

5 February 2025

Pressure Technologies plc
("Pressure Technologies" or "the Company" or "the Group")

2024 Full-Year Results

Pressure Technologies plc (AIM: PRES), the specialist engineering group, is pleased to announce its audited results for the 52 weeks to 28 September 2024 ("FY24").

The audited Annual Report and Financial Statements will be published on the Company's website today.

The operating divisions of the Group during this period were Chesterfield Special Cylinders ("CSC") and Precision Machined Components ("PMC"). Following the end of FY24, the sale of the PMC division was completed, a significant strategic milestone for the Group. The results of the PMC division have been treated as a discontinued operation in the FY24 Statement of Comprehensive Income with continuing operations representing the ongoing CSC division and Group central costs.

Pro forma financial results (combined continuing and discontinued operations)

- Group revenue of £31.9 million (2023: £32.0 million)
- Gross profit down 17% to £7.5 million at 23% margin (2023: £8.9 million at 28% margin)
- Adjusted EBITDA¹ of £0.6 million (2023: Adjusted EBITDA of £2.1 million)
- Adjusted operating loss² of £0.9 million (2023: Adjusted profit of £0.6 million)
- Reported loss before tax of £2.3 million (2023: loss of £1.1 million)
- Reported basic loss per share of 6.3p (2023: loss per share of 1.8p); Adjusted basic loss per share³ of 4.5p (2023: earnings per share of 0.8p)
- Net debt⁴ of £1.4 million (2023: £2.4 million); Net borrowings, excluding asset finance lease liabilities and right of use asset lease liabilities of £0.9 million (2023: £nil)

Financial results (statutory - continuing operations)

- Group revenue decreased 28% to £14.8 million (2023: £20.7 million)
- Gross profit down 47% to £3.7 million at 25% margin (2023: £7.0 million at 34% margin)
- Adjusted EBITDA¹ loss of £0.9 million (2023: Adjusted EBITDA profit of £2.0 million)
- Adjusted operating loss² of £1.7 million (2023: Adjusted profit of £1.2 million)
- Reported loss before tax of £2.7 million (2023: loss of £0.3 million)
- Reported basic loss per share of 6.1p (2023: loss per share of 0.1p); Adjusted basic loss per share³ of 4.7p (2023: earnings per share of 2.4p)
- Net debt⁴ of £1.4 million (2023: £1.0 million); Net borrowings, excluding asset finance lease liabilities and right of use asset lease liabilities, of £0.9 million (2023: £0.2 million)

1 Adjusted EBITDA is earnings / loss before interest, tax, depreciation, amortisation and other exceptional costs

2 Adjusted operating profit / loss is operating profit/loss before amortisation and other exceptional costs

3 Adjusted basic earnings / loss per share is reported earnings per share before amortisation and other exceptional costs

4 Net debt comprises cash and cash equivalents, bank borrowings, asset finance lease liabilities and right of use asset lease liabilities and excludes net debt of PMC (asset held for sale)

Group highlights

- The Group refinanced debt facilities with Lloyds Bank in November 2023 by arranging a new term loan facility of £1.5 million with major shareholders Rockwood Strategic plc and Peter Gyllenhammar AB

- The sale of PMC completed in October 2024 for an initial enterprise value of £6.2 million and initial cash consideration of £4.8 million. Potential for additional consideration up to £1.5 million based on PMC's FY25 performance. Sale proceeds used to repay the term loan in full
- Trading performance was mixed across the two divisions during the year, with PMC reporting strong financial performance, while CSC was impacted by operational delays and delayed order placement

Chesterfield Special Cylinders

- Revenue of £14.8 million (2023: £20.7 million) was weaker than expected due to delayed order placement and the deferral of defence revenues into FY25
- Defence revenue of £11.1 million (2023: £17.2 million) was the main driver behind a reduction in gross margin to 25% (2023: 34%), as CSC passed peak activity on high-value UK defence contract milestones
- Hydrogen revenue of £1.7 million (2023: £2.1 million) was lower than expected, reflecting delayed order placement for new contracts now expected in the first half of FY25
- Operational improvements underpinned throughput of 23 road trailer retesting and recertification (2023: 11 deliveries) and a step change in efficiency and margins, across an expanded customer base
- High-value Integrity Management revenue increased by 60% to £2.4 million (2023: £1.4 million), including revenue from defence customers at £1.9 million (2023: £1.2 million)
- Further growth in Integrity Management revenue expected for UK and European defence deployments in FY25. Additionally, enquiry levels from offshore services customers present steady growth opportunities
- Operational improvements in the Sheffield facility continue to deliver increased capacity and efficiency to support growth plans

Precision Machined Components

- Revenue increased 52% to £17.1 million (2023: £11.3 million), delivering an Adjusted EBITDA of £1.5 million (2023: £0.1 million)
- Consistently strong financial and operational performance in much improved market conditions underpinned the successful sale of the division to Raghu Vamsi Machine Tools in October 2024

Strategy and outlook

- Sale of PMC focuses Group on growth and development of CSC, strengthens balance sheet and removes exposure to cyclical oil and gas market
- Group structure aligned to support CSC growth plans, reduced central cost of £0.9 million (FY24: £1.7 million)
- Significant revenue growth expected in FY25, with a return to Adjusted EBITDA profitability for the full year after central costs
- Recent strategically significant order for supplier qualification and delivery to the US naval submarine programme. This key milestone highlights CSC's global credentials and opens new market opportunities
- Recent announcements of UK and European funding for hydrogen projects support potential for sustained growth in hydrogen storage and transportation. Major contract awards anticipated in Q1 and Q2 2025
- Integrity Management services are well positioned for further strong growth in established defence and emerging hydrogen energy markets
- Ambition demonstrated through clear medium-term financial targets to FY28, based on visible market opportunities and improved operational readiness to support growth
- Rebranding of Pressure Technologies plc as Chesterfield Special Cylinders Holdings plc, for approval at the AGM, proudly recognising a pre-eminent history and an exciting outlook for the business

Chris Walters, Chief Executive of Pressure Technologies plc, commented:

"In a year of significant strategic progress, the sale of our PMC division was a key milestone, focusing the Group on the growth and development of Chesterfield Special Cylinders, strengthening our balance sheet and removing the exposure to cyclical oil and gas markets.

With today's backdrop of geopolitical tensions and increasing global defence budgets, the long-term outlook for naval newbuild and refit programmes is strong. As a trusted supplier of safety-critical pressure systems to navies and defence contractors worldwide, we are well positioned to realise high-value revenue growth from these visible

long-term UK and overseas newbuild programmes, as evidenced through major contract wins in 2024 and early 2025.

After several years of slow development in the hydrogen energy market, a strong commitment from the UK government to ambitious domestic decarbonisation targets has been demonstrated through recent project awards under the Net Zero Hydrogen Fund and Hydrogen Allocation Round funding mechanisms. In the European Union, the Alternative Fuels Infrastructure Regulation is expected to accelerate the rollout of hydrogen refuelling networks across the region.

Now developing quickly, the hydrogen energy market presents an exciting growth opportunity for us in the supply and lifecycle support of hydrogen storage systems and road trailers over the next five years, and we expect contract awards for UK and European projects in the first half of 2025, delivering revenues in FY25 and FY26.

Our expert Integrity Management services continue to gain momentum in established UK defence markets and are now well positioned for growth across European naval fleets. The offshore services market presents steady growth opportunities over the medium term, while mandatory in-situ and in-factory retesting and recertification of hydrogen storage systems and road trailers presents longer-term prospects as installed fleets expand.

With a simplified Group structure, stronger balance sheet and a clear ambition for growth over the medium term, the Board remains focused on positioning the business to maximise shareholder value."

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COMPANY DESCRIPTION

Pressure Technologies plc is based in Sheffield and operates through its wholly owned subsidiary Chesterfield Special Cylinders ("CSC").

For more information on Pressure Technologies, please visit www.pressuretechnologies.com

CSC is a market leading designer, manufacturer and supplier of safety-critical, high-pressure containment products and services to a global customer base in the defence, hydrogen energy, oil & gas and industrial markets.

For more information on CSC, please visit www.chesterfieldcylinders.com

Chair's statement

Pressure Technologies plc (the "Company") and its subsidiaries (together "the Group") are recognised as market-leading suppliers of safety-critical, high-pressure containment and flow control products and services to an international customer base in defence, energy and industrial markets.

This Annual Report & Financial Statements covers the financial year ended 28 September 2024 ("FY24"). The operating divisions of the Group during this period were Chesterfield Special Cylinders ("CSC") and Precision Machined Components ("PMC"). Following the end of FY24, on 8 October 2024, the sale of the PMC division was completed, a significant strategic milestone for the Group. The results of the PMC division have been treated as a discontinued operation in the FY24 Statement of Comprehensive Income with continuing operations representing the ongoing CSC division.

On a pro-forma basis, from the combined continuing operations of CSC and discontinued operations of PMC, overall Group revenue was £31.9 million (2023: £32.0 million) and Adjusted EBITDA, post central costs, was £0.6 million (2023: Adjusted EBITDA of £2.1 million). Adjusted EBITDA is defined as earnings / loss before interest, tax, depreciation, amortisation and exceptional costs.

Sale of PMC

PMC was acquired by Raghu Vamsi Machine Tools Private Limited ("Raghu Vamsi"), a manufacturer of specialised precision engineered components based in India, for an initial enterprise value of £6.2 million and initial cash consideration of £4.8 million. The Group is also eligible to receive additional cash consideration of up to £1.5 million from Raghu Vamsi, dependent on the future performance of PMC. The value of any additional cash consideration will be calculated on the basis of the audited Adjusted EBITDA of PMC for the year ending 30 September 2025 and would be payable during the first calendar quarter of 2026.

The Board is pleased to have secured a strategic buyer for PMC, with the initial consideration providing good value for the division. We look forward to seeing the continued progress of PMC under Raghu Vamsi's ownership, where plans for its strategic development present exciting opportunities for PMC's customers and employees.

The proceeds of the sale strengthened the balance sheet of the Group and facilitated the repayment of its term loan facility. The sale provides the foundation and management focus to deliver on strategic and operational priorities at CSC to support development and growth opportunities in defence and hydrogen energy markets both in the UK and internationally.

Chesterfield Special Cylinders (continuing operations)

Order intake for CSC was £13.1 million (2023: £24.6 million), primarily driven by UK and overseas defence customers. The CSC order book at the end of the year was £9.5 million (2023: £11.3 million).

Revenue from CSC was £14.8 million (2023: £20.7 million) and Adjusted EBITDA was £0.8 million (2023: Adjusted EBITDA of £3.9 million). The performance of CSC was weaker than expected, driven by delayed defence order placement and the deferral of defence revenues into FY25, lower than expected order intake from the hydrogen energy market, and operational challenges in the year, including unplanned downtime on process-critical equipment in the first quarter. Lower revenue and operational activity were the main drivers of the lower-than-expected profitability.

In addition to being the sole supplier of large high pressure storage cylinders to the UK's submarine and surface ship programmes, CSC is the established long-term supplier to the French submarine constructor, Naval Group, for both their domestic and export programmes.

In March 2024 CSC secured the order for pressure vessels for the first phase of the Royal Australian Navy's Hunter class frigate programme and in October 2024 the order for the first phase of the Royal Canadian Navy's River class destroyer programme. CSC is pursuing other similar overseas opportunities and most significantly we have just announced an order from General Dynamics Electric Boat (GDEB) to supply the US Navy's submarine construction programme.

CSC's Integrity Management services business performed well in the year. Revenue from these periodic inspection, testing and recertification services was £2.4 million (2023: £1.4 million), driven by UK defence deployments. Further strong progress is expected for Integrity Management services in FY25 for UK and overseas deployments.

The emerging market for hydrogen storage and transportation presents a growth opportunity over the longer term and CSC remains well positioned. However, order placement by established and new customers was slower than expected during FY24 due in large part to the delay in confirmation of UK government funding for initial major projects due to the general election.

As part of its 2024 Autumn budget, the new UK government confirmed over £2 billion in funding for eleven green hydrogen production projects of up to 125MW capacity under the first Hydrogen Allocation Round (HAR1). These projects will be among the first commercial-scale green hydrogen projects anywhere in the world. Together with the 875MW HAR2 programme currently open for applications and the Net Zero Hydrogen Fund (NZHF) Strands 1 and 2 confirmed in February 2024, these domestic projects present significant opportunities for CSC over the next five years.

CSC expects to secure a major contract for large-scale static hydrogen storage under NZHF Strand 2 funding in the first quarter of 2025 and a further major contract under HAR1 funding in the second quarter of 2025. We are also bidding to supply storage systems for several European hydrogen refuelling station projects, where we anticipate an order in the first quarter of 2025.

The market outlook for periodic inspection, testing and recertification of hydrogen storage systems and road trailers remains strong over the medium and longer term and CSC is well established and positioned for growth with existing and potential new customers.

Precision Machined Components (discontinued operations)

PMC delivered a significant turnaround in performance, reporting revenue of £17.1 million (2023: £11.3 million) and Adjusted EBITDA of £1.5 million (2023: Adjusted EBITDA of £0.1 million). Performance in the year was consistently strong and underpinned the successful sale of the division to Raghu Vamsi in October 2024. The loss for the period from discontinued operations (PMC) was £0.1 million (2023: loss of £0.7 million), giving a Total Group loss for the period of £2.4 million (2023: £0.7 million).

Group continuing operations

In the FY24 Statement of Comprehensive Income, Group results represent the continuing operations of CSC less Group central costs of £1.7 million (2023: £1.9 million). Revenue from continuing operations was £14.8 million (2023: £20.7 million) and the Adjusted EBITDA loss was £0.9 million (2023: Adjusted EBITDA profit of £2.0 million). The loss for the period from continuing operations was £2.3 million (2023: £nil), exceptional costs of £0.7 million (2023: £1.2 million), finance costs of £0.3 million (2023: £0.3 million), and a tax credit of £0.3 million (2023: £0.3 million).

Following the sale of PMC, Steve Hammell, Chief Financial Officer, stepped down from the Board and left the Group on 31 October 2024, having implemented significant improvements in the Group's financial controls and reporting during his tenure. This executive management change recognises the considerable reduction in the scale and complexity of Group operations following the sale of PMC. Action has been taken to reduce central costs accordingly from £1.7 million to £0.9 million in FY25.

On 1 November 2024, the Group announced that Sally Millen had been appointed Director of Finance in a non-Board position. Sally is a Chartered Accountant with over 15 years' experience in senior finance roles and has been Financial Controller for Pressure Technologies since 2022, playing a key role in the implementation of significant improvements to the Group's financial management, controls and reporting.

Strategy

Recent developments are transformational for the Group;

- The sale of PMC removes exposure to the cyclical oil and gas markets and resolves the Group's historic financing and balance sheet challenges
- The recent order from GDEB for the US Navy programme significantly augments CSC's potential international and UK defence market
- The recent announcements of UK and EU funding for hydrogen projects underpin the potential for sustained growth in hydrogen storage and transportation activity. Major contract awards are anticipated in Q1 and Q2 2025
- The strong growth recorded in our Integrity Management business in FY24 demonstrates the potential for further strong growth in support of known defence and hydrogen opportunities

Accordingly, we are today announcing new targets for FY28 as follows;

- Deliver revenue over £30 million
- Double high-value overseas defence sales to underpin a 40% increase in overall defence sector revenue
- Grow hydrogen sales to 30% of total revenue, through new-build static storage and trailer projects
- Double Integrity Management service sales through growth in existing UK and new overseas markets
- Maintain 30% of revenue from high-value lifecycle support services, including in-situ Integrity Management and factory-based retesting and recertification
- Deliver sustainable Adjusted EBITDA Group margins above 12% (CSC above 15% before central costs)

Proposed change of Company name

Reflecting the recent transformation of the Group, we are also announcing the intention to change the Company name to Chesterfield Special Cylinders Holdings plc, with the associated new stock market ticker of "CSC". This change will be subject to shareholder approval at the Company's Annual General Meeting to be held in March 2025.

Outlook

During FY24, CSC passed the peak of activity on high-value UK defence contract milestones and the revenue profile

During FY24, CSC passed the peak of activity on high value UK defence contract programmes and the revenue premium will transition towards overseas defence programmes and the hydrogen energy market over the medium term, with strong recovery expected in UK defence contracts from FY28.

For FY25, the Board anticipates a significant increase in CSC revenue over FY24 levels, albeit with a higher proportion of lower-margin hydrogen related revenue weighted towards the second half of the year reflecting current and anticipated contract wins. This should result in the Group returning to Adjusted EBITDA profitability after central costs for the full year, an important first step towards the achievement of FY28 targets. The Board remains focused on addressing the issue of central costs and positioning the business to maximise shareholder value.

Nick Salmon

Chair

5 February 2025

Strategic report

Overview - Pressure Technologies plc

We work in close collaboration with our customers who require unique solutions when developing and manufacturing engineered products and systems for use in harsh operating environments. We continue to build on our unrivalled 120 years of engineering heritage, by hiring and developing highly skilled engineers and operatives who have the creativity and ingenuity required to solve complex design and manufacturing challenges. This differentiates us from competitors, and we are committed to continuously investing in people and technologies to position the company at the forefront of engineering excellence.

Chesterfield Special Cylinders (continuing operations)

Chesterfield Special Cylinders ("CSC") has over a century of industry knowledge and expertise and is a world-leading supplier of specialised, safety-critical high-pressure gas containment products and services. CSC is one of only five companies globally which can compete for ultra large cylinder contracts to meet the demanding safety and performance standards specified for defence, hydrogen, energy and industrial markets.

High-pressure cylinders and storage packages from CSC are a critical component in many end user applications, including several high-pressure systems on naval submarines and surface vessels, safety systems on fighter jets, hydrogen storage and transportation for refuelling and energy supply, air pressure vessels in offshore motion compensation systems, breathing air systems on dive support vessels and bulk storage and transportation of industrial gases.

Integrity Management services is a growing part of the CSC business, where safety-critical cylinders cannot be removed for period maintenance and are inspected and certified 'in-situ', minimising operational disruption and increasing system availability. Factory inspection, testing and reconditioning services extend the life of bulk gas storage systems and road trailers to meet demanding safety requirements and mandatory recertification. These services have been built on CSC's unrivalled industry knowledge and OEM experience.

All product design and manufacturing work is undertaken at CSC's facility in Sheffield, UK. Integrity Management teams deploy to projects in the UK and overseas, working onshore and offshore.

Precision Machined Components (discontinued operations)

The Precision Machined Components ("PMC") division manufactures highly specialised components for use in safety-critical subsea and surface flow control applications, serving global oil and gas OEM customers through its Al-Met, Roota Engineering and Martract operations in the UK.

The post-Covid recovery in the oil and gas market which benefitted the PMC division during FY23 and FY24. Whilst traditional energy markets will continue to play a key role in funding the transition to clean energy over the medium term, a strategic decision was taken that these markets would not be prioritised for investment.

The Board announced in October 2023 its decision to divest the PMC division and launched the sale process in December 2023. In October 2024, following the end of the FY24 financial year, the PMC division was sold to Raghu Vamsi Machine Tools Private Limited, a manufacturer of specialised precision engineered components based in India. Results for PMC have been shown as a discontinued operation.

Our purpose, vision and strategy

The purpose, vision and strategy of the Group are focused on the future development and growth of Chesterfield Special Cylinders.

Our purpose

To design, manufacture and support through life products and services that deliver value for customers in three key areas:

- **Safety** - meeting demanding international standards for safety in design and manufacture, enabling customers to meet their safety responsibilities
- **Performance** - innovative and cost-effective designs, delivered on time, enabling customers to meet their operational goals
- **Assurance** - through-life support to maximise system availability and maintain compliance with safety and operational requirements

Our vision

To be the market leading supplier of gas storage and transportation systems and services to customers who operate

globally in demanding, safety-critical environments where the consequences of system failure could be catastrophic.

In so doing, we will create value for our customers, our shareholders and other stakeholders.

Building on our proud 120-year heritage to develop and grow our brand through the motivation and commitment of our engaged and empowered workforce.

By FY28, our target is to:

- Deliver revenue over £30 million
- Double high-value overseas defence sales to underpin a 40% increase in overall defence sector revenue
- Grow hydrogen sales to 30% of total revenue, through new-build static storage and trailer projects
- Double Integrity Management service sales through growth in existing UK and new overseas markets
- Maintain 30% of revenue from lifecycle support services, including in-situ Integrity Management and factory-based retesting and recertification
- Deliver sustainable Adjusted EBITDA Group margins above 12% (CSC before central costs above 15%)

Our strategy

Following the sale of PMC, the Group's strategy is to focus on CSC and its development and growth in the global defence and hydrogen energy markets.

The challenging geopolitical climate, highlighted by the Russia-Ukraine war, widening conflict in the Middle East and tensions elsewhere in the world, is expected to underpin medium-term defence spending commitments and drive growth and investment in defence capabilities for the UK and its major international allies over the longer term. The Board expects this outlook to drive demand for CSC's core products and services over the medium and long term from UK and overseas defence contractors, in support of submarine and surface ship new construction programmes.

The transition to clean energy sources by leading global economies over the next two decades is a major geopolitical and economic theme that the Board sees as presenting potential growth opportunities for CSC. Strong support and funding commitments from UK and European governments to clean energy projects, including green hydrogen production is expected to drive demand growth for CSC in hydrogen storage and transportation products and services from FY25.

Serving regulated markets where design and operational safety standards for products and services are demanding and governed by mandatory testing and inspection regimes, CSC is well positioned to grow its Integrity Management services for in-situ recertification of pressure systems and its factory reconditioning and recertification services for transportable storage and road trailers.

The medium-term strategy of the Group can be summarised as follows:

- **FY24: Divest PMC, transition CSC**
 - PMC sale agreed in September 2024, completed in October 2024, shortly after year-end
 - Deliver existing UK defence contract milestones
 - Develop relationships further with US, French and other global defence prime contractors
 - Increase focus on UK hydrogen opportunities, position for government-funded Net Zero Hydrogen Fund Strand 2 and HAR1 projects
 - Grow and develop Integrity Management services across UK defence market
 - Increase output, efficiency and margins on factory periodic inspection and testing services
 - Reorganise and upgrade factory efficiency, workflow and safety focus to enable throughput in hydrogen cylinders, trailers and defence volumes through 2028 and beyond to be accommodated within the existing factory site
 - Align Group central functions and costs to support the future growth of CSC
- **FY25: Reposition CSC, qualify to supply overseas defence programmes, secure UK hydrogen opportunities, grow trailer volumes in both UK and Europe**
 - Use PMC sale proceeds to repay term loan and strengthen CSC balance sheet
 - Qualify as critical supplier to major US defence contractor and position for new orders
 - Drive stronger margins from UK and European defence contract milestones
 - Secure major contracts to supply hydrogen static storage packages to UK NZHF Strand 2, HAR1 and HAR2 projects
 - Launch competitive hydrogen road trailer products and secure new orders from UK and European customers
 - Develop European customer relationships to secure hydrogen refuelling station contracts
 - Invest in Integrity Management resources and skills to support growth in UK and European markets
 - Secure new Integrity Management contracts for European defence customers
- **FY26: Secure UK and overseas defence contracts, expand hydrogen opportunities pipeline, build capability**
 - Secure major UK, US and European defence contracts to support growth from FY27
 - Deliver UK Strand 2, HAR1 and HAR2 hydrogen projects, build opportunities pipeline for FY27 and beyond
 - Secure hydrogen road trailer orders
 - Deliver Integrity Management contracts for European defence customers and grow opportunities pipeline
 - Accelerate growth for Integrity Management services in hydrogen energy market
 - Build operational capability, efficiency and resilience in line with growth in defence and hydrogen markets
- **FY27-FY28: Accelerate growth in hydrogen and defence markets, drive profitability and cash**
 - Deliver first US defence contract milestones and secure follow on orders
 - Drive margin growth from new major defence contracts with UK and European customers
 - Deliver HAR2 hydrogen projects and build opportunities pipeline
 - Deliver hydrogen road trailers and build opportunities pipeline

- Deliver hydrogen road trailers and build opportunities pipeline
- Expand hydrogen energy revenues in the UK and Europe, building on proven capability and market growth
- Expand Integrity Management services to international defence customers

Markets

UK Defence & Global Defence

What is happening in the market?

Defence spending continues to be driven by the response of Western nations to the Russia-Ukraine conflict, increasing instability in the Middle East and wider geopolitical tension, including the threat to critical subsea assets. Commitments made within NATO to increase defence budgets.

In November 2022, the UK government announced that it would maintain the national defence budget of at least 2% of GDP and in 2024 it has allocated 2.3% of GDP. Looking ahead, the government further committed to a defence budget of 2.5% of GDP by 2030.

The UK Ministry of Defence (MoD) has also confirmed a commitment to maintain its nuclear deterrent while modernising conventional naval assets in the fleet.

The SSN-AUKUS submarine programme of nuclear-powered attack submarines to replace the Astute-class is fundamental to the trilateral agreement with the United States and Australia. The programme is already driving investment in skills training and jobs in the UK, with £4 billion committed to the design phase.

Global defence-spending has seen a sharp increase during 2024 and is expected to continue growing, with a significant number of naval new construction programmes starting and many more in the design and planning stages.

The US, Australia, Canada and France remain committed to long-term investment programmes. The US Columbia-class and Virginia-class programmes are active and already involve the use of UK approved supply chain.

What does this mean for us?

As a pre-eminent supplier of high-pressure gas storage systems to NATO members and NATO-friendly state navies, CSC has long-term contracts to supply bespoke products and services for conventional and nuclear submarine and surface ship programmes in the UK and overseas.

CSC is currently in discussions for future UK and overseas naval contracts which would support manufacturing activity to 2040 and beyond, including the well-publicised SSN-AUKUS programme, for which CSC expects to commence early design and manufacturing stages from 2027.

Sole supplier to UK Royal Navy newbuild programmes through prime contractors BAE Systems and Babcock, CSC is also a long-term supplier to French shipbuilder Naval Group for domestic and export newbuild programmes.

In January 2025, CSC was awarded a strategically significant contract to supply safety-critical pressure vessels to the US defence prime contractor, General Dynamics Electric Boat (GDEB), the company responsible for the design, construction and lifecycle support of submarines for the US Navy.

The contract award covers supplier qualification and the delivery of pressure vessels to GDEB in 2026 and provides a foundation for future growth and development in the US naval defence market, where ongoing nuclear submarine new construction programmes are planned to run through to 2043.

Although the phasing of defence project milestones and contract revenues can fluctuate significantly between and within financial years, there is good medium and long-term visibility of vessel construction programmes and planned defence expenditure from navies and their prime contractors.

CSC is the principal supplier of inspection and testing services to the UK MoD for through-life cylinder performance and safety management on various classes of nuclear submarine.

CSC has current opportunities to supply European navies with these inspection and testing services, typically having been the OEM for onboard pressure systems when the submarines or surface ships were built.

Hydrogen energy

What is happening in the market?

The global hydrogen energy market is developing quickly, underpinned by the potential to support decarbonisation in transport, power and industrial applications. At the end of 2024, more than 1,500 hydrogen projects had been announced globally, with an estimated 680 billion of investment planned through to 2030, according to the J.P. Morgan 2024 Green Economy Outlook.

Domestically, Prime Minister. Sir Keir Starmer MP has said "Some nation will be the first to harness hydrogen power. Why not Britain?", and in the November 2024 Budget, Chancellor, Rachel Reeves, guaranteed £5.1 billion in funding for green hydrogen and CCUS projects - the first time any UK Government allocated resources to these sectors in the Red Book.

The new Government remains fully committed to its ambitious decarbonisation targets and sees investment and job creation in the low carbon economy as a core route to achieving its Growth Mission. The Labour manifesto also contains commitments to "rebuild supply chains at home" and growing manufacturing in net zero technologies. In this context, it is aiming to increase green hydrogen production to 10GW by 2030, up from the previous administration's 6GW target, and increase levels of UK content used by hydrogen developers and off-takers.

The strategic choice made by the UK Government to

What does this mean for us?

CSC is well positioned to supply products and services to the growing hydrogen market, primarily in the UK and Europe.

The development of smaller localised hydrogen refuelling station infrastructure has slowed since 2020, driven by supply chain constraints, a limited supply of green hydrogen and lower than expected demand from the heavy-goods transport sector.

The shift to large-scale hydrogen production projects such as those now supported by the UK's NZHF Strands 1 and 2 funding from February 2024 and more recent HAR funding programmes will seek to address green hydrogen supply issues in line with national clean energy targets.

Hydrogen production projects will require different types and sizes of pressurised storage and transportation system. CSC is in discussion with UK HAR1 and HAR2 developers where its Type 1 steel cylinders are required for static storage and road trailer applications and remains well positioned to secure projects in early 2025 for delivery later that year and into 2026 and 2027.

The first projects under HAR are likely to progress cautiously through 2025 and 2026, as developers take care with the implementation of new technologies and the integration of system components from a wide range of suppliers.

CSC hydrogen resources are expected to be

<p>The strategic choice made by the UK Government to resolve the 'chicken and egg' challenge of hydrogen is to first stimulate private investment in production of the molecule. This strategy is being delivered via the Net Zero Hydrogen Fund (NZHF) Strands 1 to 4 and Hydrogen Allocation Rounds (HAR), which are attracting global energy companies such as Trafigura, RWE, bp and Marubeni to develop projects in the UK due to the generous terms of the subsidy.</p> <p>Several of the eleven HAR1 are expected to reach FID this year, with the first projects operational in 2026. The Government has also re-committed to publish the shortlist for HAR2 projects (which will total up to 875MW of capacity, up from 125MW in HAR1) soon. The Government have signalled HAR rounds 3-7 will be around 750MW each.</p> <p>In January 2025, the Government demonstrated its long-term commitment to further annual Hydrogen Allocation Rounds across this decade by publishing a consultation on plans to fund the Hydrogen Production Business Model (HPBM) subsidy via a new levy on gas shippers. This is another critical part of building the framework for long-term development of the UK hydrogen market.</p>	<p>CSC hydrogen revenues are expected to be relatively flat through this period driven by the number of UK and European contracts opportunities. Once developers have proven concepts under HAR1, UK demand for storage systems and road trailers is expected to grow strongly from 2027 onwards.</p> <p>Demand for hydrogen tube trailer periodic inspection, testing and recertification increased strongly during 2024, after steady growth in 2023. CSC continues to expand its customer base of gas majors and independent operators in this market, which has been supported by improved operational efficiencies and margins.</p> <p>This area is expected to grow steadily during 2025 due to increasing demand for bulk hydrogen transportation, with CSC being one of very few suppliers of this specialised safety-critical service.</p> <p>A major contract for large-scale storage under NZHF Strand 2 funding is expected in the first quarter of 2025 and a further major contract under HAR1 funding is expected in the second quarter of 2025. We are also bidding to supply storage systems for several European hydrogen refuelling station projects where an order is anticipated in the first quarter of 2025.</p>
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<p>What is happening in the market?</p> <p>In Europe, the Alternative Fuels Infrastructure Regulation (AFIR) is seeking to accelerate the deployment of hydrogen refuelling networks for heavy-duty vehicles across the region and came into effect from April 2024. Member states are required to install refuelling stations at regular intervals by 2030.</p> <p>Despite these positive developments, the hydrogen energy market has experienced slower-than-expected growth since 2020, in part due to supply chain constraints with electrolyzers and gas compression systems and the uncertainty caused by cost inflation challenges that have impacted final investment decisions and the unit price of delivered hydrogen for consumers.</p>	<p>What does this mean for us?</p> <p>Over the longer term to 2050 and beyond, large-scale hydrogen transportation is expected to be predominantly by pipeline and some high-density bulk storage may move to liquefied hydrogen, but a demand for pressurised buffer storage and road trailer transportation is expected to remain.</p> <p>While the demand for new pressurised storage and transportation systems may reduce as pipeline infrastructure expands, there will remain a strong market for CSC in the periodic inspection and testing of the installed fleets of cylinders, generating a repeat high-value revenue stream over the longer-term.</p>
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Industrials

<p>What is happening in the market?</p> <p>The market for bulk gas storage and transportation has a diverse customer base, including industrial gas majors, higher education and scientific research bodies, civil nuclear and conventional power plants and specialised applications, including space programmes.</p>	<p>What does this mean for us?</p> <p>Specialised new build opportunities for high-volume industrial gas storage are ad hoc and provide strong margin opportunities, while in-situ and factory inspection, testing and reconditioning services have been identified as a moderate growth area for CSC.</p>
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Offshore services (oil & gas and offshore renewables)

<p>What is happening in the market?</p> <p>The market for offshore services includes products and services related to oil and gas exploration, production, and support, as well as offshore renewable energy developments like wind farms.</p> <p>The oil and gas market is characterised by deepwater and ultra-deepwater exploration and production, requiring robust and reliable solutions for operations under extreme conditions.</p> <p>The offshore renewables sector, particularly wind energy, is expanding rapidly. Floating wind turbines and wave energy systems, increasingly supporting green hydrogen production, are key growth areas.</p> <p>Major OEM customers are reporting a positive outlook for UK and European project developments for the foreseeable future.</p>	<p>What does this mean for us?</p> <p>These sectors rely on specialised high-pressure gas storage systems. CSC has traditionally played a role in delivering safety-critical cylinder packages and providing in-situ and factory-based periodic inspection and testing services in this highly regulated market.</p> <p>Applications include:</p> <ul style="list-style-type: none"> • Motion compensation systems of offshore installations, including the supply of air pressure vessels for new build projects and the provision of spares and periodic inspection services through life. • Diving support systems, including the supply of new safety-critical breathing air storage packages and the periodic inspection, testing and upgrading of installed systems. <p>The demand for Integrity Management services is forecast to increase steadily for diving support vessels, offshore installations and floating cranes over the next few years.</p>
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Business review

Group

FY24 was a year of significant strategic progress for the Group. As the sale of the PMC division moved forward positively in the second half of the year and completed in the first week of FY25, a key strategic milestone was delivered.

Given the sale of the PMC division subsequent to year end, and this division representing a separate major business line of the Group, it has been treated as a discontinued operation with its results for the current and prior financial periods being separately disclosed as a single line on the face of the Comprehensive Income Statement from the continuing segment of the business. Further details of the trading results of the PMC division for the year have been shown in Note 1 to the Consolidated Financial Statements.

Trading performance was mixed across the two divisions during the year. PMC reported strong financial and operational performance in much improved market conditions, as order intake developed consistently throughout the year, supporting the sale process. Performance in CSC was impacted by operational delays and the deferral of defence contract revenues during the first half of the year, while the second half was further impacted by later than anticipated order placement and project delays.

For Group continuing operations, revenue was £14.8 million (2023: £20.7 million) and the Group Adjusted EBITDA loss was £0.9 million (2023: EBITDA profit of £2.0 million), reflecting the results of CSC less Group central costs of £1.7 million (2023: £1.9 million).

The loss for the period from continuing operations was £2.3 million (2023: £nil), exceptional costs of £0.7 million (2023: £1.2 million), finance costs of £0.3 million (2023: £0.3 million), and a tax credit of £0.3 million (2023: £0.3 million). The loss for the period from discontinued operations (PMC) was £0.1 million (2023: loss of £0.7 million), giving a Total Group loss for the period of £2.4 million (2023: £0.7 million).

The exceptional costs related principally to legal and corporate finance advisory fees relating to the sale of PMC which completed shortly after year end, and arrangement fees for a term loan taken out after the repayment of the revolving credit facility with Lloyds Bank in November 2023.

Chesterfield Special Cylinders (continuing operations)

£ million	2024	2023	2022	2021	2020
Revenue	14.8	20.7	17.6	18.9	11.2
Defence	11.1	17.2	13.5	11.1	5.1
Hydrogen Energy	1.7	2.1	2.4	2.2	0.2
Oil & Gas	0.4	0.9	1.0	0.3	1.0
Industrial	1.6	0.5	0.7	5.3	4.9
Gross margin	25%	34%	26%	30%	26%
Adjusted EBITDA	0.8	3.9	1.1	2.6	0.5
Operating profit / (loss) before amortisation, impairments and exceptional costs ("Adjusted profit / (loss)")	0.1	3.1	0.4	2.0	(0.1)

Chesterfield Special Cylinders ("CSC") delivered revenue of £14.8 million (2023: £20.7 million) and Adjusted EBITDA of £0.8 million (2023: £3.9 million). The division reported Adjusted operating profit of £0.1 million (2023: £3.1 million). This lower-than-expected performance was driven by the deferral of UK defence contract revenues into future years and by operational delays, including unplanned downtime on process-critical equipment in the first quarter, impacting delivery of finished products across the first half of the year. Second-half performance was impacted by later than expected defence and hydrogen order placement, which are now expected in the first half of FY25.

Order intake was £13.1 million (2023: £24.6 million), supporting a year-end order book of £9.5 million (2023: £11.3 million).

The significant decrease in defence revenue, down 35% on prior year, was the main driver of the reduction in gross margin to 25% (2023: 34%), as CSC passed the peak of activity on high-value UK defence contract milestones. Demand from UK defence contracts is expected to grow significantly from FY28, driven by the SSN-AUKUS Astute replacement programme. In the meantime, CSC will continue to focus on the delivery of the existing defence order book and remains well positioned for growth in global defence markets from FY27.

This positioning was confirmed in January 2025, when CSC was awarded a strategically significant contract to supply safety-critical pressure vessels to the US defence prime contractor, General Dynamics Electric Boat (GDEB), the company responsible for the design, construction and lifecycle support of submarines for the US Navy. The landmark contract award covers supplier qualification and the delivery of pressure vessels to GDEB in 2026 and provides a foundation for future growth and development in the US naval defence market, where ongoing nuclear submarine new construction programmes are planned to run through to 2043.

Revenue for Integrity Management field services was £2.4 million (2023: £1.4 million), including revenue from defence customers at £1.9 million (2023: £1.2 million). Further growth is expected for UK and European defence deployments in FY25.

Growth opportunities for Integrity Management services more generally remain strong in key markets of defence, offshore services, power generation and industrial ground storage. Enquiry levels from offshore services customers continued steadily during FY24, driven by strong activity in the market to support offshore oil and gas projects. Integrity Management services are expected to provide strong recurring revenues at attractive margins from the second quarter of FY25 and remain a key strategic priority for future growth.

Revenue from hydrogen projects was lower than expected in the year at £1.7 million (2023: £2.1 million), reflecting delayed order placement for new hydrogen storage contracts now expected in the first half of FY25. Hydrogen revenues in the year also reflect the delivery of a record 23 road trailer reconditioning orders (2023: 11 deliveries).

The customer base for road trailers also expanded significantly during FY24, with the addition of Air Products, Air Liquide and Airflow to the established BOC fleet refurbishment programme and several independent operators. The

growing road trailer opportunity reflects the increasing demand for the flexible and cost-effective transportation of hydrogen, in which CSC is well placed to deliver solutions for established operators and new entrants.

CSC remains well positioned to supply static storage solutions to the growing hydrogen markets in the UK and Europe. A major contract for large-scale storage under NZHF Strand 2 funding is expected in the first quarter of 2025 and a further major contract under HAR1 funding is expected in the second quarter of 2025. We are also bidding to supply storage systems for several EU hydrogen refuelling station projects, where an order is anticipated in the first quarter of 2025.

In addition, in-situ testing and factory reconditioning of hydrogen storage and transportation systems present exciting growth opportunities for CSC in the UK and Europe.

Precision Machined Components (discontinued operations)

£ million	2024	2023	2022	2021	2020
Revenue	17.1	11.3	7.3	6.4	14.2
Oil and Gas	16.4	10.9	6.9	5.7	13.9
Industrial	0.7	0.4	0.4	0.7	0.3
Gross margin	22%	17%	11%	11%	17%
Adjusted EBITDA	1.5	0.1	(0.3)	(0.8)	0.2
Operating (loss) / profit before amortisation, impairments and exceptional costs ('Adjusted profit / (loss)')	0.8	(0.6)	(1.1)	(1.6)	(0.7)

Precision Machined Components ("PMC") delivered revenue of £17.1 million (2023: £11.3 million) and Adjusted EBITDA of £1.5 million (2023: Adjusted EBITDA of £0.1 million).

The division reported an adjusted operating profit of £0.8 million (2023: adjusted operating loss of £0.6 million). This is an encouraging performance during a critical recovery period for the oil and gas sector and positions the division well for further growth in FY25.

Order intake was £12.1 million (2023: £18.4 million), a decrease of 34%, reflecting the record intake levels in FY23 that provided order book through into FY24. This supported a strong year-end order book of £3.9 million (2023: £9.4 million), although lower than prior year due to exceptional intake levels during FY23, providing strong revenue visibility into FY25.

At Roota Engineering, the demand for subsea well intervention tools, valve assemblies and control module components continued to grow strongly during the year as major OEM customers Expro, Halliburton, Schlumberger and Aker continued to report strong subsea development orders backlogs and a stable market outlook for 2025, principally from South America, West Africa, US Gulf of Mexico, Middle East and North Sea regions. The growth of Roota revenue and profitability was supported by successful recruitment, skills development and specialist engineering software, increasing the capacity to meet the growing demand and extended product range for a broader customer base. This supported a significant step-up in activity levels at Roota throughout FY24 with strong and consistent margins reported across a more diverse product range.

AI-Met remained focused on the delivery of record orders for key customers Schlumberger and Baker Hughes and on the steady improvement of operational performance, efficiency and competitiveness to deliver a profitable second half of the year.

Roota Engineering, Martract and AI-Met operations are very well positioned for continued progress under the new ownership of Raghu Vamsi Machine Tools, where plans for strategic development and growth present exciting opportunities for the combined businesses, their global customers and their employees.

Central Costs

£ million	2024	2023	2022	2021	2020
Cash costs	(1.7)	(1.9)	(1.7)	(1.7)	(1.4)
Depreciation	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Operating loss	(1.8)	(2.0)	(1.9)	(1.9)	(1.6)

Central costs include the following items:

- the employment costs of the Board of Directors;
- the employment costs of central staff who undertake group-wide activities;
- administration costs incurred by Directors and central staff;
- the regulatory costs of operating as a public limited company quoted on the London Stock Exchange; and
- depreciation of assets held centrally.

Central cash costs decreased to £1.7 million in the year (2023: £1.9 million) due to reductions in employee costs and recharges to other group companies. Throughout FY24 and following the sale of PMC in early FY25 further actions were taken to significantly reduce FY25 Group central costs to £0.9 million (2024: £1.7 million).

Financial review

Revenue & profitability

Group revenue from continuing operations (CSC) of £14.8 million was 28% less than last year (2023: £20.7 million) due primarily to lower levels of defence-related activity. Gross profit was £3.7 million at 25% margin (2023: £7.0 million at 34% margin).

Overhead costs at £5.4 million were 7% lower than last year (2023: £5.8 million) due to cost savings in response to

lower defence-related activity.

The Group reported an adjusted operating loss on continuing operations of £1.7 million (2023: adjusted operating profit of £1.2 million) in the year. Adding back depreciation charges of £0.8 million (2023: £0.8 million), the Group delivered an Adjusted EBITDA loss of £0.9 million in the year (2023: Adjusted EBITDA profit of £2.0 million).

Exceptional costs

Exceptional costs of £0.7 million (2023: £1.2 million) were incurred in the year, principally for legal and corporate finance advisory fees relating to the sale of PMC which completed shortly after year-end, and arrangement fees for a term loan taken out after the repayment of the revolving credit facility with Lloyds Bank in November 2023.

Impairment review

The Group tests annually for impairment, in accordance with IAS 36, if there are indicators that intangible or tangible fixed assets might be impaired.

The impairment methodology identifies two Cash Generating Units ("CGU's") within the Group, being CSC and PMC. Each CGU is assessed for potential indicators of impairment, including internal or external factors or events that could reduce the recoverable value of the fixed assets of the Group. If indicators of impairment are identified, a full impairment review is undertaken to determine the recoverable amount of the CGU.

The recoverable amount of a CGU is determined using a discounted cashflow model that is based upon a five-year forecast period. The forecast takes into account the firm order book, sales pipeline and market opportunities of the CGU, together with expected gross margin performance and consideration of the cost base, planned capital expenditure and estimated working capital needs of the CGU. A long-term growth assumption is applied beyond the five-year forecast period. The future cashflows are then discounted to a present, recoverable value by applying a risk-adjusted pre-tax discount rate.

In accordance with IFRS 5, the Group was required to test the PMC division for impairment on its reclassification to an asset held for sale as at 28 September 2024.

An impairment review was undertaken for each of CSC and PMC. The review concluded that no impairment was required at a Group level, however an impairment of £2.3 million was required in relation to PMC at a parent entity level.

Taxation

The tax credit for Group continuing operations in the year was £0.3 million (2023: tax credit of £0.3 million). The current year tax credit was principally due to the losses incurred in the Group which were not utilised for group relief. It was further reduced by non-deductible exceptional costs and the excess of depreciation over capital allowances.

Corporation tax refunded in the year totalled £6,000 (2023: £0.4 million). The reduction was due to Chesterfield Special Cylinders Limited making a significant profit in 2023, and therefore claiming deductible R&D tax credits instead of cash in arrears.

Loss per share

Basic loss per share from continuing operations was 6.1 pence (2023: loss per share 1.8 pence). Allowing for add-back of exceptional costs, adjusted loss per share was 4.7 pence (2023: adjusted earnings per share of 0.8 pence).

Dividends

No dividends were paid in the year (2023: £nil) and no dividends have been declared in respect of the year ended 28 September 2024 (2023: £nil).

Operating cash flow, capital expenditure and cash flow before financing

Operating cash flow was £2.0 million (2023: £1.2 million), arising primarily from Adjusted EBITDA of £0.6 million (2023: Adjusted EBITDA of £2.1 million) and working capital inflows of £1.4 million (2023: outflows of £1.2 million). Key movements within working capital in the year included the reduction of stock across the PMC division as WIP balances at the end of FY23 were realised during FY24.

Capital expenditure in the year was £0.4 million (2023: £0.6 million) incurred principally to replace plant and equipment for productive use. Proceeds from the disposal of fixed assets was £0.1 million (2023: £0.2 million).

Allowing for exceptional costs of £1.5 million (2023: £1.3 million), finance costs of £0.5 million (2023: £0.4 million) and corporation tax refunds of £6,000 (2023: £0.4 million), cash flow before financing was an inflow of £0.2 million (2023: outflow of £0.5 million).

Financing and liquidity

The cash balance from continuing operations at 28 September 2024 was £0.1 million (2023: £0.9 million). The reduction in cash of £0.8 million in the year arose from the inception of the new term loan of £1.5 million, the cash inflow before financing of £0.2 million, the repayment of borrowings of £1.4 million, and the repayment of lease liabilities of £0.7 million. A balance of £0.4 million was also transferred to the discontinued operation held for sale.

Net debt from continuing operations at 28 September 2024 was £1.4 million (2023: £2.4 million). The decrease in net debt of £1.0 million is principally due to the transfer of lease liabilities of £1.7 million to the discontinued operation held for sale, partially offset by the £0.4 million of cash also transferred. Prior to the transfer, during FY24 there were new lease liabilities of £0.7 million, partially offset by the cash inflow before financing of £0.2 million.

During the year, on 14 November 2023, the Group exited its existing debt facilities provided by Lloyds Banking Group by arranging a new term loan facility of £1.5 million with Rockwood Strategic plc and Peter Gyllenhammar AB, two of its major shareholders. The new term loan was committed for a period of 5 years and was secured against the assets of the Group. Repayments of £0.5 million were made during the year with the balance fully repaid subsequent to year end in October 2024, following the sale of PMC.

In conjunction with the provision of the new term loan, Rockwood and Gyllenhammar were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the new facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

Going concern

These financial statements have been prepared on the going concern basis. The Directors have prepared financial projections for the period to March 2026 and these demonstrate that the Group can operate and meet its financial

projections for the period to March 2026, and these demonstrate that the Group can operate and meet its financial obligations as they fall due.

As a result of the sale of the PMC division just after year end, the projections include the proceeds of the disposal and are based on the operations of the ongoing CSC division only.

The base and downside case projections recognise that the Group remains dependent on the profitability of CSC which is itself largely dependent on revenues from major defence contracts for UK and overseas customers. During the projected period to March 2026, CSC is expected to undergo a period of transition, with revenue from UK defence contracts falling and revenue from the hydrogen energy market and overseas defence customers expected to increase. Over the short term, this is expected to result in lower revenues and earnings for CSC, which have been factored into the financial projections.

Due to the significance of revenues from UK hydrogen projects in the base case and the history of delays in this market, the Directors have developed the downside scenario to account for reasonably plausible delays to the placement of major hydrogen orders. The Directors believe that any material delays to hydrogen contracts will give sufficient time to take mitigating actions and adjust operating costs and capital expenditure plans to maintain cash generation, as illustrated by the financial projections for the downside case.

In addition to the projections for the base and downside cases, management has modelled sensitivities to the projected performance. These additional sensitivities account for the following risks to revenue, profit and cash generation in the projection period:

- Delayed Integrity Management deployments resulting from changes by the customer; and
- Later than forecast defence contract milestones, resulting from customer delays; and
- In-house operational delays and inefficiencies, delays to the supply of material and components by suppliers, and delays in the performance of work by subcontractors.

In the event of these sensitivities occurring, the Group would look to mitigate the impact, partially or fully, by pulling forward contracted work from other customers, and through normal working capital management and other cash preservation initiatives.

Reflecting management's confidence in delivering large UK defence contracts and winning new hydrogen contracts and having repaid in full its term loan facility in October 2024, the Directors have concluded that the Group does have sufficient financial resources to meet its obligations as they fall due for the next twelve months and no material uncertainty relating to Going Concern has been identified.

Key performance indicators

The Board uses Key Performance Indicators ("KPIs") when assessing the performance of the Group. These KPIs are divided into two sections - financial KPIs and non-financial KPIs.

Financial KPIs

The Board monitors the following financial KPIs:

Revenue Growth and Operating Margin

Revenue growth is defined as the annual year-on-year change in revenue. Adjusted operating profit / (loss) is operating profit / (loss) before amortisation, impairments and exceptional costs. Operating margin is defined as adjusted operating profit divided by revenue. The trend of this KPI over the last 5 years for continuing operations is as follows:

£ million	2024	2023	2022	2021	2020
Revenue (continuing operations)	14.8	20.7	17.6	18.9	11.2
Annual revenue growth %	-28.3%	17.5%	-6.8%	68.8%	-19.1%
CSC adjusted operating profit / (loss) (continuing operations)	0.1	3.1	0.4	2.0	(0.1)
CSC operating margin %	0.7%	15.0%	2.3%	10.6%	-0.9%
Group adjusted operating profit / (loss) (continuing operations)	(1.7)	1.1	(1.5)	0.1	(1.7)
Group operating margin %	-11.5%	5.3%	-8.5%	0.5%	-15.2%

Group Order Intake

Annual order intake represents a strong indicator of future workloads:

£ million	2024	2023	2022	2021	2020
Group order intake (continuing operations)	13.1	24.6	15.7	16.0	11.1

Non-Financial KPIs

The Board reviews a number of non-financial KPIs including the volume of accidents, near misses and reportable safety incidents, staff utilisation and attrition, energy consumption and environmental impact measures.

The Board places particular emphasis on health and safety and environmental performance. Experienced safety managers with recognised HSE training cover all operational sites, reporting through divisional management to the Chief Executive, ensuring that the Group employs best practice, drives continuous safety improvement and fulfils all statutory requirements.

The Board has noted:

- the Group had one reportable safety incident (RIDDOR) in FY24 (CSC); and
- the Group has zero reportable environmental incidents in the 5 years up to September 2024.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of Pressure Technologies plc consider, both individually and together, that they have acted in a manner,

in good faith, that would be most likely to promote the success of the Company for the benefit of the members as a whole in the decisions taken during the 12 months ended 28 September 2024, having due regard to the interests of its stakeholders and the matters set out in s172(1)(a-f) Companies Act 2006, including the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our statutory duties, we acknowledge that decisions we make will not necessarily result in a positive outcome for all of our stakeholders. By considering our vision, values and strategic priorities, whilst operating robust governance processes, we aim to ensure that our decisions are well considered and consistent.

The Board fully recognises that long-term growth and profitability are enhanced when businesses behave in a sustainable and responsible manner, with respect for all stakeholders. The Group's stakeholders include shareholders, customers, employees, suppliers, government, regulators, industry bodies and the communities in which we operate.

Moreover, the Directors have actively engaged with these stakeholders using a variety of methods in the period, applying the information obtained to drive decisions on the execution of its strategy. The principal stakeholders engaged during the year, and the methods used, were shareholders, customers, employees, suppliers and government, regulators & industry bodies and environmental responsibility & community engagement, as follows:

Shareholders

The Board aims to behave responsibly towards our shareholders and to treat them equally and fairly. We are focussed on the delivery of value to our shareholders. Having demonstrated resilience during the challenging conditions of recent years, including the Covid-19 pandemic, depressed oil and gas markets and the Russia-Ukraine conflict, we are now in a strong position to execute our value-creation strategy.

The Company held an Annual General Meeting in March 2024 to directly engage with all shareholders. In addition, Executive Directors meet periodically with the Group's major shareholders and also engage with smaller shareholders. Harwood Capital LLP, a major shareholder, appointed a representative to the Board in May 2023. Feedback obtained from investor meetings is reviewed by the Board and used in the formulation and execution of strategy. The Executive Directors also host and attend events for new and existing private investors, including accommodating investors who wish to visit its manufacturing sites.

Customers

Our customers are pioneers in what they do. We work in close collaboration with them to develop technical solutions for their engineering needs and produce products that can be trusted to perform in environments where failure would be catastrophic. Customer feedback helps us measure customer satisfaction. Customer satisfaction and loyalty are crucial factors that determine our financial performance and we look to improve this constantly.

Building and nurturing trusted customer relationships and maintaining open channels of communication ensures that customers:

- receive the information they require;
- are consulted on matters relevant to them;
- are heard and their needs actioned; and
- feedback is collected and reviewed in a structured manner.

The Board has regard to this information in making decisions regarding capital investment, workforce size and distribution, production planning and continuous improvement initiatives.

Employees

Committed, well trained, highly skilled and motivated employees are at the heart of our business. We strive to create a working environment where our employees can fulfil their potential by providing clear organisational purpose and objectives, appropriately structured incentive schemes and by providing training and career development opportunities, including a commitment to our apprenticeship programme. We get the best from our people by nurturing our unique culture reflected in our 4 core values:

- We put people first;
- We deliver to the highest standard;
- We work with each other; and
- We innovate and create the future.

It is the policy of the Group to communicate with employees through site-based employee forums and by regular briefing meetings conducted by senior management to promote a long-term perspective of the business. We also undertake periodic employee engagement surveys using a structured questionnaire to gather employee feedback that is used to evolve the culture and practices of the Group.

These communication methods provide a two-way flow of information between senior management and employees, providing valuable insight into the perspective and interests of employees. The Board has regard to this information in making decisions in relation to pay levels for specific employee groups, Company-wide pay reviews, updating of terms and conditions, investment in site facilities and amenities, investment in health & safety and in provision of training and career development opportunities.

The Group operates a number of employee incentive schemes including performance-related bonuses covering all staff grades.

Suppliers

We build and maintain strong, long-term relationships with our suppliers. A robust supply chain is critical to the delivery of our products/services on-time, on-cost and on-quality.

We have continued to focus on strengthening our supplier relationships and performance during the year, with key initiatives including:

- Measurement of supplier quality and on-time delivery performance;
- Proactive engagement led by dedicated supplier relationship managers who ensure that any issues are dealt with promptly and hold regular meetings to review supplier performance and the outlook for demand; and

- Establishment of collaboration and long-term supply agreements with key suppliers.

The information gathered from supplier engagement is used by the Board in making decisions in relation to supplier payment policies, capital investment and health & safety policies.

Government, Regulators & Industry Bodies

As a technical leader in our field, we contribute to the development of technical, safety and operational standards that relate to the products we design and manufacture:

- We engage periodically with local and national government representatives and have encouraged visits to our sites;
- We participate regularly in expert working groups with industry and regulatory bodies; and
- We communicate regularly and openly regarding policies that relate to the sectors we are involved in.

The Board has regard to this information in making decisions in relation to product development, regulatory compliance and health & safety investments.

Environmental Responsibility & Community Engagement

The Group complies with all relevant environmental regulations and is committed to the continuous improvement of its environmental management system. Specifically, the Group has established measurable environmental objectives that are communicated to all employees and seeks to reduce waste and energy use and prevent acts of pollution.




The Group also continues to support local charities and employees who individually raise money or volunteer for charities.






The Board of Directors uses the information obtained from stakeholder engagement to ensure that management operate the business in a responsible manner, meeting the high standards of business conduct and governance expected by our stakeholders. The objective is to protect and enhance the reputation of the Company in its local community and the markets it chooses to serve,

In formulating and executing its strategy, the Board considers the likely consequences of decisions in the long-term, promoting the long-term stability and prosperity of the Group.

Principal risks




The principal risks identified by the Board, and the change in the risk outlook in the year, are described below:

Risk and impact	Status and management strategy to mitigate	Change
1. Global economic conditions and market volatility		
Macroeconomic factors <p>The global economy has experienced only modest levels of growth during the year with the impact of inflation and elevated energy prices moderating. This has also underpinned the improving resilience of supply chains.</p> <p>Moreover, the continuation of the Russia-Ukraine conflict and instability in the Middle East have reinforced the importance of investment in national defence and raised concerns over longer-term energy security, driving recovery in traditional energy markets that utilise fossil fuels.</p> <p>These macro factors have driven activity in UK and global defence markets and underpinned a stable oil price, supporting investment levels in the oil & gas and clean energy sectors.</p>	<ul style="list-style-type: none"> • The Group maintains close contacts with its customers to ensure we have a full understanding of their likely future orders. 	 (no change)
Market sectors <p>The Group serves the four key market sectors of defence, hydrogen, industrials and offshore services through CSC continuing operations.</p> <p>Whilst the defence and offshore services (oil & gas, plus offshore renewables) sectors have benefitted from the macro trends noted above, it should be noted that defence spending on major naval build programmes is variable over time and that the Group's work on current major UK defence programmes has passed a peak until the next major programme expected from FY28.</p> <p>The emergence and growth of the hydrogen economy was slower than expected during the year but is still expected to account for a greater share of Group revenue moving forward, underpinned by strong government support in the UK and Europe.</p>	<ul style="list-style-type: none"> • Reduced revenues from high-value UK defence contracts from FY25 to FY27, mitigated by growth in global defence revenues from FY27, before UK projects restart from FY28. • The sales and business development focus areas are to develop new relationships in two key sectors - global defence and hydrogen. • We continue to make progress with a number of global defence opportunities to mitigate our exposure to the UK defence spending cycle. • The hydrogen economy offers strong long-term prospects across a broad range of projects and expanding customer base. • We are also focused on increasing revenues from recurring periodic inspection and testing services in defence, hydrogen and other markets to mitigate the risk of phased new build spending. 	 (no change)
Foreign exchange <p>A proportion of the Group's business is carried out in currencies other than Sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the Group's financial position or results.</p>	<ul style="list-style-type: none"> • Natural hedges are in place for the predominant currencies the Group is exposed to, and all foreign currency trading is completed by Group treasury, including forward exchange contracts when appropriate. • The Group typically quotes for business on a 	 (no change)

	short quote expiry and where appropriate will include price escalation clauses to limit exposure to fluctuations in foreign currencies.	
2. Governmental policy, regulation, legislation and compliance		
Government policies Revenue generated from defence contracts is impacted by government policies which the Group may not be able to influence. Recent government policy has been to support higher levels of spending on defence, especially following the start of the Russia-Ukraine conflict. However, the Covid-19 pandemic and the subsequent energy crisis resulted in a very significant increase in government borrowing which may have a negative impact on the government's ability to meet this commitment. The recent change of UK government may result in amendments to tax and employment policies that could affect the business e.g. R&D tax credit regime, worker representation and rights.	<ul style="list-style-type: none"> The recent change of UK government may impact domestic defence programme spending over the medium-term, impacting demand for the Group's products. However, the current UK government commitment is to steadily increase defence spending through to 2030. The new UK government's stance on hydrogen energy appears to be very supportive, with established HAR funding rounds progressing, although slower than expected. Recent increases in business taxes introduced by the new UK government. Significant increases in Capital Gains Tax rates may depress investment. Significant increases in Employer's National Insurance rates will increase labour and supply chain costs, impacting prices, margins and recruitment. 	 (risk increase)
Health and Safety The Group operates heavy industrial manufacturing facilities and therefore has a fundamental duty to protect its people and other stakeholders from harm whilst conducting its business.	<ul style="list-style-type: none"> The Group is accredited to international ISO standards for HSE and has an established HSE management system and site-based teams with Group oversight. Managers and appointed safety officers have completed recognised HSE training. Senior management monitors and reviews HSE performance during weekly and monthly management meetings, taking actions to address trends or key findings. HSE performance is reviewed regularly by the Board and HSE maturity is reviewed quarterly against target levels for operational sites. 	 (no change)
3. Market conditions and commercial relationships		
Contract risk Failure to adequately manage contract risk and, as a result, commit to obligations which the Group is unable to meet without incurring significant unplanned costs.	<ul style="list-style-type: none"> Commercial management skills and processes have been strengthened considerably in CSC. Onerous legacy contracts have either ended or been renegotiated with more favourable terms. Authority for the approval of major contract terms and conditions rests with the executive management team or is delegated according to Group policies. Major contract performance is reviewed in senior management meetings against time, cost and quality goals 	 (risk reduction)
Customer concentration Customer concentration for CSC is high and our relationships with key customers could be materially adversely affected by several factors, including: <ul style="list-style-type: none"> a customer decision to diversify or change how, or from whom, they source components that we currently provide; an inability to agree on mutually acceptable pricing; performance against contractual commitments; a significant dispute with the Group. If the Group was unable to enter similar relationships with other customers on a timely basis, or at all, our business could be materially adversely affected.	<ul style="list-style-type: none"> Divestment of PMC has further concentrated the Group's customer base to CSC customers only. Key account management is a focus for CSC and we have a history of strong customer relationships and customer retention. Recent recruitment has strengthened the focus and structure of customer management processes in CSC. Expanding the defence customer base to include new overseas prime contractors will reduce existing UK defence customer dependency. The growth of the hydrogen energy business in the CSC division should result in lower customer concentration and diversify away from the traditional defence and industrial customer base 	 (risk increase)
Supplier concentration in CSC division The majority of seamless steel tube used in the manufacturing of ultra-large high-pressure cylinders has historically been sourced from two key suppliers in mainland Europe. There are few alternative suppliers globally that can match the cost, quality and lead times of these two European steel tube mills. There could be a significant disruption to the	<ul style="list-style-type: none"> Five-year supply and cooperation agreements established with key steel suppliers during 2021 Strengthened supplier management and procurement activities through recruitment of specialist supply chain management capability will support the evaluation of alternative seamless tube supply to reduce the risks of single source dependency. 	 (no change)

<p>there could be a significant disruption to the CSC business in the event that one or both companies became unable to supply tube.</p>	<ul style="list-style-type: none"> Strategic collaboration with a key European steel tube supplier to develop joint product and service opportunities in target markets, including defence, industrial bulk gas storage and hydrogen energy. 	
4. Financial		
<p>Funding and liquidity</p> <p>In October 2024, subsequent to the end of FY24, the Group completed the sale of the PMC division for an enterprise value of £6.2 million and raised net cash proceeds at completion of £4.4 million (£4.8 million initial cash consideration, less £0.4 million agreed locked-box adjustment).</p> <p>These proceeds have been utilised to repay the term loan raised from two major shareholders last year and to pay transaction costs.</p> <p>The balance of the proceeds is intended to provide working capital flexibility for CSC during the transitional periods of FY25 and FY26 and to support growth in the hydrogen energy business.</p> <p>There still remains a level of risk in relation to financial resources and liquidity levels of the Group, including:</p> <ul style="list-style-type: none"> Group earnings during FY25 and FY26 impacted by lower revenues from high-value defence contracts, in favour of lower margin hydrogen projects; new hydrogen orders are susceptible to project delays; increased working capital requirements to support hydrogen market growth; operational performance in CSC. 	<ul style="list-style-type: none"> The Group makes use of long-term finance lease arrangements where appropriate. Repayment of Lloyds Bank loan facility in FY24 and shareholder term loan in FY25 leaves the Group with no ongoing loan obligations. Cashflow forecasts are reviewed on a weekly basis using information from the CSC division facilitating robust planning of cash conversion, working capital investment and liquidity. Increased commercial focus in CSC regarding payment terms with customers for long-term contracts. 	<p>↓ (risk reduction)</p>
5. Availability and use of key resources		
<p>Leadership</p> <p>As a publicly quoted SME, the Group is dependent on a small number of executives to provide strategic, financial, operational and governance leadership, to deliver business performance and growth.</p> <p>Given the future strategy of the Group, there is a requirement for a balanced, highly experienced, and resilient leadership team that can prioritise the deployment of Group resources to deliver strategic objectives and operational performance in CSC.</p>	<ul style="list-style-type: none"> Leadership and senior management have been substantially re-shaped over the last three years. Chris Webster, Chief Operating Officer joined the Group in April 2022. Steve Hammell, Chief Financial Officer, left the Group in October 2024 following the successful completion of the sale of the PMC division and reflecting the significant reduction and scale of the Group. Former Group Financial Controller since 2022, Sally Millen was appointed Director of Finance in a non-Board role from 1 November 2024. Key roles in the CSC management team have been strengthened throughout FY23 and FY24, underpinning confidence in performance and the delivery of growth plans. 	<p>↔ (no change)</p>
<p>Retention of key staff in business-critical roles</p> <p>Failure to continue to evolve organisation structure and culture could prevent us from employing and retaining the right talent, knowledge and skills to deliver the strategy.</p> <p>The Group needs to continue to recruit high quality staff, building on existing capability while recruiting skilled expertise in the right areas of the business, at the right time.</p> <p>Post Covid-19, the labour market has become very tight in the UK with very low levels of unemployment, substantial unfilled vacancies and rising salary and wage costs.</p> <p>The drop off in defence orderbook through FY25 and FY26 may increase the risk to staff retention.</p> <p>The recent increase in the rate of inflation has also increased pressure on staff costs, resulting in cost reduction measures.</p>	<ul style="list-style-type: none"> The high added value products and services provided by CSC are reliant on the skills and knowledge of our employees. There is a programme of training in CSC to ensure the development and retention of these key skills and employees. The training programme includes apprenticeships and recognised industry qualifications. Company policies and procedures are reviewed annually and are incorporated in an Employee Handbook given to all new starters. Employee engagement is supported by strong two-way management / employee communication through a recognised Employee Forum and regular colleague briefings on business performance and outlook. The Group regularly reviews its remuneration arrangements to ensure that they remain sufficiently competitive to attract the necessary talent to the business. 	<p>↑ (risk increase)</p>
<p>Major capital assets</p> <p>Certain of the Group's businesses rely on large or critical pieces of equipment, some of which are approaching their reasonable end-of-life assessment.</p>	<ul style="list-style-type: none"> Key assets are subject to ongoing maintenance programmes and strategic spares are held. Significant improvements have been made to the planned maintenance of equipment within 	<p>↔ (no change)</p>

Major breakdown could affect our ability to maintain delivery performance and customer growth.	CSC. 	
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6. Technology & innovation		
<p>Product development</p> <p>The strength of our business is built upon a history of delivering products that advance safety and reliability in demanding environments. If we fail to keep abreast of market needs or to innovate solutions, we are at risk of losing market share to our competitors and lowering margins as demand will reduce.</p> <p>The hydrogen energy market is a significant growth opportunity for the CSC division. CSC products are trusted and well proven in the safety-critical storage and transportation of hydrogen, however competition from alternative technologies, including Types 3 & 4 composite cylinders for the more efficient transport of hydrogen presents a risk.</p>	<ul style="list-style-type: none"> Investment in product development and services is key to the continued growth of CSC and we strive to embed a culture of research and development initiatives within the business, having assigned resources to these functions. Technical Managers and engineers in CSC work with customers and suppliers in the development of progressive gas storage and transportation solutions. Collaborations with major steel tube suppliers are supporting product and service development in CSC. Collaborations with academic and research bodies are supporting the development of new manufacturing and inspection processes. Partnerships with manufacturers of Types 3 & 4 composite cylinders will enable CSC to offer composite hydrogen trailer solutions to UK customers. CSC has developed the capability for the inspection, testing and recertification of Types 3 & 4 composite cylinders. CSC is in the early stages of developing innovative and competitive Type 2 steel hydrogen cylinders for static and transportable applications and is working with UK-based advanced composite manufacturers to assess the possibility of Type 4 cylinder manufacturing at scale. Despite the attraction of lighter weight composite Type 3 and Type 4 cylinders for hydrogen transportation, safety concerns and recent safety incidents involving these cylinder types is pushing customers and operators to consider more thoroughly the proven track record of Type 1 and Type 2 steel solutions, despite the typically lower payload per road unit. 	 (no change)
<p>Disruptive technologies</p> <p>Technological advances in production processes or materials may cause a reduction in demand for the Group's products.</p> <p>Increased interest and use of composite (fibre-polymer) cylinders presents a threat to the demand for steel cylinders for high-pressure hydrogen storage, which is a growth market for CSC.</p> <p>See also Product Development section above.</p>	<ul style="list-style-type: none"> The monitoring of evolving technologies that may disrupt the market is ongoing, looking to both capitalise on the opportunities they may provide as well offset any potential threats CSC is promoting the efficiency, sustainability and lower Total Cost of Ownership advantages of steel over composites but accepts that both technologies have a role to play in the hydrogen energy market. CSC can integrate composite cylinders into packages required by its customers See notes on Product Development above. 	 (no change)
<p>Cyber-crime</p> <p>Cyber-crime is a growing risk for all businesses, recently exacerbated by heightened political tensions resulting from the Russia-Ukraine conflict.</p> <p>The Group's principal exposures to cyber-crime relate to access to, and the potential loss of, data resources.</p>	<ul style="list-style-type: none"> CSC carries Cyber Essentials Plus accreditation, which was recently renewed in September 2024. The Group uses secure cloud storage with secure data access. Server and operating system upgrades were completed during FY24 to provide further cyber resilience. All employees undertake regular mandatory cyber security training. 	 (no change)

Consolidated statement of comprehensive income

For the 52 week period ended 28 September 2024

	Notes	52 weeks ended 28 September 2024 £'000	52 weeks ended 30 September 2023 £'000
Continuing operations			
Revenue	1	14,827	20,667
Cost of sales		(11,095)	(13,663)
Gross profit		3,732	7,004
Administration expenses		(5,404)	(5,824)
Operating profit / (loss) before exceptional costs		(1,672)	1,180
Separately disclosed items of administration expenses:			
Exceptional costs	5	(712)	(1,198)
Total administration expenses		(6,116)	(7,022)
Operating loss		(2,384)	(18)
Finance costs	3	(277)	(261)
Loss before taxation	4	(2,661)	(279)
Taxation	6	316	250
Loss for the period from continuing operations		(2,345)	(29)
Loss for the period from discontinued operations	12	(92)	(650)
Loss for the period attributable to the owners of the parent		(2,437)	(679)
Other comprehensive income / (expense) to be reclassified to profit or loss in subsequent periods:			
Currency exchange differences on translation of foreign operations		(11)	12
Total other comprehensive income / (expense)		(2,448)	(667)
Total comprehensive expense for the period attributable to the owners of the parent		(2,448)	(667)
Basic loss per share			
From continuing operations	7	(6.1)p	(0.1)p
From discontinued operations	7	(0.2)p	(1.7)p
From total loss	7	(6.3)p	(1.8)p
Diluted loss per share			
From continuing operations	7	(6.1)p	(0.1)p
From discontinued operations	7	(0.2)p	(1.7)p
From total loss	7	(6.3)p	(1.8)p

Consolidated statement of financial position

As at 28 September 2024

	Notes	28 September 2024 £'000	30 September 2023 £'000
Non-current assets			
Property, plant and equipment		6,822	10,287
Deferred tax asset		626	700
		7,448	10,987
Current assets			
Inventories		3,020	5,570
Trade and other receivables		4,528	9,384
Cash and cash equivalents		116	945
Current tax		-	58
Assets classified as held for sale	12	9,313	-
		16,977	15,957
Total assets		24,425	26,944
Current liabilities			
Trade and other payables		(5,722)	(9,326)
Borrowings - revolving credit facility	8	(1,000)	(907)
Lease liabilities	9	(245)	(697)
Liabilities classified as held for sale	12	(5,412)	-
		(12,379)	(10,930)
Non-current liabilities			
Other payables		-	(12)
Lease liabilities	9	(313)	(1,704)
Deferred tax liabilities		(572)	(712)
		(885)	(2,428)
Total liabilities		(13,264)	(13,358)
Net assets		11,161	13,586
Equity			
Share capital		1,933	1,933
Share premium account		1,699	1,699
Translation reserve		(264)	(253)
Retained earnings		7,793	10,207
Total equity		11,161	13,586

Consolidated statement of changes in equity

For the 52 week period ended 28 September 2024

Notes	Share capital £'000	Share premium account £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2022	1,553	-	(265)	10,815	12,103
Shares issued	380	1,699	-	-	2,079
Share based payments	-	-	-	71	71

Transactions with owners	380	1,699	-	71	2,150
Loss for the period	-	-	-	(679)	(679)
Other comprehensive expense: Exchange differences on translating foreign operations	-	-	12	-	12
Total comprehensive expense	-	-	12	(679)	(667)
Balance at 30 September 2023	1,933	1,699	(253)	10,207	13,586
Share based payments					
- continuing operations	-	-	-	14	14
- discontinued operations	-	-	-	9	9
Transactions with owners	-	-	-	23	23
Loss for the period	-	-	-	(2,437)	(2,437)
Other comprehensive income: Exchange differences on translating foreign operations	-	-	(11)	-	(11)
Total comprehensive income / (expense)	-	-	(11)	(2,437)	(2,448)
Balance at 30 September 2023	1,933	1,699	(264)	7,793	11,161

Consolidated statement of cash flows

For the 52 week period ended 28 September 2024

	Notes	52 weeks ended 28 September 2024 £'000	52 weeks ended 30 September 2023 £'000
Operating activities			
Operating cashflow	10	2,023	1,223
Exceptional costs		(944)	(1,255)
Finance costs paid		(455)	(406)
Income tax refunded		6	408
Net cash inflow / (outflow) from operating activities		630	(30)
Investing activities			
Proceeds from sale of fixed assets		19	178
Purchase of property, plant and equipment		(440)	(576)
Net cash outflow from investing activities		(421)	(398)
Net cash inflow / (outflow) before financing		209	(428)

Financing activities

Shares issued (net of transaction costs)		-	2,079
Repayment of borrowings		(1,407)	(1,500)
Repayment of lease liabilities		(777)	(989)
New borrowings		1,500	-
Net cash outflow from financing activities		(684)	(410)
Net decrease in cash and cash equivalents		(475)	(838)
Cash and cash equivalents at beginning of period		945	1,783
Cash and cash equivalents at end of period, including disposal group held for sale		470	945
Cash and cash equivalents transferred to disposal group	12	(354)	-
Cash and cash equivalents at end of period, continuing operations		116	945
Borrowings		(1,000)	(907)
Lease liabilities		(558)	(2,401)
Net Debt	11	(1,442)	(2,363)

Accounting policies**1. Basis of preparation**

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006. The financial statements are made up to the Saturday nearest to the period end for each financial period.

Pressure Technologies plc, company number 06135104, is incorporated and domiciled in the United Kingdom. The registered office address is Pressure Technologies Building, Meadowhall Road, Sheffield, South Yorkshire, S9 1BT.

The Group has applied all accounting standards and interpretations issued relevant to its operations for the period ended 28 September 2024. The consolidated financial statements have been prepared on a going concern basis.

The summary accounts set out above do not constitute statutory accounts as defined by Section 434 of the UK Companies Act 2006. The summarised consolidated statement of comprehensive income, the summarised consolidated balance sheet at 28 September 2024, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the period then ended have been extracted from the Group's 2024 statutory financial statements upon which the auditor's opinion is unqualified and did not contain a statement under either sections 498(2) or 498(3) of the Companies Act 2006. The audit report for the period ended 28 September 2024 did not contain statements under sections 498(2) or 498(3) of the Companies Act 2006.

The statutory financial statements for the period ended 28 September 2024 were approved by the directors on 4 February 2025 but have not yet been delivered to the Registrar of Companies. The statutory financial statements for the period ended 30 September 2023 have been delivered to the Registrar of Companies.

2. Going concern

The financial statements have been prepared on a going concern basis. The Group and Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the

Group Strategic Report.

The Directors must consider and determine whether the Group has sufficient financial resources to meet its obligations as they fall due for a period of not less than 12 months from the date of approval of these accounts.

As a result of the sale of the PMC division just after year end, the projections include the proceeds of the sale and are based on the operations of the ongoing CSC division and Group central costs.

In making this assessment, the Directors have considered a range of factors, including the prospects for the markets the Group serves; the position and intentions of competitors; the customer base of the Group and any reliance on a small number of customers; the supply chain of the Group and any reliance on key suppliers; staff attrition and the risk of losing any key members of staff; any actual or threatened litigation; relationships with HMRC and regulators; historical, current and projected financial performance and cash flows; relationships with debt and equity funders and the likely availability of external funding; and the plans and intentions of management. The Directors have also considered the economic backdrop and geopolitical risks to economic activity from the Russia-Ukraine conflict and instability in the Middle East.

In undertaking their assessment, the Directors have prepared financial projections for a period of at least 12 months from the date of approval of these accounts. The current economic conditions have introduced additional uncertainty into the Directors assessment, such that future potential outcomes are more difficult to estimate. The Directors have therefore considered a number of sensitivities to their projections to quantify potential downside risks to future financial performance.

On 14 November 2023, the Group exited its Revolving Credit Facility with Lloyds Bank by raising a new term loan facility ("the Facility") of £1.5 million from two of its major shareholders. The Facility was committed for a period of five years and was not subject to any financial covenant tests. The Facility was subject to capital repayments of £0.5 million during FY24. These capital repayments were made on 1 July 2024 and the Facility was repaid in full, subsequent to year end, on 10 October 2024.

Management has produced base and downside case projections for the period up to March 2026 for the Group and CSC, assessing sensitivities by taking account of reasonably plausible changes in trading performance and market conditions, which have been reviewed by the Directors. In particular, the projections reflect that:

- as a result of the sale of the PMC division just after year end, the projections include the cash proceeds of the disposal of £4.4 million (£4.8 million initial cash consideration, less £0.4 million agreed leakage).
- the Group is dependent on the profitability of CSC as its only trading operation;
- CSC is currently dependent on large UK defence contracts for its profitability. During the projection period, CSC is expected to undergo a period of transition, with revenue from UK defence contracts falling and revenue from the hydrogen energy market and global defence customers increasing. Over the short term, this is expected to result in lower revenues and earnings for CSC, which has been factored into the financial projections. However, there remain both internal and external risks to CSC's performance over the projection period, which have been modelled and considered in the sensitised base and downside cases.

The base case demonstrates that the Group is projected to generate profits and cash in the current financial year and beyond.

Due to the significance of revenues from UK hydrogen projects in the base case and the history of delays in this market, the Directors have developed the downside scenario to account for reasonably plausible delays to the placement of major hydrogen orders. The Directors believe that any material delays to hydrogen contracts will give sufficient time to take mitigating actions and adjust operating costs and capital expenditure plans to maintain cash generation, as illustrated by the financial projections for the downside case.

In addition, management has considered the sensitivity of the base and downside cases to the following risks:

- Delayed Integrity Management deployments resulting from changes by the customer; and
- Later than forecast defence contract milestones, resulting from customer delays; and
- In-house operational delays and inefficiencies, delays to the supply of material and components by suppliers, and delays in the performance of work by subcontractors.

The Group believes that these other factors are individually less likely to be material to the achievement of the projections than potential delays in UK defence milestones and hydrogen orders, but in the event that they occur together with these risks, they may have a negative impact on cash flow at certain points in the projection period.

In the event of the delays identified above, the Group would look to mitigate the impact, partially or fully, by pulling forward contracted work from other customers, and through normal working capital management and other cash preservation initiatives. It should also be noted that work on UK and overseas defence contracts is progressing well in FY25 in line with contractual obligations and with no material problems or delays arising. The UK contracts have also largely passed through the phase in which the supply of materials and components and the use of third-party contractors, over whom the Group has significantly less control, is at its highest.

The Directors also note that the Group has net current assets of £4.6 million at 28 September 2024, of which £3.9 million relates to the asset held for sale at the end of the period.

Reflecting management's confidence in delivering large UK defence contracts and winning new hydrogen contracts, and having repaid its debt facilities in full, the Directors have concluded that the Group does have sufficient financial resources to meet its obligations as they fall due for the next twelve months and no material uncertainty relating to Going Concern has been identified.

The Group and Parent Company continue to adopt the going concern basis in preparing these financial statements. Consequently, these financial statements do not include any adjustments that would be required if the going concern basis of preparation were to be inappropriate.

3. New standards adopted in 2024

No new standards were applied during the year.

4. Amendments to IFRSs that are mandatorily effective for future years

At the date of the authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of pronouncement. The impact of new standards, amendments and interpretations not adopted in the year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Notes to the consolidated financial statements

1. Segment analysis

The financial information by segment detailed below is frequently reviewed by the Chief Executive who has been identified as the Chief Operating Decision Maker (CODM).

For the 52 week period ended 28 September 2024

	Cylinders (continuing operations) £'000	All other segments (continuing operations) £'000	Group (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000
Revenue from external customers*	14,827	-	14,827	17,095
Gross profit / (loss)	3,733	(1)	3,732	3,728
Adjusted EBITDA	758	(1,678)	(920)	1,491
Depreciation	(660)	(92)	(752)	(711)
Operating profit / (loss) before amortisation and exceptional costs	98	(1,770)	(1,672)	780
Exceptional costs	(53)	(659)	(712)	(232)
Operating profit / (loss)	45	(2,429)	(2,384)	548
Net finance costs	(53)	(224)	(277)	(178)
(Loss) / profit before tax	(8)	(2,653)	(2,661)	370
Segmental net assets**	10,651	(1,376)	9,275	1,886
Other segment information:				
Taxation credit / (charge)	178	138	316	(462)

Capital expenditure - property, plant and equipment	381	154	535	598
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* Revenue from external customers is stated after deducting inter-segment revenue of £130,000 for Precision Machined Components.

** Segmental net assets comprise the net assets of each division adjusted to reflect the elimination of the cost of investment in subsidiaries and the provision of financing loans provided by Pressure Technologies plc.

For the 52 week period ended 30 September 2023

	Cylinders (continuing operations) £'000	All other segments (continuing operations) £'000	Group (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000	
Revenue from external customers*	20,667	-	20,667	11,277	
Gross profit / (loss)	7,042	(38)	7,004	1,939	
Adjusted EBITDA	3,854	(1,847)	2,007	82	
Depreciation	(710)	(117)	(827)	(717)	
Operating profit / (loss) before amortisation and exceptional costs	3,144	(1,964)	1,180	(635)	
Exceptional costs	(236)	(962)	(1,198)	(57)	
Operating profit / (loss)	2,908	(2,926)	(18)	(692)	
Net finance costs	(69)	(192)	(261)	(145)	
Profit / (loss) before tax	2,839	(3,118)	(279)	(837)	
Segmental net assets**	10,477	1,138	11,615	1,971	
Other segment information:					
Taxation credit / (charge)		254	(6)	248	189
Capital expenditure - property, plant and equipment		243	35	278	813

* Revenue from external customers is stated after deducting inter-segment revenue of £671,000 for Precision Machined Components.

** Segmental net assets comprise the net assets of each division adjusted to reflect the elimination of the cost of investment in subsidiaries and the provision of financing loans provided by Pressure Technologies plc.

The Group's revenue disaggregated by primary geographical markets is as follows:

Revenue	2024			2023		
	Cylinders (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000	Total £'000	Cylinders (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000	Total £'000
United Kingdom	11,486	8,510	19,996	17,862	4,937	22,799
France	1,118	35	1,153	1,025	87	1,112
Germany	7	388	395	606	246	852

Norway	1	380	361	690	240	342
USA	16	1,379	1,395	2	1,593	1,595
Romania	-	2,114	2,114	-	2,281	2,281
Italy	3	793	796	-	537	537
Germany	399	-	399	140	-	140
Singapore	-	2,825	2,825	-	816	816
Australia	1,239	316	1,555	277	188	465
Rest of Europe	305	59	364	203	28	231
Rest of World	254	684	938	462	564	1,026
	14,827	17,095	31,922	20,667	11,277	31,944

During the year, there were two customers that each contributed over 10% of Group revenue from CSC continuing operations. The revenue from these two customers was £4.7 million, or 31.8% of total revenue from CSC continuing operations (2023: one customer contributed £13.6 million or 65.7% of CSC revenue).

The following tables provide an analysis of the Group's revenue by market.

Revenue: continuing operations	2024 £'000	2023 £'000
Defence	11,080	17,188
Hydrogen Energy	1,738	2,067
Industrial	1,559	514
Offshore services	450	898
	14,827	20,667

Revenue: discontinued operations	2024 £'000	2023 £'000
Oil and gas	16,403	10,853
Defence	130	-
Industrial	562	424
	17,095	11,277

The above tables are provided for the benefit of shareholders. It is not provided to the PT Board or the CODM on a regular monthly basis and consequently does not form part of the divisional segmental analysis.

The Group's revenue disaggregated by pattern of revenue recognition and category is as follows:

Revenue	2024		2023	
	Cylinders (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000	Cylinders (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000
Sale of goods transferred at a point in time	6,744	16,351	3,843	10,903
Sale of goods transferred over time	5,731	-	15,397	-
Rendering of services	2,352	744	1,427	374
	14,827	17,095	20,667	11,277

The following aggregated amounts of transaction values relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 28 September 2024:

Revenue expected in future periods	2023 £'000
Sale of goods - Cylinders	5,968

2. Impairment review

The Group tests annually for impairment, in accordance with IAS 36, if there are indicators that intangible or tangible fixed assets might be impaired.

The impairment methodology considers relevant Cash Generating Units ("CGU's") within the continuing operations of the Group and the Fair Value Less Costs to Sell ("FVLCTS") of discontinued operations or 'assets held for sale'.

Each relevant CGU or 'asset held for sale' is assessed for potential indicators of impairment, including internal or external factors or events that could reduce the recoverable value of the fixed assets of the Group. If indicators of impairment are identified, a full impairment review is undertaken to determine the recoverable amount of the CGU or

the 'asset held for sale'.

The Directors exercise their judgement in determining the recoverable amount of a CGU, involving the use of estimates in relation to the future prospects of the CGU, in this case the CSC continuing operations of the Group.

The recoverable amount of a CGU is determined using a discounted cashflow model that is based upon a five-year forecast period. The forecast takes into account the firm order book, sales pipeline and market opportunities of the CGU, together with expected gross margin performance and consideration of the cost base, planned capital expenditure and estimated working capital needs of the CGU. A long-term growth assumption is applied beyond the five-year forecast period. The future cashflows are then discounted to a present, recoverable value by applying a risk-adjusted pre-tax discount rate. If the recoverable value of a CGU is less than the carrying value of its balance sheet, then an impairment charge may be required. The carrying value of the balance sheet is determined by application of the accounting policies of the Group.

In accordance with IFRS 5, the Group tested the PMC division for impairment on its reclassification to an 'asset held for sale' as at 28 September 2024 using the FVLCTS methodology. This resulted in no requirement for an impairment charge, however an impairment of £2.3 million was required in relation to PMC at a parent entity level.

In this reporting period, the Directors exercised their judgement on the basis of information available at 28 September 2024.

CSC Impairment Review

In FY24, CSC's revenues were heavily weighted towards the UK defence sector. Between FY25 and FY27, CSC is expected to transition towards global defence and hydrogen energy markets, reducing some of its dependency on UK defence contracts.

CSC is expected to generate lower earnings over the medium-term with the rate of growth of revenue and the level of achievable margins from these new markets subject to risk. This change in composition of CSC revenues and the requirement to penetrate new markets is considered an indicator of potential asset impairment. Therefore, an impairment review has been conducted on CSC.

As part of this impairment review, management has considered a range of economic conditions for the sectors in which the CSC division operates that may exist over the next five years. These economic conditions, together with reasonable and supportable assumptions for as far as we have visibility, have been used to estimate the future cash inflows and outflows for CSC over the next five years in order to generate a value-in-use calculation. Management have also prepared a reasonably plausible sensitivity analysis to its core assumptions to generate a sensitised value-in-use for CSC.

The Directors have assumed that CSC is successful in winning new contracts in the hydrogen energy market with steady growth over the period to FY28 by which time hydrogen is expected to account for around 30% of CSC total revenue. However, the Directors expect that gross margin generation on hydrogen contracts may be somewhat lower than UK defence contracts which moderates the growth of Adjusted EBITDA in the forecast period.

The future cashflows of CSC have been extrapolated from FY29 in perpetuity at a growth rate of 2% and applying a risk-adjusted pre-tax discount rate of 16%. On this basis, the recoverable value of CSC is estimated to be £15.2 million. The carrying value of the net assets of CSC at 28 September 2024, adjusting for cash, intercompany and deferred tax balances, was £6.9 million. On this basis, an impairment charge is not required.

The Directors have considered sensitivities to the future cashflows of CSC, in particular a significantly reduced level of hydrogen revenue in the period FY26-FY28, thereby reducing the value of CSC cash flows into perpetuity. Based on this sensitivity, the recoverable value of CSC is estimated to be £9.2 million. Therefore, an impairment charge is not required for this sensitised case.

The Directors have concluded that CSC does not require an impairment charge for FY24 in relation to the carrying value of its assets.

3. Finance costs

Continuing operations:

	2024 £'000	2023 £'000
Interest receivable	-	(2)
Interest payable on bank loans and overdrafts	10	191
Interest payable on term loan	170	-
Interest payable on lease liabilities	15	38
Other interest payable	82	34
	<u>277</u>	<u>261</u>

Discontinued operations (disposal group held for sale):

	2024 £'000	2023 £'000
Interest payable on bank loans and overdrafts	1	2
Interest payable on lease liabilities	168	133

Interest payable on lease liabilities	100	100
Other interest payable	9	10
	178	145

4. Loss before taxation

Loss before taxation is stated after charging / (crediting):

Continuing operations:

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment - owned assets	574	613
Depreciation of property, plant and equipment - leased assets	205	213
Loss on disposal of fixed assets	22	16
Staff costs - excluding share based payments	6,904	7,230
Cost of inventories recognised as an expense	4,945	6,504
Share based payments	14	46

Equivalent charges / (credits) in discontinued operations were as follows:

Discontinued operations: disposal group held for sale:

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment - owned assets	410	444
Depreciation of property, plant and equipment - leased assets	301	274
(Profit) / loss on disposal of fixed assets	(19)	154
Amortisation of grants receivable	(20)	(20)
Staff costs - excluding share based payments	4,704	3,788
Cost of inventories recognised as an expense	8,719	5,585
Share based payments	9	25

5. Exceptional costs

Continuing operations:

	2024 £'000	2023 £'000
Costs in relation to the sale of PMC	627	-
Costs in relation to the sale of PMC, recharged to discontinued operation	(131)	-
Arrangement of term loan	111	-
Debt advisory services on behalf of Lloyds Banking Group	15	131
Debt advisory services to refinance banking facilities	-	373
Corporate finance services	-	313
Write-down of historical fixed assets	33	-
Reorganisation costs	17	252
Write-down of obsolete historical inventory	-	111
Historical contract settlement	-	10
Other plc costs	40	8
	712	1,198

Discontinued operations (disposal group held for sale):

	2024 £'000	2023 £'000
Costs in relation to the sale of PMC (recharged by parent)	131	-
Write-down of historical fixed assets	54	-
Audit costs in relation to the discontinued operation	20	-
Reorganisation costs	14	57
Reversal of inventory provision from prior year	-	(3)
Other	13	3
	232	57

6. Taxation

	2024 £'000	2023 £'000
Current tax (charge) / credit		
Current tax charge	-	-
(Under) / over provision in respect of prior years	(52)	409
	(52)	409

Deferred tax (charge) / credit

Origination and reversal of temporary differences
Under provision in respect of prior years

53	144
(147)	(116)
(94)	28

Total taxation (charge) / credit

—	—
(146)	437
—	—

Corporation tax is calculated at 25% (2023: 22%) of the estimated assessable loss for the period. Deferred tax is calculated at the rate applicable when the temporary differences are expected to unwind.

The charge / (credit) for the period can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2024 £'000	2023 £'000
Loss before taxation: continuing operations	(2,661)	(279)
Profit / (loss) before taxation: discontinued operations (disposal group held for sale)	370	(837)
Total loss before taxation	(2,291)	(1,116)
Theoretical tax credit at UK corporation tax rate 25% (2023: 22%)	572	246
Effect of (charges) / credits:		
- non-deductible expenses	(19)	(76)
- non-deductible exceptional items	(225)	(181)
- adjustments in respect of prior years	(199)	293
- unrealised loss in overseas entities	(4)	(4)
- recognition and utilisation of losses brought forward	(271)	159
Total taxation (charge) / credit	(146)	437

An increase in the UK corporation tax rate to 25% was substantively enacted in May 2021 and took effect from 1 April 2023. The table above therefore uses the average rate of 22% for the previous financial period.

As the most significant timing differences are not expected to unwind until 2025 or later, the deferred tax rate was maintained at 25% in the period.

7. Loss per ordinary share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted loss per share is based on basic loss per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive share options. As the Group made a loss after taxation for the financial year there is no dilution to take place.

Adjusted loss per share shows loss per share after adjusting for the impact of amortisation charges and any other exceptional items, and for the estimated tax impact, if any, of those costs. Adjusted loss per share is based on the loss as adjusted divided by the weighted average number of shares in issue.

For the 52 week period ended 28 September 2024

	£'000
Loss after tax from continuing operations	(2,345)
Loss after tax from discontinued operations	(92)
Total loss after tax	(2,437)
	Number of shares ('000)
Weighted average number of shares - basic	38,667
Dilutive effect of share options - SAYE	193
Dilutive effect of share options - Warrants	1,933

Weighted average number of shares - diluted	40,793
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Loss per share from continuing operations - basic	(6.1)p
Loss per share from discontinued operations - basic	(0.2)p
Total loss per share - basic	(6.3)p

Loss per share from continuing operations - diluted	(6.1)p
Loss per share from discontinued operations - diluted	(0.2)p
Total loss per share - diluted	(6.3)p

The Group adjusted loss per share is calculated as follows:

Loss after tax from continuing operations	(2,345)
Loss after tax from discontinued operations	(92)
Exceptional costs: continuing operations (see Note 5)	712
Exceptional costs: discontinued operations (see Notes 5 and 12)	232
Tax effect of the above adjustments: continuing operations	(178)
Tax effect of the above adjustments: discontinued operations	(58)

Adjusted loss	(1,729)
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Adjusted loss per share: continuing operations	(4.7)p
Adjusted earnings per share: discontinued operations	0.2p
Total adjusted loss per share	(4.5)p

The tax effect is based on applying a 25% tax rate to the adjustment for exceptional costs

For the 52 week period ended 30 September 2023

	£'000
Loss after tax from continuing operations	(29)
Loss after tax from discontinued operations	(650)
Total loss after tax	(679)

	Number of shares ('000)
Weighted average number of shares - basic	37,400
Dilutive effect of share options	446
Weighted average number of shares - diluted	37,846

Loss per share from continuing operations - basic and diluted	(0.1)p
Loss per share from discontinued operations - basic and diluted	(1.7)p
Total loss per share - basic and diluted	(1.8)p

The Group adjusted profit per share is calculated as follows:

Loss after tax from continuing operations	(29)
Loss after tax from discontinued operations	(650)
Exceptional costs: continuing operations (see Note 5)	1,198
Exceptional costs: discontinued operations (see Notes 5 and 12)	57
Tax effect of the above adjustments: continuing operations	(263)
Tax effect of the above adjustments: discontinued operations	(13)

Adjusted profit	300
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Adjusted earnings per share: continuing operations	2.4p
Adjusted loss per share: discontinued operations	(1.6)p
Total adjusted earnings per share	0.8p

The tax effect is based on applying a 22% tax rate to the adjustment for exceptional costs.

8. Borrowings

	2024 £'000	2023 £'000
Current		
term loan / revolving credit facility	1,000	907

During the prior period, on 23 June 2023, the Group's revolving credit facility (RCF) was amended and the facility expiry accelerated from March 2024 to December 2023. On 14 November 2023, the Group's RCF (30 September 2023: drawn at £0.9 million) was fully repaid from the proceeds of a new £1.5 million term loan facility agreed with two of the major shareholders of Pressure Technologies plc.

The interest rate on the term loan was 14.25% per quarter, and total interest payments of £170,000 were made in the year. The contract terms required Pressure Technologies plc to repay £0.5 million of capital in FY24, and the remaining £1 million in four equal tranches between FY26 and FY29. The initial repayment of £0.5 million was made

remaining £1 million in total equal tranches between 1.12.23 and 1.12.24. The initial repayment of £0.5 million was made during the year with the balance fully repaid subsequent to year end in October 2024, following the sale of PMC.

In conjunction with the provision of the new term loan, the two major shareholders were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the new facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

Obligations under finance leases are secured on the plant and machinery assets to which they relate.

The carrying amount of other borrowings is considered to be a reasonable approximation of fair value. The carrying amounts of the Group's borrowings are all denominated in GBP.

The maturity profile of borrowing facilities are as follows:

	2024 £'000	2023 £'000
Due for settlement within one year: term loan / revolving credit facility	1,000	907

The Group had undrawn borrowing facilities of £nil at the year-end (2023: £nil).

9. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2024 £'000	2023 £'000
Current		
Asset finance lease liabilities	116	456
Right of use asset lease liabilities	129	241
	<u>245</u>	<u>697</u>
Non-current		
Asset finance lease liabilities	125	616
Right of use asset lease liabilities	188	1,088
	<u>313</u>	<u>1,704</u>

The Group has leases for certain operational factory premises and related facilities, several large items of plant and machinery equipment, a number of motor vehicles and some IT equipment. The disposal group held for sale also has leases for an office building.

During the period ended 1 October 2022, the Group completed a sale and leaseback of its freehold property occupied by Roota Engineering Limited, part of the Precision Machined Components division. The property lease liability at the end of the period was £815,000 (2023: £851,000). This lease was transferred to the disposal group as at 28 September 2024.

For right of use assets, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security.

For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 28 September 2024 were as follows:

	Within one year £'000	Over one to five years £'000	Total £'000
28 September 2024			
Lease payments	275	346	621
Finance costs	(30)	(33)	(63)
Net present value	<u>245</u>	<u>313</u>	<u>558</u>
	Within one year	Over one to five years	Total

	£'000	£'000	£'000
30 September 2023			
Lease payments	827	2,141	2,968
Finance costs	(130)	(437)	(567)
Net present value	697	1,704	2,401

Lease payments not recognised as a liability

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.

10. Reconciliation of operating profit to operating cashflow

	2024 £'000	2023 £'000
Adjusted Operating (loss) / profit from continuing operations	(1,672)	1,180
Adjustments for:		
Depreciation of property, plant and equipment	752	827
Share option costs	14	46
Loss on disposal of property, plant and equipment	-	16
Write-off of assets under construction	-	108
Write-off of older assets	54	-
Movement in translation reserve	(11)	12
Changes in working capital:		
(Increase) / decrease in inventories	(362)	814
Decrease in trade and other receivables	1,153	1,170
Increase / (decrease) in trade and other payables	1,073	(3,577)
Operating cash flow from continuing operations	1,001	596
Adjusted Operating profit / (loss) from discontinued operations	780	(635)
Adjustments for:		
Depreciation of property, plant and equipment	710	717
Share option costs	9	25
Release of grants	(20)	(20)
(Profit) / loss on disposal of property, plant and equipment	(19)	154
Write-off of older assets	54	-
Changes in working capital:		
Decrease / (increase) in inventories	1,625	(1,817)
Increase in trade and other receivables	(955)	(1,223)
(Decrease) / increase in trade and other payables	(1,162)	3,426
Operating cash flow from discontinued operations	1,022	627
Total operating cash flow	2,023	1,223

11. Net Debt Reconciliation

	Cash £'000	Borrowings £'000	Leases £'000	Total £'000
At 1 October 2022	1,783	(2,407)	(2,876)	(3,500)
Cash flows	(838)	-	-	(838)
Repayments	-	1,500	989	2,489
New facilities - asset finance leases	-	-	(482)	(482)
Surrender - right of use asset leases	-	-	(32)	(32)
At 30 September 2023	945	(907)	(2,401)	(2,363)
Cash flows	(475)	-	-	(475)
Repayments	-	1,407	777	2,184
New facilities - term loan	-	(1,500)	-	(1,500)
New facilities - asset finance leases	-	-	(408)	(408)
New facilities - right of use asset leases	-	-	(251)	(251)
At 28 September 2024, including disposal group	470	(1,000)	(2,283)	(2,813)
Transfers to disposal group (Note 12)	(354)	-	1,725	1,371
At 28 September 2024	116	(1,000)	(558)	(1,442)

On 14 November 2023, the Group exited its existing Revolving Credit Facility, provided by Lloyds Banking Group, by arranging a new term loan facility of £1.5 million with Rockwood Strategic plc and Peter Gvlllenhammar AB, two of its

major shareholders. The new loan was drawn in full and used to repay Lloyds in full, settle transaction costs and to provide general working capital headroom. Repayments of £0.5 million were made during the year with the balance fully repaid subsequent to year end in October 2024, following the sale of PMC.

In conjunction with the provision of the new term loan, Rockwood and Gyllenhammar were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the new facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

Rockwood Strategic plc is a quoted unit trust whose funds are managed by Harwood Capital LLP, thereby placing it under the control of Richard Staveley, a Non-Executive Director of the Company. Rockwood Strategic plc is therefore considered to be a related party under "IAS24 - Related Party Disclosures" (see Note 13).

12. Disposal group classified as held for sale and discontinued operations

The Board announced in October 2023 its decision to divest the Precision Machined Components (PMC) division and launched the sale process in December 2023. The PMC division was sold to Raghu Vamsi Machine Tools Private Limited, a manufacturer of specialised precision engineered components based in India, in October 2024 (see Note 13).

Consequently, the assets and liabilities of PMC were classified as a disposal group held for sale as at 28 September 2024. Revenue and expenses, gains and losses relating to the discontinuation of this division have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of comprehensive income.

Operating profit / (loss) of PMC in the period and the profit or loss from the disposal group held for sale are summarised as follows:

	52 weeks ended 28 September 2024 £'000	52 weeks ended 30 September 2023 £'000
Revenue	17,095	11,277
Cost of sales	(13,367)	(9,338)
Gross profit	3,728	1,939
Administration expenses	(2,948)	(2,574)
Operating profit / (loss)	780	(635)
Exceptional costs	(232)	(57)
Finance costs	(178)	(145)
Profit / (loss) from discontinued operations before tax	370	(837)
Tax (charge) / credit	(462)	187
Loss from discontinued operations after tax	(92)	(650)

The tax charge of £462,000 (2023: credit of £187,000) is a consequence of de-recognising deferred tax assets on £1,504,000 of unused losses within the PMC division. At a deferred tax rate of 25%, the impact on the overall charge is an increase of £376,000.

Management believes that, given the completion of the sale of PMC on 8 October 2024, the continuing Group had no future prospect of utilising these carried forward losses in PMC as at 28 September 2024. No assumption has been made as to whether the new owners of PMC will subsequently choose to recognise deferred tax assets on these losses.

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	28 September 2024 £'000	30 September 2023 £'000
<u>Non-current assets</u>		
Property, plant and equipment	3,002	3,168
Deferred tax assets	10	390
	3,012	3,558
<u>Current assets</u>		
Inventories	1,287	2,912
Trade and other receivables	4,660	4,093
Cash and cash equivalents	354	247
	6,301	7,252
Assets classified as held for sale	9,313	10,810

Current liabilities		
Trade and other payables	(3,517)	(4,346)
Lease liabilities	(308)	(361)
	(3,825)	(4,707)
Non-current liabilities		
Other payables	-	(12)
Lease liabilities	(1,417)	(1,296)
Deferred tax liabilities	(170)	(81)
	(1,587)	(1,389)
Liabilities classified as held for sale	(5,412)	(6,096)
Net assets classified as held for sale	3,901	4,714

The above figures are stated before net amounts of £2,015,000 (2023: £2,746,000) owed by PMC to the continuing operations within the PT Group at the balance sheet dates.

Property, plant and equipment includes £1,787,000 (2023: £1,937,000) of assets held under finance and right of use leases. Of this, £423,000 (2023: £521,000) relates to land and buildings and £1,364,000 (2023: £1,416,000) to plant and machinery.

Cash flows generated by PMC for the reporting periods under review are as follows:

	52 weeks ended 28 September 2024 £'000	52 weeks ended 30 September 2023 £'000
Operating cash flow (Note 10)	1,022	627
Exceptional costs (Note 5)	(232)	(57)
Finance costs (Note 3)	(178)	(145)
Income tax refunds (Note 6)	6	189
Net cash inflow from operating activities	618	614
Net cash outflow from Investing activities	(92)	(143)
Net cash outflow from financing activities	(419)	(619)
Cash inflows / (outflows) from discontinued operations	107	(148)

13. Subsequent events

On 8 October 2024, the Group completed the sale of its Precision Machined Components division in order to strengthen the Group's balance sheet and cash position and support strategic investment into Chesterfield Special Cylinders.

On 10 October 2024, the Group repaid the outstanding balance of £1.0 million of the term loan facility provided by Rockwood Strategic plc and Peter Gyllenhammar AB, two of its major shareholders, who released all security granted to them by the Group in respect of the facility.

Interest charged between year-end and repayment was £8,000, with a total interest charge of £178,000 between inception of the loan and repayment.

END

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