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Carclo plc
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**Carclo Plc (the "Group")
Update on Contract Cancellation**

Carclo Plc (LSE: CAR) is pleased to announce a positive conclusion to commercial discussions with a leading global OEM related to the cancellation of a future supply contract referred to in the Group's announcement on 7 December 2022.

The original ten-year Framework Agreement, announced in December 2020, covered the supply of a range of components for use in laboratory-based PCR diagnostic systems and was projected to deliver incremental sales of between by £10m to £15m annually.

Following the completion of the design and engineering phase, a contraction in the end-market demand for COVID testing influenced the customer's decision to suspend progression into the production phase. Despite this, Carclo has largely fulfilled and received payment for its design and engineering phase.

The Group has now signed a mutually satisfactory settlement agreement with the customer concerning working capital and recompense for business disruption. While the specifics of this agreement remain confidential, it is expected to largely offset the Group's financial exposure arising from the early termination of the contract.

Carclo has also rapidly implemented a plan to repurpose the production capacity assigned to this project. The majority of the capital investments, inclusive of infrastructure such as buildings, clean rooms, and state-of-the-art equipment, have been reallocated to enhance projects with existing strategic partners.

Frank Doorenbosch, CEO, reflected on the situation: "The cancellation, though regrettable, has served to highlight Carclo's capacity for agility and resilience. We have responded promptly, optimising our asset utilisation whilst continuing to focus on our strategy on stability and balance sheet fortification. These actions demonstrate our unwavering commitment to delivering securing long-term shareholder value."

About Carclo plc

Carclo is a preferred and trusted partner of global customers, providing high-precision critical components to the life sciences, aerospace, optics, and technology industries.

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