358
Disposals	-	(2,750)	-	(1)	(2,751)
Reclassifications	(961)	-	398	563	-
Exchange adjustments	(324)	(785)	539	199	(371)
At 30 November 2023	**4,802**	**45,562**	**43,574**	**29,382**	**123,320**
Net book value:					
At 30 November 2023	**84,526**	**35,719**	**27,558**	**20,199**	**168,002**
At 30 November 2022	78,568	34,418	27,224	17,146	157,356

Cost					
At 1 December 2023	89,328	81,281	71,132	49,581	291,322
Additions	-	11,943	-	5,716	17,659
Business combinations	71,027	1,010	3,925	25,389	101,351
Disposals	(1,097)	(1,743)	-	(48)	(2,888)
Exchange adjustments	(234)	1,360	151	(207)	1,070
At 30 November 2024	**159,024**	**93,851**	**75,208**	**80,431**	**408,514**
Amortisation and impairment					
At 1 December 2023	4,802	45,562	43,574	29,382	123,320
Amortisation	-	6,966	6,478	4,404	17,848
Disposals	-	(1,743)	-	(45)	(1,788)
Reclassifications	961	-	(961)	-	-
Exchange adjustments	-	569	(179)	107	497
At 30 November 2024	**5,763**	**51,354**	**48,912**	**33,848**	**139,877**
Net book value:					
At 30 November 2024	**153,261**	**42,497**	**26,296**	**46,583**	**268,637**
At 30 November 2023	84,526	35,719	27,558	20,199	168,002

11. Intangible fixed assets (continued)

Other intangible assets

Net book value of other intangible assets comprises software for €11,564,000 (2023: €8,655,000), trademarks for €4,191,000 (2023: €1,597,000), patents for €29,500,000 (2023: €9,523,000) and non-compete clauses and order backlog for €1,335,000 (2023: €414,000).

Impairment

Cash Generating Units (CGU's) have been identified based on the Group's manufacturing and sales channel structures and the initial value of goodwill is allocated to those CGU's based on anticipated future contribution from the acquired assets. The recoverable amounts of the CGU's have been assessed on "value-in-use" calculations using consistent assumptions. To calculate "value-in-use", cash flow projections have been derived from five to seven year business plans approved by the Board of Directors. The Board believe business plans extending to seven years can be prepared with reasonable accuracy, and that industry and Company trends will continue during that period.

The cash flow projections used in these calculations were assessed using the following key data:

a) Growth rates were based on estimated growth forecasts of the electrical transmission and distribution test instrument industry and the expected underlying performance of the Group

b) Revenue Growth, which varies geographically, is as given by the Board of Director's five year business plan (the % rate is commercially sensitive)

c) Cash generation beyond the three year horizon was extrapolated using an annual growth rate in perpetuity (the % rate is commercially sensitive)

d) Applying a discount rate of 9.3% pre taxation which was calculated based on the participant investor principal using independent market data, and a discount rate of 17.3% for certain less mature CGU's based in overseas markets.

The recoverable amounts for each CGU, determined by the "value-in-use" calculations, were in excess of the carrying values of the intangible assets, including goodwill, so no impairment charge has been recognised in the year (2023: nil).

Testing the sensitivity to changes in key assumptions

For the Metrycom and IPS CGUs, future sales growth represents a significant estimate within the impairment model. Reducing the future cashflows generated by these CGUs by 26% and 30% respectively would reduce the value in use of their future cashflows to their carrying amount.

12. Tangible fixed assets	Land and buildings €'000	Plant and machinery €'000	Other operating fixed assets €'000	Construction in progress €'000	Total €'000
Cost					
At 1 December 2022	73,600	44,717	27,908	7,128	153,353
Additions	5,533	3,837	4,132	1,213	14,715
Business combinations	94	966	-	384	1,444
Reclassifications	5,702	430	239	(6,371)	-
Disposals	(318)	(1,029)	(1,121)	-	(2,468)
Exchange adjustments	(2,338)	372	(619)	130	(2,455)
At 30 November 2023	**82,273**	**49,293**	**30,539**	**2,484**	**164,589**
Depreciation and impairment					
At 1 December 2022	17,260	30,797	21,661	-	69,718
Charge for the year	5,041	4,190	3,128	-	12,359
Disposals	(295)	(726)	(1,086)	-	(2,107)
Exchange adjustments	(186)	(459)	(966)	-	(1,611)
At 30 November 2023	**21,820**	**33,802**	**22,737**	**-**	**78,359**
Net book value:					
At 30 November 2023	**60,453**	**15,491**	**7,802**	**2,484**	**86,230**
At 30 November 2022	56,340	13,920	6,247	7,128	83,635

12. Tangible fixed assets (continued)

	Land and buildings €'000	Plant and machinery €'000	Other operating fixed assets €'000	Construction in progress €'000	Total €'000
Cost					
At 1 December 2023	82,273	49,293	30,539	2,484	164,589
Additions	3,517	6,555	4,789	5,215	20,076
Business combinations	-	-	130	-	130
Reclassifications	21	672	208	(901)	-
Disposals	(1,534)	(3,030)	(941)	-	(5,505)
Exchange adjustments	2,125	1,139	1,835	100	5,199
At 30 November 2024	**86,402**	**54,629**	**36,560**	**6,898**	**184,489**
Depreciation and impairment					
At 1 December 2023	21,820	33,802	22,737	-	78,359
Charge for the year	5,375	4,606	3,643	-	13,624
Disposals	(1,511)	(2,511)	(591)	-	(4,613)
Exchange adjustments	422	683	467	-	1,572
At 30 November 2024	**26,106**	**36,580**	**26,256**	-	**88,942**
Net book value:					
At 30 November 2024	**60,296**	**18,049**	**10,304**	**6,898**	**95,547**
At 30 November 2023	60,453	15,491	7,802	2,484	86,230

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Land and buildings	23,795
Plant and machinery	2,616
Other operating fixed assets	149
	26,560

Note 29 provides more information on the right-of-use assets.

13. Investments in associates

	2024 €'000	2023 €'000
IPS	-	41,138
Other associates	419	634
	419	**41,772**

During the year, the Group acquired controlling interests in IPS Intelligent Process Solutions Limited GmbH and Seba Dynatronic Sverige AB (see Note 30.)

Summarised aggregated financial information of the Group's share in associates is as follows:

	2024 €'000	2023 €'000
(Loss) / profit from continuing operations	(2,015)	2,409

14. Financial assets at fair value through P&L

	2024 €'000	2023 €'000
Investments	4,616	-

The Company purchased a minority investment in Synaptec Ltd on 25 January 2024 for €4,616,000. The investment was made alongside other investors and is therefore deemed to be at arm's length. Financial and commercial performance has been reviewed since acquisition and no significant change in fair value has been identified since the date of investment.

15. Inventories

	2024 €'000	2023 €'000
Raw and auxiliary materials	37,637	37,879
Work in progress	16,105	14,469
Finished products and trading goods	20,466	16,503
	74,208	**68,851**

Total inventories are reported net of provisions for obsolete or slow-moving goods and other inventory reserves of €13,453,000 (2023: €11,924,000). The value of inventories included as an expense in the income statement is disclosed in note 6.

16. Trade and other receivables

	2024 €'000	2023 restated €'000
Trade receivables	81,415	71,069
Prepayments to suppliers	2,901	1,562
Prepaid expenses	13,691	4,639
VAT receivable	1,635	1,180
Deferred tax assets	2,092	1,374
Other receivables	917	1,234
Financial assets at fair value through P&L	820	820
Corporation tax receivable	5,369	530
	108,840	**82,408**

The restatement of prior year comparatives is explained in note 31.

The carrying amounts of the receivables approximate their fair value. As at 30 November 2024 trade receivables of €1,400,000 (2023: €1,422,000) are impaired and fully provided for.

Amounts receivable after more than one year included above are:	2024 €'000	2023 restated €'000
Deferred tax assets	2,092	1,374
Financial assets at fair value through P&L	820	820
	2,912	**2,194**

The Group has tax losses of €240,000 (2023: €30,000) that are available for offset against future taxable profits of the companies in which the losses arose.

In addition, there is €8,548,000 (2023: €6,116,000) of tax losses whose utilisation against future profits remains currently uncertain. Deferred tax assets have not been recognised in respect of these losses as they do not meet the criteria for recognition.

The full amount of deferred tax asset is judged to be recoverable. The carrying balance relates to timing differences, of which €896,000 (2023: €1,045,000) arises on long term bonus plans.

17. Current liabilities

	2024 €'000	2023 €'000
Bank overdrafts	1,551	789
Lease liabilities	4,358	4,183
Trade payables	21,756	17,424
Amounts owed to related parties	205	29
Deferred revenues	12,876	3,199
Deferred consideration	353	-
Other taxes and social security payables	3,025	2,201
Customer payments on account	1,148	1,962
Corporation tax	3,812	2,333
Accruals and other payables	31,148	24,285
Provisions for liabilities (note 21)	1,921	2,813
	82,153	**59,218**

18. Non-current liabilities

	Maturity	2024 €'000	2023 €'000
Unsecured external bank term loan	Oct 2026	160,000	100,000
Unsecured external bank RCF loans	Oct 2026	20,394	36,861
Deferred facility costs		(1,537)	(2,320)
Net borrowings		178,857	134,541
Deferred consideration		1,054	4,892
Lease liabilities		23,354	25,043
Provisions for liabilities (note 21)		30,548	23,960
		233,813	**188,436**

At 30 November 2024, the Group had available €46,125,000 (2023: €31,807,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

19. Commitments and contingencies

Contingent liabilities

Under the terms of the financing facilities which were in place during the year, a revolving credit line amounting to €69,990,000 (2023: €69,990,000) is available to the Company and other companies within the Group.

The Company and its wholly owned subsidiaries, Megger Limited, Megger Instruments Limited, Megger International Finance Limited, AVO International Inc, James G. Biddle Co., Biddle Instruments Financial Corporation, AVO Multi-Amp Corporation, Megger Germany GmbH, Megger Holding Germany GmbH & Co KG, Megger GmbH, Megger Holdings GmbH, Megger Diagnostic Holdings GmbH and Megger Sweden AB, have guaranteed repayment of the overall borrowings under the facilities. At 30 November 2024, total borrowings amounted to €181,945,000 (2023: €137,650,000) of which €170,712,000 (2023: €120,000,000) was made by the Company (see Note 12 of the Company financial Statements), and €11,233,000 (2023: €17,650,000) by subsidiaries of the Company.

The Directors are of the opinion that no loss will arise as a result of the above arrangements.

The Company has provided a guarantee of £1,250,000 under the financing facilities to the defined benefit pension scheme operated by Megger Instruments Limited (Note 22).

20. Borrowings and indebtedness

	note	2024 €'000	2023 €'000
External borrowings: amounts falling due within one year			
Bank overdrafts	17	1,551	789
External borrowings: amounts falling due after one year			
Bank loans	18	180,394	136,861
External borrowings total		181,945	137,650
Cash at bank and in hand	28	23,445	16,125
Net external borrowings		158,500	121,525
Finance lease obligations falling due within one year	17	4,358	4,183
Finance lease obligations falling due after one year	18	23,354	25,043
Total finance lease obligations	29	27,712	29,226
Total indebtedness		**186,212**	**150,751**

External borrowings comprises bank overdrafts and drawings under the Group's term loan and revolving credit facility, net of cash at bank and in hand. Bank loans totalling €180,934,000 (2023: €136,861,000) represent drawings under the Group's term loan and revolving credit facility. Total indebtedness comprises external borrowings, together with finance lease obligations, further details of which are outlined in note 29.

Reconciliation of liabilities arising from financing activities

	note	Bank loans €'000	Finance lease obligations €'000	Total €'000
At 1 December 2022		122,205	31,707	153,912
Cash flows:				
Proceeds from borrowings		28,200	-	28,200
Repayment of borrowings		(13,544)	(5,260)	(18,804)
Interest	8	(6,616)	-	(6,616)
Foreign exchange translation adjustment		(112)	(1,282)	(1,394)
		7,928	(6,542)	1,386
Non cash items:				
Impact of lease renewals		-	3,371	3,371
Interest		6,728	690	7,418
		6,728	4,061	10,789
At 30 November 2023		**136,861**	**29,226**	**166,087**
At 1 December 2023		136,861	29,226	166,087
Cash flows:				
Proceeds from borrowings		60,000	-	60,000
Repayment of borrowings		(17,431)	(5,013)	(22,444)
Interest	8	(7,354)	-	(7,354)
Foreign exchange translation adjustment		231	326	557
		35,446	(4,687)	30,759
Non cash items:				
Impact of lease renewals		-	2,506	2,506
Interest		8,087	667	8,754
		8,087	3,173	11,260
At 30 November 2024		**180,394**	**27,712**	**208,106**

21. Provisions for liabilities

The movements in the provisions were as follows:

	Deferred tax €'000	Defined benefit pension liability €'000	Warranties, licence and guarantee costs €'000	Long-term bonus plans €'000	Other €'000	Total €'000
At 1 December 2022	17,323	791	1,865	6,847	984	27,810
Additions	1,129	133	123	1,975	416	3,776
Utilised	(3,145)	(62)	(89)	(1,100)	-	(4,396)
Exchange adjustments	(299)	(170)	(30)	82	-	(417)
At 30 November 2023	**15,008**	**692**	**1,869**	**7,804**	**1,400**	**26,773**
Falling due within one year (note 17)						2,813
Falling due within after year (note 18)						23,960
						26,773
At 1 December 2023	15,008	692	1,869	7,804	1,400	26,773
Additions	7,773	169	144	2,700	-	10,786
Utilised	(1,931)	(184)	(197)	(2,068)	(867)	(5,247)
Exchange adjustments	144	-	11	(24)	26	157
At 30 November 2024	**20,994**	**677**	**1,828**	**8,412**	**559**	**32,469**
Falling due within one year (note 17)						1,921
Falling due within after year (note 18)						30,548
						32,469

Deferred taxation provided for in the financial statements is set out below:	2024 €'000	2023 €'000
Accelerated capital allowance	1,527	1,241
Provided for tax exposure on intangible assets	16,434	10,627
Other timing differences	3,033	3,140
	20,994	**15,008**

The movements in the Deferred tax assets and liabilities were as follows:

	Deferred tax asset (note 15)	Deferred tax liability	Net liability
At 1 December 2023	1,374	(15,008)	(13,634)
Arising from Business combinations (note 29)	-	(7,773)	(7,773)
Recognised in income statement (note 10)	813	834	1,647
Reclassifications	-	1,097	1,097
Recognised in statement of comprehensive income	(110)	-	(110)
Exchange adjustments	15	(144)	(129)
At 30 November 2024	**2,092**	**(20,994)**	**(18,902)**

The amount of the net reversal of deferred tax expected to occur next year is €366,000 (2023: €298,000), relating to the reversal of existing timing differences on tangible fixed assets and the origination of new timing differences on tangible fixed assets.

Defined benefit pension liability

The defined benefit pension liability is detailed in note 22 of the consolidated financial statements.

21. Provisions for liabilities (continued)

Warranties, licence and guarantee costs
This concerns warranty costs associated with new products sold and range from between 1 and 3 years, depending on the product sold. Continuing additions and utilisation is expected during the year ending 30 November 2025.

Long-term bonus plans

Certain directors and employees of the Group participate in a number of different long term bonus plans. Provisions are made for the estimated liability for these plans at each financial year end. €3,249,000 is provided for plans where payment is due in 2025 (2023: €1,779,000) and €5,162,000 for plans where payment is due in 2026 and beyond (2023: €5,943,000). These payments are estimates based on budgeted performance of the Group over future years and are not guaranteed. The provisions have been discounted to reflect their payment date.

22. Defined benefit pension schemes

Megger Instruments Limited operates a contributory, defined benefit, externally funded scheme which is contracted out of the UK state scheme. The scheme is closed for additional benefit accruals. The present value of the defined benefit obligation is calculated tri-annually, with the last formal valuation being carried out as at 5 April 2021 by qualified independent actuaries, and updated to 30 November 2024 by qualified independent actuaries. From this the fair value of plan assets is deducted. Past services costs are recognised immediately in the income statement. The assets of the schemes are administered in funds independent from those of the Group.

At 30 November 2024, the scheme showed a surplus of €1,959,000 (2023: surplus €1,452,000). The directors of Megger Instruments Limited are of the opinion that Megger Instruments is unconditionally entitled to the surplus if the scheme was wound up or the liabilities were gradually settled over time, and therefore the surplus has been recognised as a non-current asset in the consolidated balance sheet.

Additional schemes exist in Megger SARL and Megger Germany GmbH. The net valued liabilities of these schemes of €677,000 (2023: €692,000) are included in employee benefit liabilities and adjusted through the profit or loss as the amounts involved are not significant.

	2024 €'000	2023 €'000
Pension asset	(1,959)	(1,452)
Pension liability (note 21)	677	692
Net (asset)	(1,282)	(760)

Employer contributions to the schemes by the group in the year ended 30 November 2024 amounted to €87,000 (2023: €84,000). There were no outstanding contributions to the schemes at the year end (2023: nil).

The best estimate of the contributions expected to be paid into defined benefit schemes is €145,000 per annum for the following two years (2023: €84,000).

Net benefit expense recognised in the income statement
The following tables summarise the components of the expenses recognised in profit or loss:

	2024 €'000	2023 €'000
Interest (income) on the net benefit asset	(46)	(5)
Current service cost	141	138
Net benefit expense	**95**	**133**

The Group expects the employee net benefit income recognised in the income statement in 2025 to approximate the income received in 2024.

The cumulative amount of actuarial gains and losses recognised in other comprehensive income is a loss of €6,342,000 (2023: €6,676,000 loss).

Net benefit expense recognised in other comprehensive income:

	2024 €'000	2023 €'000
Actuarial (gains)	(334)	(691)
Deferred income taxes	110	184
Actuarial result through other comprehensive income	**(224)**	**(507)**

22. Defined benefit pension schemes (continued)

Defined benefit obligation

	2024	2023
	€'000	€'000
Defined benefit obligations	16,385	16,950
Fair value of plan assets	(17,667)	(17,710)
Net pension (asset)	**(1,282)**	**(760)**

Changes in the present value of the defined benefit obligation are as follows:

	2024	2023
	€'000	€'000
At 1 December	**16,950**	**18,676**
Interest costs on benefit obligations	827	760
Current service cost	141	142
Pensions paid	(1,425)	(1,183)
Actuarial (gains)	(490)	(1,275)
Exchange differences	382	(170)
At 30 November	**16,385**	**16,950**

Changes in the fair value of plan assets are as follows:

	2024	2023
	€'000	€'000
At 1 December	**17,710**	**18,627**
Interest income on plan assets	873	765
Contributions by employers	87	84
Pensions paid	(1,425)	(1,183)
Return on plan assets	(156)	(583)
Exchange differences	578	-
At 30 November	**17,667**	**17,710**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2024	2023
Government bonds	20.0%	22.0%
Liability driven investments	22.0%	23.0%
Diversified growth funds	19.0%	16.0%
Diversified credit funds	38.0%	37.0%
Cash	1.0%	2.0%
At 30 November	**100.0%**	**100.0%**

22. Defined benefit pension schemes (continued)

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled. The principal assumptions used by the scheme's actuaries of the various schemes were:

			2024	2023
Discount rate			5.1%	5.1%
Future pension increases		Post 88 GMPs	2.4%	2.4%
		Pre 1997 benefits (non GMP)	2.5%	2.5%
		Post 1997 benefits	3.3%	3.3%
Revaluation deferred pensions (non GMP)			3.1%	3.1%
Inflation assumption (CPI)			3.1%	3.1%
Mortality tables used (applicable to 2023 and 2022)				
	Before retirement	Males	as post retirement	
		Females	as post retirement	
	After retirement	Males	100% of S3PXA	100% of S3PXA
		Females	100% of S3PXA	100% of S3PXA
		Improvement	CMI Model 2023 (1.25%)	

The calculation of the net defined benefit liability of the Megger Instruments defined benefit scheme is sensitive to the significant actuarial assumption mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 30th November:

		2024	2023
	Change in assumptions	Change in defined benefit obligation	Change in defined benefit obligation
Discount rate	+/- 0.25% pa	-2.2%/+2.2%	-2.2%/+2.3%
CPI Inflation	+/- 0.25% pa	+0.9%/-1.0%	+1.0%/-1.1%
Assumed life expectancy	+/- 1 year	+ 3.9%/-3.8%	+ 3.8%/-3.8%

The actual return on plan assets was:

	2024	2023
	€'000	€'000
Interest income on plan assets	873	765
Return on plan assets	(156)	(583)
Actual return on scheme assets	**717**	**182**

Virgin Media Limited vs NTL Pension Trustees II

The Trustees of the pension scheme are aware of the court case involving Virgin Media and the resulting judgement, which has potentially wide-ranging implications as it voids changes to contracted-out schemes that were made without a section 37 certificate under the Pension Scheme Act 1993. If upheld it will require affected schemes to undergo rectification exercises and could lead to extra liabilities for some sponsors. No adjustment has been made to the liabilities of the scheme for potential prior scheme amendments which may be impacted by this ruling. The Trustees are not yet in a position to quantify the impact of this case on the pension Scheme.

23. Called up share capital and other reserves

Authorised, allotted and fully paid:	2024	2023
	€'000	€'000
Ordinary shares of GBP 1.00 each	92,158	92,158

Called-up share capital

The authorised share capital is 74,785,350 Ordinary shares of a nominal value of GBP 1.00 each (2023: 74,785,350). The issued share capital is 74,785,350 Ordinary shares of a value of GBP 1.00 each (2023: 74,785,350). There are no current plans to issue more shares.

A holder of an Ordinary share is entitled to one vote in general meetings for each share held, to dividends distributed and to any surplus assets of the Company upon liquidation of the Company.

Retained earnings

Retained earnings represents the cumulative profits attributable to the shareholders of the parent company.

The Company paid a dividend of €10,000,000 to the ultimate parent company, TBG AG, during the year ended 30 November 2024 (2023: €15,000,000).

Merger reserve

The merger reserve of €30,364,000 (2023: €30,364,000) arose as a result of the Group reconstruction that took place in 2000.

Foreign exchange translation reserve

The foreign exchange translation reserve comprises the cumulative gains and losses arising on consolidation from translating the financial statements of foreign operations that use functional currencies other than Euros.

24. Capital commitments

The Group had capital commitments for property, plant and machinery of €710,000 (2023: €467,000).

25. Related party disclosures

During the year, the Group recognised transactions with the parent company, TBG AG, and fellow subsidiaries with a value of €407,000 (2023: €145,000). At year end, no balances were payable to the parent company, TBG AG, and fellow subsidiaries (2023: € nil).

26. Parent company and ultimate controlling party

The Company's parent is TBG AG, based at Claridenstrasse 26, 8002 Zurich, Switzerland. The directors consider that the Company's ultimate controlling party is Kaszony Limited, as a trustee of the TB Continuity II Trust, a trustee company registered in Malta. TBG AG is the smallest undertaking of which the Company is a member, and Favorita Investment Limited, a company registered in Malta, is the parent of the largest undertaking.

27. Events after the End of the Reporting Period

There are no matters to report in respect of events occurring after the end of the reporting period.

28. Financial assets and liabilities

The Group's international operations and debt financing expose it to financial risks which include the effects of changes in market rates, credit risks and liquidity risks.

Market risk

The Group's definition of Market risk is the risk of losses arising from movements in market prices such as currency and interest rates. The Group manages these in the following ways:

a) Translation risk: the Group maintains borrowings in a range of currencies, where the group has net assets exposed to currency translation risk.

b) Pricing risk: the Group has exposure to certain commodity price movements on materials used in key components, together with freight costs. Neither is hedged, but the Group maintains a broad supply chain base in order to provide flexibility over sourcing as markets direct.

c) Foreign exchange risk: the Group operates manufacturing facilities in a number of countries and purchases input materials in a range of currencies, with exposure to UK Sterling, US Dollar and Swedish Kroner particularly significant. The Group has historically not taken out hedging contracts for such risks, as they only offer short term respite and instead seeks to minimise this exposure through natural currency hedges on the terms offered by trading between Group companies.

d) Interest rate risk: the Group closely monitors its levels of debt and is required to report quarterly to its lenders in compliance with certain banking covenants. The interest on the Group's borrowings is payable at a floating rate, together with a fixed margin calculated with reference to the Group's EBITDA leverage ratio. The Group purchased options in the year of €120m at a fixed rate of interest, to hedge against interest rate movements. These run to September 2026 to coincide with the expiry of the current facilities.

Management consider the key sensitivity in this regard to be the risk of movements in interest rates. Based on average net debt in the year, management estimate that a 0.5% movement in interest rates would have an impact of €0.2m (2023: €0.7m).

Credit risk

The Group's definition of credit risk of the probable risk of loss resulting from a customer's failure to settle their invoices.

The risk is mitigated by the Group implementing policies that require credit checks to be carried out on all potential new customers. Credit limits are also reassessed regularly by the finance department in each local operation, pursuant to policies outlined in a Group authority document, which is in turn maintained by the Board.

Overall, the credit quality of customers is considered high, reflecting the fact that the majority of the Group's customers are either directly, or ultimately, public utilities. Having analysed the rate of bad and doubtful debt provisioning and projected forward the associated risk of loss, management are of the view that the impact would be immaterial (2023: immaterial).

Movements on the bad and doubtful debt provision:

	2024	2023
	€'000	€'000
Opening balance	1,422	930
Provision recognised during the year	(22)	492
Closing balance	**1,400**	**1,422**

Liquidity risk

The Group's definition of liquidity risk of the risk that it is unable to meet its short term financial demands.

The Group manages its liquidity risk by maintaining regular cash flow forecasts, which are reviewed by management to ensure that cash inflows are optimised around the Group to meet expected outflows. The Group regularly monitors working capital levels, in particular inventories, trade receivables and trade payables.

The Group ensures it remains as a going concern through maintaining a balance of cash, short term and long term debt. The Group actively monitors its levels of borrowings and seeks to limit any adverse financial impact. The Group achieves this through maintaining a tracker of compliance with its banking covenants to ensure it has access to sufficient funds under the terms of its banking agreements.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity investment, in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the Balance Sheet at fair value when the Group becomes party to the contractual provisions of the instrument.

28. Financial assets and liabilities (continued)

Financial assets: current and non current

	Carrying value 2024 €'000	2023 €'000
Receivables	82,332	72,303
Cash at bank and in hand	23,445	16,125
Financial assets measured at amortised cost	105,777	88,428
Financial assets at fair value through P&L	5,436	820
	111,213	**89,248**

Receivables are disclosed net of provisions for expected credit loss, with historical write-offs used as a basis. Credit risk is managed separately for each customer and, where appropriate, a credit limit is set for the customer based on previous experience of the customer and third party credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Financial assets are non-derivative items with fixed or determinable payments that are not quoted in an active market and are therefore considered to be Level 3 of the fair value hierarchy, with unobservable valuation inputs. These items are included in current assets, except for maturities of greater than 12 months after the balance sheet date, which are in turn classified as non-current assets. The Group's financial assets comprise cash at bank and in hand and trade and other receivables, all of which arise directly from its operations.

Financial liabilities: current

Financial liabilities measured at amortised cost	Carrying value 2024 €'000	2023 €'000
Trade and other payables	53,109	41,738
Borrowings	1,551	789
	54,660	**42,527**

Financial liabilities: non-current

Financial liabilities measured at amortised cost	Carrying value 2024 €'000	2023 €'000
Borrowings	180,394	136,861
	180,394	**136,861**

Financial liabilities are non-derivative items with fixed or determinable payments that are not quoted in an active market. These items are included in current liabilities, except for maturities of greater than 12 months after the balance sheet date, which are in turn classified as non-current liabilities. The Group's financial liabilities comprise bank loans and overdrafts and trade payables, both of which arise directly from its operations.

Having analysed the components the assets and liabilities set out above, it is management's opinion that the carrying value is a reasonable approximation of the fair value of each. All trade and other payables fall due within 1 year. The contracted maturity of borrowings is set out below:

	Less than 1 year €'000	2 to 5 years €'000	Total €'000
Bank debt	1,551	180,394	181,945
Interest	7,871	7,202	15,073
At 30 November 2024	**9,422**	**187,596**	**197,018**
Bank debt	789	136,861	137,650
Interest	7,304	14,008	21,312
At 30 November 2023	**8,093**	**150,869**	**158,962**

This note should be read in conjunction with Note 29 Leases.

29. Leases

The company leases some of its properties, vehicles and various office equipment. Rental contracts are typically made for fixed periods 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 property 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.

	Number of right-of-use assets leased	Range of remaining terms	Average remaining lease term
Land and buildings	49	1-13 years	3 years
Plant and machinery	157	1-8 years	4 years
Other operating fixed assets	4	2-4 years	4 years

The related underlying asset secures the lease liabilities. Future minimum lease payments were as follows:

	Within 1 year	Between 2 and 5 years	Later than 5 years	Total
At 30 November 2024				
Lease payments	4,619	11,754	13,109	29,482
Finance charge	(261)	(686)	(823)	(1,770)
Net present value	**4,358**	**11,068**	**12,286**	**27,712**
At 30 November 2023				
Lease payments	4,489	12,505	14,355	31,349
Finance charge	(306)	(796)	(1,021)	(2,123)
Net present value	**4,183**	**11,709**	**13,334**	**29,226**

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2024	**2023**
	€'000	**€'000**
Short-term leases	562	369
Leases of low value assets	196	166
Net present value	**758**	**535**

Right of use assets

	Buildings	Plant and machinery	Other assets	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 December 2023	34,016	4,069	276	38,361
Additions	1,139	1,929	106	3,174
Disposals	(1,417)	(1,858)	(135)	(3,410)
Exchange adjustments	372	47	(9)	410
At 30 November 2024	**34,110**	**4,187**	**238**	**38,535**
Depreciation and impairment				
At 1 December 2023	7,723	2,110	177	10,010
Charge for the year	3,935	1,295	47	5,277
Disposals	(1,417)	(1,858)	(135)	(3,410)
Exchange adjustments	74	24	-	98
At 30 November 2024	**10,315**	**1,571**	**89**	**11,975**
Net book value:				
At 30 November 2024	**23,795**	**2,616**	**149**	**26,560**
At 30 November 2023	26,293	1,959	99	28,351

29. Leases (continued)

Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:	2024	2023
	€'000	€'000
Current	4,358	4,183
Non-current	23,354	25,043
	27,712	29,226

30. Business combinations and asset acquisitions

During the year, the Group made two share acquisitions, a service operation in Wales and a product developer in Finland, and also purchased shares it did not own to convert its associate investment in Seba Dynatronic Sverige AB into a full subsidiary. The combined value of upfront and deferred consideration for these transactions was €3,300,000.

On 2 September 2024, the Group increased its stake in IPS Intelligent Process Solutions Limited GmbH to 80%. Details of the fair value of assets acquired and liabilities assumed on the acquisition date, and the purchase consideration are as follows:

	Carrying value €'000	Fair value adjustment €'000	Total €'000
Intangible fixed assets	2,157	27,760	29,917
Tangible fixed assets	123	-	123
Working capital	2,291	-	2,291
Cash	4,554	-	4,554
Deferred tax liability	-	(7,773)	(7,773)
Net identifiable net assets	**9,125**	**19,987**	**29,112**
Less: non-controlling interests			(19,448)
Goodwill			68,126
Total consideration	**9,125**	**19,987**	**77,790**

The goodwill arising on the acquisition will not be deductible for tax purposes.

Consideration consists of:	
Amounts paid to IPS vendors prior to 2 September 2024	38,847
Share of profits to the date of acquisition less dividends received	1,161
Unwinding of discount on earn-out liabilities	(719)
Remeasurement to fair value prior to acquisition	(394)
Fair value of the equity interest immediately before the acquisition date	**38,895**
Amounts paid to IPS vendors on 2 September 2024	38,895
Total consideration	**77,790**

Net cash impact of business combinations:	
Amounts paid to IPS vendors	38,895
Cash acquired with IPS	(4,554)
Other acquisitons in the year	2,609
Total consideration	**36,950**

The consolidated income statement for year to 30 November 2024 includes €5.3m of revenue and net profit of €1.0m from the acquired businesses. Had all the business combinations occurred on 1 December 2023, the consolidated revenue for the year to November 2024 would have been €397.9m and the net profit would have been €23.5m. These amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the group and the subsidiaries
- the additional depreciation and amortisation that would have been charged on the assumption that the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2024, together with the consequential tax effects.

31. Restatement of prior year comparatives

The pension asset was reviewed, and it was determined that the pension asset is not expected to be recovered within one year. Therefore, the pension asset has been reclassified as a non-current asset. This reclassification has no impact on the net assets or the result for the year.

Megger Group Limited

Registered Number: 02582519

Company Financial Statements

For the year ended 30 November 2024

Archcliffe Road, Dover, Kent, CT17 9EN

Company balance sheet

As at 30 November 2024

	note	2024 €'000	2023 restated €'000
Fixed assets			
Intangible assets	3	11,198	7,713
Tangible assets	4	108	108
Investments	5	206,360	277,945
		217,666	**285,766**
Current assets			
Receivables	6	183,783	65,823
Cash at bank and in hand		6,011	4,330
		189,794	**70,153**
Current liabilities			
Payables		(31,499)	(18,073)
Current tax		(1,300)	(762)
	7	**(32,799)**	**(18,835)**
Net current assets		**156,995**	**51,318**
Receivables falling due after one year	6	1,214	1,409
Total assets less current liabilities		**375,875**	**338,493**
Non-current liabilities			
Net borrowings	8	(168,433)	(117,680)
Long term bonus plans	9	(3,135)	(3,711)
Lease liabilities	8	(22)	(18)
		(171,590)	**(121,409)**
Net assets		**204,285**	**217,084**
Capital and reserves			
Called up share capital		92,158	92,158
Retained earnings		112,127	124,926
Total equity		**204,285**	**217,084**

The restatement of prior year comparatives is explained in note 13.

The Company's result for the year was a loss of €2,799,000 (2023 restated: €14,033,000 profit).

The financial statements, including the accounting policies and notes on pages 50 to 54, were approved by the Board of Directors on 28 March 2025.

Signed on behalf of the Board of Directors:

DocuSigned by:

3E1F97B789A84DC...

J. J. C. Simpson

Director

Company registration no: 02582519

Company statement of changes in equity

As at 30 November 2024

	Called-up share capital €'000	Profit and loss account €'000	Total €'000
At 1 December 2022	**92,158**	**125,893**	**218,051**
Profit for the year as previously stated		13,373	13,373
Prior year adjustment		660	660
Profit for the year - restated		14,033	14,033
Other comprehensive income		-	-
Total comprehensive income - restated		**14,033**	**14,033**
Dividends paid		(15,000)	(15,000)
Balance at 30 November 2023 - restated	**92,158**	**124,926**	**217,084**
At 1 December 2023	**92,158**	**124,926**	**217,084**
Loss for the year		(2,799)	(2,799)
Other comprehensive income		-	-
Total comprehensive loss		**(2,799)**	**(2,799)**
Dividends paid		(10,000)	(10,000)
At 30 November 2024	**92,158**	**112,127**	**204,285**

Share capital

The share capital is detailed in note 22 of the consolidated financial statements.

Profit and loss account

This reserve represents accumulated retained profits. The amount is available for distribution to the shareholder, subject to a limitation on the realised profit in accordance with the requirements of the UK Companies Act, 2006.

The accounting policies and notes on pages 50 to 54 form part of these financial statements.

Company statement of cash flows

For the year ended 30 November 2024

	note	2024 €'000	2023 restated €'000
Cash flows from operating activities			
(Loss) / profit for the financial year		**(2,799)**	**14,033**
Adjustments for:			
Amortisation of intangible assets	3	2,007	1,208
Depreciation of tangible assets	4	79	44
Interest payable and similar charges		10,966	8,018
Interest receivable and similar income		(1,173)	(1,161)
Tax on profit on ordinary activities		258	571
Increase in trade and other receivables		(45,055)	(31,730)
Increase in trade and other payables		10,391	4,621
Cash (used in) / generated by operations		**(25,326)**	**(4,396)**
Income taxes refunded / (paid)		-	-
Net cash (used in) / generated by operations		**(25,326)**	**(4,396)**
Cash flows from investing activities:			
Purchase of intangible assets	3	(5,492)	(5,459)
Purchase of tangible assets	4	(79)	(77)
Proceeds from capital reductions		1,599	2,673
Interest received		1,173	171
Net cash (used in) investing activities		**(2,799)**	**(2,692)**
Cash flows from financing activities:			
Proceeds from borrowings		60,000	28,100
Repayments of borrowings		(10,030)	-
Repayment of leasing liabilities		(40)	(34)
Payment of bank facility fees		-	(157)
Interest and bank charges paid		(10,966)	(5,985)
Dividends paid		(10,000)	(15,000)
Net cash generated by financing activities		**28,964**	**6,924**
Net increase / (decrease) in cash and cash equivalents		839	(164)
Foreign exchange translation adjustment		100	63
Cash and cash equivalents at beginning of year		4,330	4,431
Cash and cash equivalents at end of period		**5,269**	**4,330**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		6,011	4,330
Bank overdrafts		(742)	-
Cash and cash equivalents		**5,269**	**4,330**

The restatement of prior year comparatives is explained in note 13.

The accounting policies and notes on pages 50 to 54 form part of these financial statements.

Notes to the Company's financial statements

For the year ended 30 November 2024

1. General

The Company's principal activity is to act as a holding company for industrial investments. The activities of the operating subsidiaries and associates are set out in the Directors' Report. The Company is a limited-liability company registered under UK Companies Act, 2006, with number 02582519, and is located at Avocet House, Archcliffe Road, Dover, Kent, CT17 9EN. The Company's functional currency is the Euro. The financial statements are presented in Euros (€) and all values are rounded to the nearest thousand (€'000).

2. Summary of significant accounting policies

The accounting policies applied to the Company's financial statements are the same as those relating to the consolidated financial statements as presented on pages 15 to 19 with the following additions:

- The participations in Group companies are carried in the parent company's accounts at cost (less any impairment where applicable).
- Amounts due to and from Group entities are disclosed separately as receivable or payable, and are disclosed as current or non-current based on the repayment terms are treated as financial liabilities and financial assets respectively. Accounting policies for these are as disclosed in the Group accounting policies as presented on pages 21 to 27.

3. Intangible fixed assets	2024 €'000	2023 restated €'000
Cost		
Opening balance	10,727	6,053
Additions	5,492	4,674
Closing balance	**16,219**	**10,727**
Amortisation		
Opening balance	3,014	1,806
Charge for the year	2,007	1,208
Closing balance	**5,021**	**3,014**
Net book value:	**11,198**	**7,713**

The restatement of prior year comparatives is explained in note 13.

4. Tangible fixed assets - IT and other equipment	2024 €'000	2023 €'000
Cost		
Opening balance	301	224
Additions	79	77
Closing balance	**380**	**301**
Depreciation		
Opening balance	193	149
Charge for the year	79	44
Closing balance	**272**	**193**
Net book value:	**108**	**108**

The net carrying amount of tangible fixed assets includes €35,000 of right-of-use assets (2023: €38,000).

5. Investments in subsidiaries

Movements in investments in Group companies are as follows:	2024 €'000	2023 €'000
Opening balance	**277,945**	**281,278**
Movements on the Megger Holding GmbH & Co KG partnership account	(986)	(660)
Other capital reductions	(70,599)	(2,673)
Closing balance	**206,360**	**277,945**

During the year, the Company's investment in Megger International Finance Limited of €69m was converted into intercompany loans receivable.

5. Investments in subsidiaries and associates (continued)

List of non-dormant direct and indirect participations:

Name	Address	Nature of business	% Economic Interest 2024	% Economic Interest 2023
Megger Limited	Archcliffe Road, Dover, Kent, CT17 9EN, UK	B	100%	100%
Megger Instruments Limited	Archcliffe Road, Dover, Kent, CT17 9EN, UK	A	100%	100%
AVO International Inc	4545 West Davis Street, Dallas, Texas 75211, United States	D	100%	100%
AVO Multi-Amp Corp*	4545 West Davis Street, Dallas, Texas 75211, United States	A	100%	100%
James G. Biddle Inc*	4545 West Davis Street, Dallas, Texas 75211, United States	A	100%	100%
AVO Training Institute*	4545 West Davis Street, Dallas, Texas 75211, United States	C	100%	100%
Megger Systems and Services, Inc.*	4545 West Davis Street, Dallas, Texas 75211, United States	C	100%	100%
Power DB, Inc*	3011 Earl Rudder Freeway South, Suite 200, College Station, TX 77845, United States	A	100%	100%
Megger Limited	Unit 106-550 Alden Road, Markham, Ontario, L3R 6A8, Canada	B	100%	100%
Megger International Finance Limited	Commerce House, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, VG1110, British Virgin Islands	D	100%	100%
Megger PTY Limited*	Unit 1, 11-21 Underwood Road, Homebush NSW 2140, Australia	B	100%	100%
Megger Sweden AB	Rinkebyvägen 19, Box 724, 182 36 Danderyd, Sweden	A, B	100%	100%
Megger GmbH +	Vaalser Str. 250, 52074 Aachen, Germany	B	100%	100%
Megger Schweiz AG*	Wallbach 13, CH-5107 Schinznach Dorf, Switzerland	B	100%	100%
Megger Hong Kong Limited*	Workshop No. 8, 26/F Mega Trade Centre, 1 - 6 Mei Wan St. Tsuen Wan, N.T., Hong Kong	B	100%	100%
Megger India Private Limited *	CTS No. 431-A-1, Plot No. 22 EFGH, Govt. Industrial Area, Vajan Kata Lane, Charkop, Kandivali (West), Mumbai - 400 067, India	B	100%	100%
Megger Instruments India Private Limited *	CTS No. 431-A-1, Plot No. 22 EFGH, Govt. Industrial Area, Vajan Kata Lane, Charkop, Kandivali (West), Mumbai - 400 067, India	A	100%	100%
Megger S.A.R.L.*	9 rue Mickaël Faraday, 78180 Montigny-le-Bretonneux, France	B	100%	100%
Megger Holding Verwaltungs GmbH	Dr.-Herbert-Iann-Str. 6, 96148 Baunach, Germany	D	100%	100%
Megger Germany GmbH +	Dr.-Herbert-Iann-Str. 6, 96148 Baunach, Germany	A, B	100%	100%
Megger Holdings GmbH +	Dr.-Herbert-Iann-Str. 6, 96148 Baunach, Germany	D	100%	100%
Megger Sp. Z.o.o. *	Stara Iwiczna, ul.Sloneczna 42A, 05-500 Piaseczno, Poland	B	100%	100%
Megger Instruments S.L *	calle Pedrezuela nº12 nave 21A, 28925 Polígono industrial Ventorro del Cano, Alcorcón, Madrid	B	100%	100%
Megger Bulgaria EOOD *	Sitniakovo Str. 35, 1505 Sofia, Bulgaria	B	100%	100%
Megger s.r.o. *	Rožňavská 12, 821 04 Bratislava, Slovakia	B	100%	100%
Megger Hungaria Kft *	Vitéz u. 14/A, H-1027, Budapest, Hungary	B	100%	100%
Megger CZ s.r.o. *	Budečská 18/1010, 120 00 Praha 2, Czech Republic	B	100%	100%
Megger Brasil*	Rua Bom Sucesso, 220 – Sala 3801 - Tatuapé, São Paulo, Brasil, 03305-000	B	100%	100%
Megger Limited Liability Company ^	2nd Kozhukhovsky proezd, 29, bldg. 2, p. 16, 115432 Moscow, Russia	A, B	95%	95%
Seba Energo OOO ^	2nd Kozhukhovsky proezd, 29, bldg. 2, p. 16, 115432 Moscow, Russia	A	100%	100%
Megger Diagnostic Holdings GmbH *	Vaalser Str. 250, 52074 Aachen, Germany	D	100%	100%
Power Diagnostix Instruments GmbH +	Vaalser Str. 250, 52074 Aachen, Germany	F	100%	100%
Power Diagnostix Services GmbH *	Vaalser Str. 250, 52074 Aachen, Germany	C	100%	100%
Power Diagnostix Systems GmbH *	Vaalser Str. 250, 52074 Aachen, Germany	B	100%	100%
Megger China Company Limited *	Room 3002-3005,Bulid 38, Qidi Science & Technology City, No.60 Weixin Road, SIP Suzhou,Jiangsu, China 215122	B	100%	100%
Megger Elektrik Sis. Test. Hiz. Tic Ltd Sti *	Yaşamkent Mah. 3061 Cadde No:64/1-2, 06810 Çankaya, Ankara, Turkey	B	100%	100%
Vespula Limited *	Archcliffe Road, Dover, Kent, CT17 9EN, UK	E	100%	100%
Megger Grid Analytics Limited *	20 Galgalei Haplada Street, Herzliya, Tel Aviv, Israel	F	100%	100%
Megger Grid Analytics Limited *	Archcliffe Road, Dover, Kent, CT17 9EN, UK	F	100%	100%
Megger Systems Limited	Archcliffe Road, Dover, Kent, CT17 9EN, UK	D	100%	100%
Megger Systems GmbH *	Vaalser Str. 250, 52074 Aachen, Germany	D	100%	100%
Megger Systems and Services GmbH *	Vaalser Str. 250, 52074 Aachen, Germany	D	100%	100%
Megger Malaysia *	No.1, Jalan Stesan Sentral 2, Kuala Lumpur 50470, Malaysia	B	100%	100%
Megger Arabia Limited *	3268 Asayla St, As Sulay 6855, 14264 Riyadh, Saudi Arabia	B	100%	100%
Megger Africa Limited *	21 Lighthouse Road, Umhlanga, KwaZulu Natal, 4319, South Africa	B	100%	100%
Avo Diagnostics Services Canada Ltd *	Unit 106-550 Alden Road, Markham, Ontario, L3R 6A8, Canada	C	100%	100%
Megger Systems Mexico *	Carr. Lib. Prof. Óscar Flores Tapia 25350 Arteaga, Coahuila, México	C	100%	100%
Megger Finland (formally Distence OY) *	Sinikalliontie 18 B, GI-02630 Espoo, Finland	E	100%	100%
Diagnostic Solutions Limited *	Archcliffe Road, Dover, Kent, CT17 9EN, UK	F	100%	100%
IPS Intelligent Process Solutions GmbH *	Dr.-Gustav-Adolph-Str. 2, 82049 Pullach im Isartal, Germany	E	80%	40%
IPS Energy USA Inc. *	107 N State Rd 135 STE 205 Greenwood, IN 46143, USA	E	80%	40%
IPS Energy ME DMCC *	Cluster W, Jumeirah Lake Towers, P.O. Box: 624396, Dubai, UAE	E	80%	40%
IPS Energy.RS DOO Beograd *	Rudnička 2, 11000 Belgrade, Serbia	E	80%	40%
Luatech d.o.o. Zagreb *	Petrovaradinska 1, 10000 Zagreb, Croatia	E	80%	40%
Exentrim d.o.o. Beograd *	Rudnička 2, 11000 Belgrade, Serbia	E	80%	40%
IPS Intelligent Process Solutions d.o.o. *	Vojkova cesta 65, 1000 Ljubljana, Slovenia	E	80%	40%
IPS Energy Australia Pacific Pty Ltd *	Level 2, 1 Southbank Boulevard, Southbank (Melbourne), Victoria 3006, Australia	E	80%	40%
IPS Energy d.o.o. Banja Luka *	Ulica Carice Milice 11, 78000 Banja Luka, Bosnia and Herzegovina	E	80%	40%
Seba Dynatronic Sverige AB*	Svarvarvagen 1, SE-132 38 Saltsjö-Boo, Stockholm, Sweden	B	100%	40%
Megger A/S* (Associate)	Bjørnstadmyra 7A , 1712 Grålum, Norway	B	34%	34%
Seba Service N.V.* (Associate)	244 Kerkstraat, Humbeek, Belgium, 1851	B	33%	33%

* denotes investments owned through subsidiaries; ^ denotes owned but abandoned.

5. Investments in subsidiaries and associates (continued)

The Company also has a 100% interest in Megger Holding GmbH & Co KG, a partnership 90% owned directly by the Company and 10% owned indirectly through Megger Limited, and a 100% interest in Megger Real Estate Germany GmbH, a company which is 95% owned directly by the Company and 5% owned indirectly through Megger Limited. Subsidiaries marked + are 100% owned through the partnership.

The letters allocated to the nature of business in the above table are as follows: A is manufacturer of electrical and electronic measuring instruments; B is distributor of test and measuring equipment; C is training and services; D is holding/finance company, E is software provision and F is monitoring systems.

The shares owned by the company are all Ordinary shares. The company has other wholly owned non-trading subsidiary undertakings.

In the opinion of the directors, the value of the company's interests in its subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

6. Receivables

	2024 €'000	2023 restated €'000
Amounts owed by subsidiary undertakings	179,617	63,516
Other receivables	4,166	2,307
Deferred tax assets	1,214	1,409
	184,997	**67,232**

The restatement of prior year comparatives is explained in note 13.

Amounts falling due after more than one year included above are:	2024 €'000	2023 restated €'000
Deferred tax assets	1,214	1,409

The restatement of prior year comparatives is explained in note 13.

7. Current liabilities

	2024 €'000	2023 €'000
Bank overdrafts	742	-
Trade payables	1,310	1,593
Amounts owed to subsidiary undertakings	23,458	13,137
Long term bonus plans	2,632	1,267
Lease liabilities	16	20
Accruals and other payables	3,341	2,056
Corporation tax payable	1,300	762
	32,799	**18,835**

8. Non-current liabilities

	2024 €'000	2023 €'000
Bank loans	169,970	120,000
Deferred facility costs	(1,537)	(2,320)
	168,433	**117,680**
Long term bonus plans	3,135	3,711
Lease liabilities	22	18
	171,590	**121,409**

Bank loans are repayable as follows:

Conditions of loans	**Maturity**	2024 €'000	2023 €'000
Unsecured external bank term loan	Oct-26	169,970	120,000

Further details of the Group's borrowing arrangements are disclosed in Note 19 of the consolidated financial statements.

9. Provisions for liabilities - long-term bonus plans

	2024 €'000	2023 €'000
Current liabilities (note 7)	2,632	1,267
Non-current liabilities (note 8)	3,135	3,711
	5,767	**4,978**

10. Contingencies and commitments

The Company has guaranteed payment of the overall borrowings from the bank loan facility.

11. Related Party disclosures

The following transactions occurred with subsidiaries who details are listed in note 5:

	2024 €'000	2023 €'000
Transactions impacting the Income statement		
Dividends received from subsidiary undertakings	5,116	17,937
Dividends paid to parent company	(10,000)	(15,000)
Overheads recharged to subsidiary undertakings	35,934	24,091
Overheads recharged by subsidiary undertakings	(3,973)	(1,622)
Overheads recharged by parent company	(231)	(134)
Interest income on intercompany loans receivable	4,267	2,743
Interest expense on intercompany loans payable	(2,501)	(1,814)
Other transactions		
Settlement of liabilities	2,260	2,429
Net cash inflow from cash pooling arrangements	27,087	6,886
Funding of acquisitions and other capital transactions	(116,983)	(20,937)
Provision of working capital funding	2,079	3,025
Transactions with associates	-	465

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2024 €'000	2023 €'000
Trading balances receivable from subsidiary undertakings	25,190	22,375
Trading balances payable to subsidiary undertakings	(142)	(329)
Loan balances receivable from subsidiary undertakings	164,600	43,061
Loan balances payable to subsidiary undertakings	(34,149)	(24,310)
Amounts receivable from associates	-	581

All balances with related parties are unsecured. The carrying amounts of the receivables approximate their fair value. As at 30 November 2024, no receivables are impaired or fully provided for (2023:€ nil).

Note 9 of the consolidated financial statements sets out Directors' remuneration.

12. Financial assets and liabilities

Having analysed the components the assets and liabilities set out above, it is management's opinion that the carrying value is a reasonable approximation of the fair value of each. The contracted repayment period of borrowings is set out below:

	Less than 1 year €'000	2 to 5 years €'000	Total €'000
Bank debt	-	169,970	169,970
Interest	7,429	6,798	14,227
At 30 November 2024	**7,429**	**176,768**	**184,197**
Bank debt	-	120,000	120,000
Interest	5,244	10,057	15,301
At 30 November 2023	**5,244**	**130,057**	**135,301**

13. Restatement of prior year comparatives

In the financial statements for the year ended 30 November 2023, the acquisition of Weidmann's oil analysis laboratory services business was incorrectly presented as an acquisition by the company, whereas those businesses were acquired by various subsidiaries of the company. The prior year comparatives have therefore been restated to present the intergroup financing provided by the Company to fund the acquisition. The restatement of comparatives has resulted in the net book value of intangible assets decreasing by €11,888,000, amounts owed by subsidiary undertakings increasing by €11,583,000 and the deferred tax asset increasing by €965,000. Profit and total equity for the year ended 30 November 2023 have increased by €660,000 respectively.

Megger Systems Limited

Registered Number: 12927906

Report and Financial Statements

Year ended 30 November 2024

Avocet House, Archcliffe Road, Dover, Kent, CT17 9EN

Annual Report 2024

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