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Flowtech Fluidpower PLC
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NEWS RELEASE

Issued on behalf of Flowtech Fluidpower plc
Wednesday, 9 April 2025

FLOWTECH FLUIDPOWER PLC

("Flowtech", the "Group" or "the Company")

"Our aim is to provide our customers with power, motion & control solutions, from a single component to integrated engineering systems, in the most cost-effective way, harnessing the best global brands & products, services and engineers in the market."

AIM listed **Flowtech Fluidpower plc** (LSE symbol: FLO), today releases preliminary results for the year ended 31 December 2024 and extracts from the 2024 annual report and financial statements, which will be published in full shortly.

Key Information

Financial Highlights:

	2024	2023
Revenue	**£107.3m**	£112.1m
Operating loss	**-£25.2m**	-£10.4m
Gross profit %	**38.2%**	36.8%
Underlying EBITDA*	**£5.9m**	£9.4m
Underlying operating profit*	**£2.7m**	£6.0m
Net cash from operating activities	**£8.7m**	£8.2m
Net debt**	**£15.1m**	£14.7m
Final dividend	**Nil**	2.2p

In Year Highlights:

Gross and Operating Margin Growth Levers

- Further focus on commercial discipline resulted in continued gross margin increase of 142bps to 38.2%.
- Continued reduction in inventory levels by an underlying £3m, whilst maintaining 97% service availability demonstrating increased operational effectiveness.
- Direct and indirect procurement cost reduction of £1m as buying power across the Group scales up.
- Restructured to a simplified operating model which resulted in a further 2.2% year on year, like for like headcount reduction without limiting our future growth ambitions.
- High level of health & safety focus with Zero RIDDORs.

Sales Growth Levers

- Orderbook increased by 5.1% against December 2023 despite a more challenged external market. Sales pipeline quality and value materially improved during the year with a number of new contracts secured to underpin 2025 growth.
- High customer retention with like for like customer numbers remaining stable in a challenging market.
- A continued focus on customer service and operational improvements has resulted in further improvements in customer satisfaction measures.
- Increased website traffic resulted in online orders growing by 2% (FY23: 170.1K vs FY24: 173.6K) with the percentage of online orders now at over 70% of our product distribution channel (up 5% on FY23) and now up to 26% of total revenues.
- Creation and delivery of over 53,000 new and enhanced Flowtech catalogues to market.
- Successful acquisition and integration of Thorite, the largest independent pneumatic distributor in the UK, adding new customers and seven new branch locations.
- Own brand range (FT PRO) saw sales outperform like for like product distribution sales by 7.7% and represented 16% of total sales (excluding Thorite) at the end 2024.

Post Period End Highlights

We are pleased to report the acquisition in March 2025 of the business and assets of Allswage, a specialist in the supply, repair and servicing of static and mobile hydraulic swaging equipment and assets. The business and assets were acquired for initial consideration of £50,000 from the company's liquidator; assets acquired included inventory with a book value of £400,000 as well as all equipment associated with the business. Similar to the Thorite transaction this will likely result in negative goodwill given the bargain nature of the purchase.

Current Trading and Outlook

- Trading headwinds have continued to persist into Q1'25 with expected market uncertainty to continue given the current Global trade wars.
- Q1'25 trading has nevertheless been in line with our expectations following the work completed during 2024 to build a more stable and scalable platform for focused growth.
- Flowtech has over 70% of revenues concentrated in the UK with two thirds of sales serving opex led maintenance, repair and operations requirements and one third serving capex led original equipment manufacturing requirements. The Group has limited exposure to automotive sectors.

➢ Our order book and sales pipeline remain strong, and we are concentrating efforts in higher growth sectors (i.e. defence, waterways & flood defence, data centres, construction & infrastructure and transportation).
➢ We are launching the new E-commerce platform during Q2'25 which will serve as an important sales growth lever.

Roger McDowell, Non-Executive Chair said:
"2024 was a year of execution against our stated strategic objectives and transformation plan in order to grow our addressable market and underpin future profitable growth. We have focused on protecting the business against a challenging market backdrop and believe the business is now more robust. During the period I believe we have made solid progress on the path towards transforming the company, including in the delivery of our Strategy and Performance Improvement Plan (PIP), building the stable and scalable platform needed to support future growth.

"Although key operational and strategic milestones have been reached in our PIP, I am disappointed with the financial outcome, with like for like revenue declining by 8.6% as customers reduced volumes, destocked, and delayed project timelines in response to a volatile macroeconomic backdrop. Whilst we outperformed the overall market trend, our decline in sales reflects the tough trading conditions present in our end markets. However, our improved gross margin to 38.2% in conjunction with our strengthened sales pipeline and order book as a result of a number of new and exciting orders secured for execution in 2025 is a positive lead indicator of the team's commitment and execution in 2024.

"After careful consideration the Board conclude that shareholder best interests would be served by passing on the final dividend and retaining cash for investment.

"As we look ahead to 2025, we will continue to adapt and remain agile in order to protect against our expectation of a continuation of the market conditions experienced in 2024. We will focus on the drivers of performance that are within our control, to unlock the power of our business across the six defined EBITDA growth engines.

Mike England, CEO added:
"We have made strong progress to implement our strategic plan with further operational improvements delivering enhancements to gross margins, working capital optimisation, service levels, and operational efficiencies. Group rebranding and restructuring are complete, and the successful integration and financial contribution of Thorite is well ahead of our expectations. With much of the business transformation concluded we have a firm, stable and scalable platform from which to deliver profitable growth into 2025 and beyond.

"We are well on track with the development of our new digital platform to be launched to market in H1'25 and there is confidence that the broader strategy and actions taken to grow our addressable market and improve operational efficiency within the business will drive strong returns and improved shareholder value.

FURTHER ENQUIRIES TO:

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NOTES

*Underlying operating profit is used as an alternative performance measure to assess the trading performance of the business and is operating profit before separately disclosed items which are amortisation and impairment of intangibles, impairment of goodwill, impairment of right of use assets, share based payments, and restructuring costs. The £3.2m differential between underlying profit and underlying EBITDA relates to depreciation charges.

**Net debt is bank debt less the value of cash and cash equivalents. It excludes lease liabilities under IFRS16. Bank debt is the value of the Barclays Revolving Credit Facility of £20m and any utilised value of the £5m overdraft facility, less cash and any unamortised value of loan arrangement fee.

2024 webcast presentations
The Company will be holding a live presentation via:
Investor Meet Company on 9 April at 08:30am - Click here to register.
and
SparkLive on 9 April at 10:00am - Click here to register.

Annual General Meeting (AGM)
The AGM will be held at 11:00am on 17 June 2025 at the Group's Headquarters, Flowtech Fluidpower plc, Bollin House, Bollin Walk, Wilmslow, SK9 1DP. The Notice convening the Company's 2025 Annual General Meeting shall be published on the Company's website and posted to shareholders who have elected to receive postal copies in due course.

News updates, regulatory news and financial statements can be viewed and downloaded from the Group's website www.flowtechfluidpower.com. Copies can also be requested from: The Company Secretary, Flowtech Fluidpower plc, Bollin House, Bollin Walk, Wilmslow, SK9 1DP. Email: investorrelations@flowtech.co.uk

FORWARD-LOOKING STATEMENTS
This document contains certain forward-looking statements which reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.

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Chair's statement

Our year
2024 was a year of execution against our stated strategic objectives and transformation plan in order to grow our addressable market and underpin future profitable growth. We have focused on protecting the business against a challenging market backdrop and believe the business is now more robust. During the period I believe we have made solid progress on the path towards transforming the company, including in the delivery of our Strategy and Performance Improvement Plan (PIP), building the stable and scalable platform needed to support future growth.
I am pleased with the strategic progress being made by a highly energised, determined and galvanised new team under the leadership of Mike England in his first full year at the helm.

2024 was certainly not an easy year in terms of the external markets we serve. The well-documented market headwinds persisted throughout the year with the British Fluid Power Association (BFPA) consistently citing market decline of above 10% in the UK in Hydraulics and Pneumatics and macro indicators continuing to weaken particularly in the second half of the year as consumer and industry confidence fell.

Although key operational and strategic milestones have been reached in our PIP, I am disappointed with the financial outcome, with like for like revenue declining by 8.6% as customers reduced volumes, destocked, and delayed project timelines in response to a volatile macroeconomic backdrop. Whilst we outperformed the overall market trend, our decline in sales of 8.6% reflects the tough trading conditions present in our end markets. However, our improved gross margin to 38.2% in conjunction with our strengthened sales pipeline and order book, as a result of a number of new and exciting orders secured for execution in 2025 is a positive lead indicator of the team's commitment and execution in 2024.

The Board has been particularly encouraged by the Thorite acquisition which, whilst only taking place in August 2024, is demonstrating strong performance and success in terms of integration and strengthening our pneumatics, automation, vacuum and compressed air offer; a key strategic aim. In the first 18-week period of ownership to the year end the business generated an underlying operating profit of £0.1m, ahead of our initial expectations. The deal structure was such that the immediate cash outlay of £0.35m was more than repaid by the approximate £0.4m upside relating to the recovery of book debts. In addition, after settlement payments totalling approximately £0.7m we secured title to inventory which we have fair valued at £2.1m. Overall negative goodwill associated with the transaction was £2.2m as a result of acquiring assets at less than fair/market value, accounted for as a separately disclosed credit. Thorite performance has exceeded expectations providing confidence in the stability and growth of this channel into 2025. Including the Thorite contribution, 2024 full year revenues declined by only 4.3%.

With lower-than-expected revenues driven by the persistent market headwinds, we are reporting underlying EBITDA at £5.9m. This excludes the profit arising from negative goodwill of £2.2m in relation to the Thorite acquisition. Separately disclosed items total £27.9m; this includes £25.6m in respect of impairment of goodwill, intangible assets and fixed assets. The impairment calculation is based on assumptions for several years into the future and is extremely sensitive to assumptions on revenue growth and the discount factor applied to adjust future cash flows to net present value. Recent announcements relating to trade tariffs were non-adjusting post balance sheet events: as such any associated impact (which we do not deem to be material) has not been taken into account in the cash flow forecast used for impairment testing.

Net debt** increased by £0.4m to £15.1m at year end (2023: £14.7m) with the increase mitigated by cost reductions and strong working capital management, most notably an underlying £3m inventory reduction. As a board, we remain very focused on the management of working capital and cash generation. We are comfortable with the current debt profile of the business, which provides ample liquidity and remains within our stated bank covenants.

The Board has reviewed the Group's capital allocation priorities which remain focused principally on supporting the implementation of our strategic plan with appropriate investment into the business to drive future profitable growth. Furthermore, the Board believes the market could offer attractive opportunities for further bolt-on acquisitions at distressed prices. Accordingly, the Board has given careful consideration to the payment of a dividend in respect of the year ended 31 December 2024 and has concluded that saving the cash that would be otherwise paid as a dividend is in the best interests of the Company, reducing leverage and retaining capital allocation flexibility. In 2024 the dividend payment in respect of the year ended 31 December 2023 was approximately £1.4m.

Trading in the first quarter of 2025 has started positively and in line with our expectations. Notwithstanding the continued depressed market conditions and global uncertainty, we now have an enhanced platform in place from which to grow, take market share and meaningfully improve the Company's financial results in the coming year and into the future.

Building a scalable platform for profitable growth
2024 was an important year of transition and execution for Flowtech and whilst we are disappointed with the decline in revenue, our performance was ahead of the external market trends, implying share gains which is supportive of our move into pneumatics. As such, the Board is pleased with the progress made in delivering the necessary restructuring and underlying performance improvement interventions.
Delivering change is not easy and I have been impressed with the determination and resilience of the new leadership team in remaining tightly focused on our end customers and delivering strong business performance, all the while undertaking the step changes needed to enable the solid structural and commercial foundations for scalable growth.

This focus has concentrated on three key areas:

Simple - In the year, we fully completed the restructuring to a leaner and more scalable operating model, rebranding under One Flowtech and re-aligning the organisation around our newly launched single value proposition, powering up our leadership, commercial and operational capabilities.

Customer First - Implementing important initiatives focused on improving the customer experience, including enhancements to the current website, the launch of the new catalogue and steps taken to address key customer issues further reducing customer complaints.

Scalable - Focused on delivering efficiency and service improvements across the product distribution network and within the manufacturing and service locations, introducing standardised and consistent work methods resulting in productivity gains and scalability.

The Board is pleased with the steps taken in delivering on our three pillar Strategic Plan: Customer First, The Power of One and A World of Motion. Highlights in the year include:

- Completion of the rebranding of the business to one Flowtech and our own brand to FT Pro.
- The launch of the new Flowtech Value Proposition across all three regions.
- Building the new Digital Platform ready for launch during H1 2025.
- Acquisition and integration of the business and assets of Thorite, expanding our product range and geographical footprint in the UK.

Our commitment to a safer and more sustainable world
Our refreshed purpose-led culture and strategy underpins our unchanging ESG commitment, and I am again pleased to report that we have continued to build on the good progress already made. Our updated ESG strategy is now ready, and we will be implementing this during 2025.

In terms of progress, over the past year we have:

- Further increased focus and leadership attention on the health, safety and wellbeing of our people, customers, suppliers and all other stakeholders. We have had zero RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents and, due to improved reporting, have again increased near miss reporting by over 100%.
- Continued to focus on our gender diversity goals with 24% of our top 60 leaders now female.
- Our focus throughout 2024 has been on compliance with data recording, ensuring we have an accurate picture of carbon usage across our whole business. Whilst this does result in an increase in emissions reported, it does give us a robust baseline from which to measure future improvements.

Our investors
Mike and Russ have continued with their mission to reinvigorate our focus to increase our investor facing activity. I have been encouraged during 2024 with a number of interactive investor visits to Flowtech locations, enabling first-hand demonstration of the progress and improvements being made. This has given us the opportunity to demonstrate the progress of the Performance Improvement Plan and our refreshed and refocused strategy. We are committed to maintaining an active and open dialogue with our investors and we thank our investors for their continued support.
We are also pleased to welcome Singer Capital Markets as Flowtech's Joint Broker; they came on board in September 2024 and have issued an initiation note to the market in January 2025. Panmure Liberum remain as the Company's Nominated Adviser and Joint Broker.

Our people and the Board
The team have worked tirelessly to improve the operational performance of the business, driving improved gross margins through commercial pricing and cost control, delivering enhanced service levels and on-time deliveries, further strengthening the senior leadership team and optimising all aspects of the business.
I remain very encouraged by the determination and resilience of our new leadership and the energy demonstrated by our people during a period of rapid change and very difficult external markets. We have made significant progress towards the delivery of our strategy and improvement plan despite these challenges and I would thank everyone for their invaluable contribution.

I am also pleased with the progress made in developing our Board with varied and relevant experience, combined with a positive but challenging approach to strive for the high performance expected by our customers. Mike England and his other senior leadership hires are now well established in the business, and it is encouraging to see the new depth of relevant industry and leadership knowledge and experience in action during 2024 as we have set the business up in the right way for scalable growth.

I would like to sincerely thank the Board members for their continued commitment and positive contributions.

Looking ahead
With the rebranding and restructuring now complete, and the new website launch expected in H1 2025, we expect the improvements made across 2024 to bear fruit in future years. We believe we have a strong, stable, and scalable platform to deliver profitable growth into 2025 and beyond.
As we look ahead to 2025, we do expect that challenging external market conditions will persist, but we remain cautiously optimistic that the Group is well placed to outperform the wider industry. We have completed the vast majority of the Performance Improvement Plan and business transformation, and the Leadership Team are now focused on delivering enhanced customer service, efficiency and market share growth. We remain confident in our strategy which serves to unlock the full potential of the Group across the six defined EBITDA growth engines:

1. Customer growth
2. Commercial excellence
3. Product and service expansion
4. Own brand
5. Operating for less, and
6. Building talent and capabilities.

We are well positioned to capitalise on the opportunities available to us after the strategic and operational delivery achieved in 2024. Looking forward, with a broader addressable market and customer base and the new digital platform being launched, there are a number of key components to driving improved momentum in 2025, and I am confident we have the right team in place with an unwavering determination to now build on a solid foundation for sustained growth and value creation in the years to come.

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CEO review

"Controlling the controllables in a difficult market whilst building the solid, stable and scalable platform needed for profitable growth".

Reflections of the year
We entered 2024 anticipating a market recovery, however, trading conditions remained difficult throughout the year. As a newly formed leadership team, we had a steely determination to quickly implement and deliver the lion's share of the Performance Improvement Plan in 2024 to deliver a solid, stable and scalable platform for profitable growth into 2025 and beyond. I am pleased to report that much of the heavy lifting has now been done.

Controlling the controllables
Our optimism of any market recovery was short lived as market headwinds persisted through the first half of the year and continued to deteriorate further in the second half across all of our three geographical regions - UK, Ireland and Benelux. This was reflected in the Purchasing Managers' Index (PMI) and British Fluid Power Association reports citing a more than 10% market decline.

We have taken a mindset of 'controlling the controllables' - taking necessary actions to deliver further gross margin improvements, tight control and a reduction in costs and making interventions to optimise and reduce working capital throughout the year. We pivoted to higher growth customer segments ensuring continued market share gains, resulting in a strengthening of our sales pipeline and forward order book. As we look into 2025, we note some exciting projects that are due to complete. Across product distribution, we maintained consistent customer order frequency but saw a notable reduction in order value, a common trend across the industry as volumes reduced. There was a slowdown particularly in construction and Original Equipment Manufacturers across all three of our regions in the UK, Ireland and Benelux, with many projects being stopped or delayed as destocking and/or cost control measures took hold.

Holding firm to the plan
Despite these challenging end markets, we've completed the restructuring to the new, simplified operating model, strengthening the leadership and organisational effectiveness with a concentration on firing up our growth engines. The rebranding to 'One Flowtech' was successfully completed across all three regions with a clear purpose, vision, and values being introduced to galvanise our people and capabilities together. This was in parallel to the development and launch of our new, single value proposition combining the extensive Product Distribution and Engineering capabilities across the Group to bring greater value to our customers, from the supply of a single component up the value curve to designing, building and installing complex engineering solutions.

We were proud to welcome Thorite to the Flowtech Group in August 2024. Thorite is a strong and trusted UK brand with over 170 years of heritage. The acquisition brings a wealth of expertise, knowledge, product and service capability across Pneumatics, Vacuum and Compressed Air to support the expansion of our end user customer base and takes us further into the world of motion. Pleasingly, Thorite exceeded expectations in Q4, and we have a highly motivated and re-energised team focused on delivering growth.

Taking on board customer feedback, we've focused on making some important improvements to the existing website experience during the year which has led to increased traffic and conversion rates. In parallel, we are well on track with the development of our new digital platform to be launched to the market in H125, which will replace our legacy platforms, enable a step change in speed and customer experience including a range of new data management and marketing tools to improve new and existing customer interactions.

Our people
Above all, it's our people that have made the difference in what has been a challenging year both in managing through a

difficult external market and delivering the important step change across the Group to deliver on our strategy and improvement plan. We thank our people sincerely; they have embraced our vision for a brighter future and gone above and beyond for our customers.

There is growing confidence that the broader growth strategy and actions taken to improve operational efficiency within the business will drive strong returns and improved shareholder value, further aided when the market recovers.

Reviewing 2024

Like for like revenues declined by 8.6% in the year as the rate of market related decline across all three regions has offset our positive achievements in winning new customers, retaining and strengthening our existing customer base and delivering improved gross margins.

This revenue decline has been multi-faceted with the larger impact being reduced volumes from Original Equipment Manufacturers, as they have continued to de-stock and larger engineering projects have been suspended or delayed. This was more prevalent in the second half of the year with Ireland in particular being impacted by the Aggregates & Construction sector (in particular the OEM Crushing & Screening market) which saw more than 20% reduction in volume.

Underlying EBITDA for the year ended 31 December 2024 was £5.9m. We have also achieved a profit recognition of negative goodwill of £2.2m, which is separately disclosed. We incurred an impairment charge of £25.6m, the detail of which is covered in the CFO statement.

As a team, we've remained very focused on the management of working capital and cash generation and are comfortable with the current debt profile of the business, albeit this remains an area of focus.

Leadership focus has remained firm on executing strongly across all areas of our Performance Improvement Plan, designed to fix many of the core basics required to improve customer service and performance. The business is now a more customer-centric, lean and scalable platform for growth.

This is broadly structured under three headings where progress updates in the year have been summarised.

A new, simplified operating model

To unlock the full potential of our people and capabilities across the Group.

We have successfully rebranded under ONE Flowtech, embedding a new single integrated organisational model, across the three regions, aligned to our new value proposition and corresponding go-to-market approach. In doing so, this has strengthened commercial, operational and functional leadership and human capital capabilities, creating new departments and roles including changing 60% of the top 60 leaders in role during the year.

Customer-centric

Winning back customer confidence, powering up our growth capabilities to increase the quality and frequency of customer interactions underpinned by improved customer service.

Taking on board customer feedback throughout 2023, we were pleased to launch the new Flowtech Catalogue, something that many of our customers value, in April 2024, with 53,000 catalogues deployed across our trusted Partners. The new catalogue has been received very positively, restoring Flowtech as the leader in the market, with this vital industry publication.

Over the year, we were pleased with the progress made by our sales teams, taking our new value proposition to market and building the sales pipeline, increasing the value of opportunities by over 50% and securing a number of new contracts for 2025 delivery. As a result, the Group orderbook at the end of 2024 was at the highest level to date.

With improvements made to our on-time-in-full service, existing website and a continued focus on the speed of response to customer enquiries, we are pleased to report that customer satisfaction measures have continued to improve. This is a testament to the focus of the teams which has continued to win back customer confidence and renewed enquiries.

Getting back to doing the basics, brilliantly

Delivering operational and service excellence.

We have implemented material changes to improve the operational service and pricing mechanics across the business, recovering a lack of commercial and operational attention and regaining customer confidence which had been significantly eroded over the past years. This being a key factor in the gross margin, service and efficiency gains made.

Gross margin has improved by 142bps in the year through our commercial focus and discipline. The careful management of operating overheads throughout the year and restructuring work now completed has delivered a net £1.5m annualised cost reduction into 2025. In addition, our newly formed Group Procurement Team has delivered over £1m of indirect and direct procurement savings through enhanced capabilities and rationalisation across the Group.

Continued focus on working capital management and service excellence enabled a reduction in inventory of £4m whilst sustaining >97% availability on our fastest moving lines.

Executing well on our strategy

We have defined a strategic framework consisting of three pillars and six defined EBITDA growth engines. 2024 has been an important year, with strong progress in all three areas.

1. Customer First

Diverse customer base and omni-channel approach.

We are well on plan in building the new digital platform and associated technology improvements; ready for testing in Q1 2025 and launch in Q2 2025. This includes a new, improved customer website interface, enhancement of core technology infrastructure with the successful implementation of a new technology integration layer, new customer data platform, new content management system underpinned by some big steps to improve our product information management capability and data quality.

2. The Power of One

Differentiated value proposition delivered through one team.

We have completed the rebranding of the Company to 'One Flowtech' across all three regions embedding our purpose, vision and values. We have built and enhanced core Group capabilities in Procurement, Product Management, Communications & Marketing, Digital, Data, HR and Finance meaning that we bring standards and consistency in our processes, ways of working and are delivering greater efficiency gains.

One primary focus in 2024 has been to reset our relationships with our key strategic supplier partners. Now we are operating as one Flowtech with clarity of our value proposition and growth plans, we've seen far greater levels of understanding and engagement from our suppliers and have put in place refreshed growth plans.

We also brought together ten of our leading own brands into one single brand, FT Pro. Offering an extensive range of high quality professionally engineered products, we launched FT Pro to market and began brand building and awareness to initiate greater levels of growth. This is the start of a longer-term plan to grow and expand the FT Pro range. We were encouraged to see growth in FT Pro at 7.7%, higher than the overall business and bucking the trend of the wider market. FT Pro now represents 16% of total revenues and is higher margin.

3. A World of Motion

Expanding our products, services and geographical reach

The acquisition of the business and assets of Thorite in September brings market share gains and expands our brand, product and service offering in pneumatics, vacuum and compressed air. This combined with 1,000 collective years of relevant industry experience across colleagues in seven branches, expanding our technical capability and geographical relevant industry experience across colleagues in seven branches, expanding our technical capability and geographical footprint in the UK. The integration has been successful, and we are pleased to report performance ahead of plan with £4.5m of revenue over 4 months, acquired from administration and turned around from a £1m annual loss to making a positive profit contribution in the first 18 weeks of ownership and with full recovery of the debt and cash outlay.

Our commitment to ESG - helping to build a safer and more sustainable world
We have continued to increase our focus on ESG within three key areas. In parallel, we have completed a detailed analysis of our ESG activities, and I'm pleased with the progress we made towards renewing our strategy, which will launch in 2025.

Our environment and becoming more sustainable
Our focus throughout 2024 has been on compliance with data recording, ensuring we have an accurate picture of carbon usage across our whole business. Prior to 2024, the business operated as separate business units, so this work has been essential to standardise our approach.

In 2025 we will be launching our updated ESG strategy. Within that we will detail our targets to manage and reduce our environmental impact, along with the Key Performance Indicators we will use to assess progress against these targets.

Our culture, health, safety and wellbeing of our people
Focus on further deployment of our Health & Safety improvement plans has resulted in increased reporting of near misses, demonstrating a step change in awareness and management attention and importantly, zero RIDDORs. At the end of 2024, we launch our new FLOW Safe programme. A long-term awareness and improvement programme built around FLOW Safe - Feel Safe, Live Safe, Operate Safe and Work Safe. This is gaining good momentum and keeping safety and wellbeing at the forefront of our people's minds.

We were proud during 2024 to initiate our partnership with CALM (Campaign Against Living Miserably) to raise funding towards suicide prevention and mental health causes.

Our governance and policies as we've now become One Flowtech
Ensuring we have the right foundations in place to support our move to One Flowtech is vital. We have introduced a company-wide tiering system to ensure consistency and transparency across all roles across the organisation. We are also undertaking a full review of all our policies to ensure they support our updated ways of working.

In summary
We are satisfied with the progress we have made implementing our strategic plan, whilst recognising that this has been a difficult year due to challenging end markets. With further operational improvements delivering enhancements to gross margins, working capital optimisation, service levels, and operational efficiencies, we are confident that we are controlling the controllables. The group rebranding and restructuring is now complete, and the successful integration of Thorite is well ahead of our expectations. With much of the business transformation concluded we now have a firm, stable and scalable platform from which to deliver profitable growth into 2025 and beyond.

We recognise the likelihood of continuing challenging markets, and we are not relying on a market recovery to drive our progress. Our mantra is to make our own success, and we head into 2025 with cautious optimism. The pipeline and order book are materially stronger entering 2025 than at any point in the past. We equally have a close eye on gross margin optimisation and generating accretive EBITDA. Actions to deliver £1.5m annual net cost savings during 2024 and return Thorite to positive profitability are key enablers to this, with any market recovery seen as upside in our view. We are well positioned, despite the persistent market headwinds and remain steadfast, determined and confident in our strategy.

CFO Review

We have taken actions to manage our cost base and continue to focus on managing working capital and capital expenditure. We believe the business is very well placed to capitalise on more favourable market conditions and we have built our teams, and infrastructure over the last year, allowing us to pursue a number of exciting growth opportunities.

The Group trading performance at a glance:

	2024 £m	2023 £m	**Change £m/%**
Group revenue	**107.3**	**112.1**	-4.3%
Gross profit	**41.0**	**41.3**	-0.3
Gross profit %	**38.2%**	**36.8%**	142bps
Distribution expenses	**(4.2)**	**(4.5)**	0.3
Administrative expenses before separately disclosed items	**(34.2)**	**(30.7)**	-3.5
Underlying operating overheads	**(38.4)**	**(35.2)**	-3.2
Less Central costs	**(6.0)**	**(5.3)**	-0.7
Underlying segment operating overheads	**(32.4)**	**(30.0)**	-2.4
Underlying segment operating profit	**8.7**	**11.4**	-2.7
Underlying operating profit*	**2.7**	**6.0**	-3.13
Less separately disclosed items	**(27.9)**	**(16.4)**	-11.5
Operating loss	**(25.2)**	**(10.4)**	-14.8
Financing costs	**(1.8)**	**(1.7)**	-0.1
Loss before tax	**(27.1)**	**(12.1)**	-15.0
Tax	**0.7**	**(0.9)**	1.6
Loss after tax	**(26.4)**	**(13.0)**	-13.4
Underlying EBITDA*	**5.9**	**9.4**	-3.5

(*) Underlying operating profit is used as an alternative performance measure to assess the trading performance of the business and is operating profit before separately disclosed items which are amortisation and impairment of acquired intangibles, impairment of goodwill, negative goodwill, impairment of right of use assets, share based payments, and restructuring costs. The £3.2m differential between underlying operating profit and underlying EBITDA relates to £3.2m in respect of depreciation charges.

Our geographical segments at a glance:

	Great Britain ("GB")			**Benelux**			**Ireland**		
	2024 *audited*	2023 *audited*	Change	**2024** *audited*	2023 *audited*	Change	**2024** *audited*	2023 *audited*	Change
Revenue (£m)	75.9	77.4	(1.5)	10.0	10.6	(0.6)	21.4	24.1	(2.7)
Underlying operating profit (£m)	5.8	6.2	(0.4)	0.4	1.6	(1.2)	2.5	3.5	(1.0)
Underlying operating margin	*7.6%*	*8.0%*	*0.1%*	*3.6%*	*15.0%*	*(11.0%)*	*11.8%*	*14.5%*	*(2.8%)*
Underlying profit before tax (£m)	5.5	6.0	(0.5)	0.4	1.6	(1.2)	2.5	3.5	(1.0)

Revenue
Thorite contributed £4.8m revenue from the acquisition date (23 August 2024). As such, on a like for like basis revenue reduced by £9.6m (8.6%).

- After accounting for Thorite, GB revenue fell by £6.3m (8.1%) - There are significant plans now in place to support a return to the growth agenda as outlined in the CEO year in review section of this report.
- In Ireland after a year of significant growth (11.9%) in 2023, revenue reduced by £2.7m (11.4%); this was primarily in the second half of the year and specific to a downturn in the activity within the crushing and screening sector.
- In Benelux our revenue reduced by £0.6m (5.5%). 2024 saw the arrival of Francisco Terol to lead the Benelux business. Francisco has invested in his team, has identified a number of self-help areas to gain market share and is well set to capitalise when market conditions improve.

Gross profit
The 142bps improvement in our gross profit margin is pleasing and builds on progress made in recent years. This has resulted in a similar value of gross profit notwithstanding a £4.8m reduction in revenue. Control of gross margin across all areas of our business is fundamental.

Segment operating overheads
Underlying segment operating overheads increased by £2.4m, £1.4m of which relates to Thorite. The underling increase of £1.0m (3%) primarily relates to payroll costs where a combination of pay increases and the investment in typically higher paid new personnel has more than offset the impact of a modest reduction in underlying headcount.

Central costs
A summary of central costs is provided below:

	2024 £000	2023 £000
Management salaries	2,376	2,271
Accounting & finance	939	935
Project & IT costs	1,132	723
PLC costs	572	589
Other central operating costs	1,021	784
Total	**6,040**	5,302

Management costs include the employment costs of the Executive Officers and Group Leadership Team members excluding those that have specific segment responsibilities.

Accounting and finance cover the salary costs of the central finance and internal audit function. PLC costs capture the salaries of Non-Executive Directors and professional fees associated with our PLC status. Other areas of cost primarily relate to our project management and central health and safety teams.

The increase in Project & IT costs links to our strategic decision to build out in-house capability and resource as we focus on this area of our business which we anticipate will form a critical component of our future success.

Separately disclosed items

Separately disclosed items within administrative expenses:		
	2024 £000	2023 £000
Amortisation of acquired intangibles	820	906
Impairment of goodwill	25,070	13,026
Depreciation of old website	241	-
Impairment of right of use assets	81	456
Impairment of intangible assets	284	
Impairment of fixed assets	246	
Negative goodwill	(2,205)	-
Share-based payment costs	729	462
Release of lease liability - property vacated in 2023	-	(412)
Acquisition costs	41	-
Restructuring	2,581	1,918
Total separately disclosed items	27,888	16,356

Impairment of goodwill and right of use assets
The calculations which underpin the annual evaluation of the carrying value of assets is based on a number of key assumptions, notably revenue growth rates and the discount rate applied to reflect the net present value of future cash flows.

In total a non-cash impairment charge of £25,620,000 has been recognised in 2024, of which £25,070,000 was against Goodwill, £246,000 against fixed assets, £284,000 against intangible assets and £20,000 against right of use assets. The split of impairment charge by geographical segment is shown below:

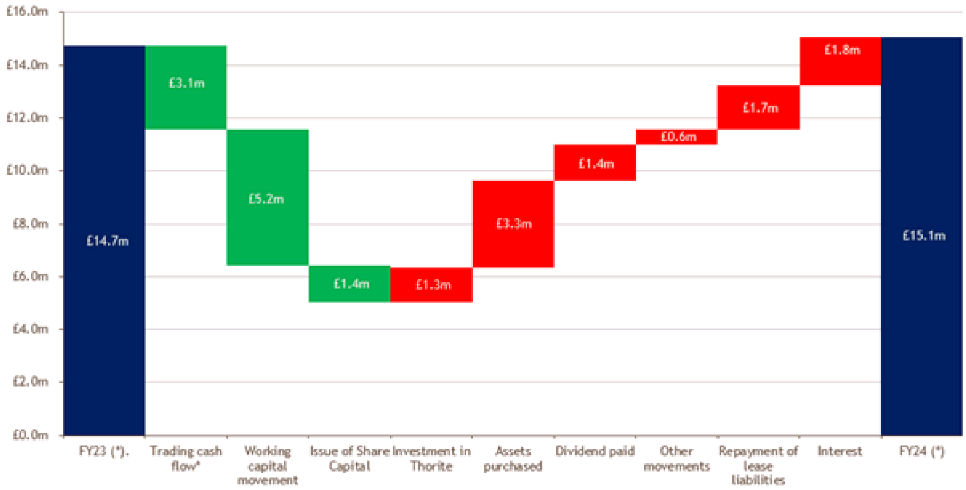
- Great Britain - £22,005,000 which relates entirely to the impairment of Goodwill.
- Island of Ireland - NIL.
- Benelux - £3,615,000 split £3,065,000 in relation to goodwill, £246,000 in relation to fixed assets, £284,000 in relation to intangible assets and £20,000 in relation to right of use assets.

Restructuring costs
The key components of restructuring costs are c£1.7m in respect of salary costs of personnel who left the business. The balance of the charges relate to costs associated with a broad range of restructuring projects.

Net Debt
Our Net Debt position (excluding lease liabilities) increased modestly from £14.7m to £15.1m; for clarity £15.1m is the net of our £16.9m revolving credit facility (RCF) and the £1.8m cash at bank we held at year end. If IFRS16 lease liabilities are included the position is £20.5m at 2024 year-end compared with £20.2m at 2023 year-end.

Net cash generated from operating activities totalled £8.7m (2023: £8.2m); this is the aggregation of operating cash inflow before working capital movements of £3.1m (2023:£7.5m), favourable working capital movements (excluding Thorite) totalling £5.2m (2023: £1.8m) and tax paid of £0.8m (2023: £1.1m). After net cash outflows after Thorite contribution of £5.8m (2023: £2.1m) associated with investing activities, £3.2m (2023: £3.6m) relating to financing activities and the dividend payment of £1.4m (2023: £1.3m) led to a £0.4m increase (2023: £1.3m reduction) in Bank debt.

This is summarised in the graph below:



(*) Opening and closing figures exclude IFRS 16 related liabilities. IFRS16 debt reduced by £0.1m in 2024.

Thorite Acquisition
On 23 August 2024 we acquired the business and assets of Thomas Wright/Thorite Group Ltd ("Thorite") immediately following the appointment of its Administrator. Thorite was established in 1850 and has a fantastic reputation within the Fluidpower sector. Its activities complement the existing activities of the Group and cross selling opportunities exist in various directions.

The consideration paid was £764k, which included initial cash consideration of £350k plus an additional £414k which was repaid to the administrators against recovered debtors. This saw assets acquired with values materially in excess of this - the disclosure in note 24 of our full annual report shows fair value of assets acquired exceeding sums paid by approx. £2.2m. Highlights within this include:

- Acquiring stock with a fair value of c£2.7m and settlement payments made to creditors to secure title were limited to £0.7m. This stock has/will turn relatively quickly so this represents material upside.
- Through a mechanism agreed with the Administrator we achieved recoveries of approx. £2.2m from book debts. This represents £0.4m in excess of the £1.7m we paid to acquire this asset.

Shortly after the acquisition, steps were taken to reduce the cost base of the business - within two months we had taken approximately £1m on an annualised basis out of the business. This, combined with significant improvements in the gross profit percentage being achieved, led to a position where we got the business back into profit within the first few months of ownership and where we expect it to make a material contribution to the profit in 2025 and beyond.

Banking facilities
Our £20m revolving credit facility provided by Barclays Bank was extended to May 2027. Covenant terms under the new agreement are consistent with before, and the base charge for the credit facilities are Sterling Overnight Index Average (SONIA)+2.40% and are subject to a non-utilisation fee of 0.84%.

The Group also has a £5m overdraft facility which was reviewed in February 2025 and on-going support was approved.

Summary
Profitability was materially impacted by challenging market conditions throughout 2024; we had expected conditions to ease in the second half of the year but that did not prove to be the case. We have taken actions to manage our cost base and continue to manage all aspects of working capital and capital expenditure closely. We believe the business is very well placed to capitalise on more favourable market conditions. We have built our teams, and infrastructure, and have a number of exciting growth opportunities which are currently being pursued.
We look forward to the remainder of 2025 and beyond, buoyed by the range of profit improvement initiatives which are available to us.

FLOWTECH a world of motion

Consolidated Income Statement
For the year ended 31 December

	2024 £000	2023 £000
Continuing operations		
Revenue	107,282	112,095
Cost of sales	(66,267)	(70,832)
Gross profit	41,015	41,263
Distribution expenses	(4,169)	(4,534)
Administrative expenses before separately disclosed items:	(34,196)	(30,740)

- Separately disclosed items	(27,888)	(16,356)
Total administrative expenses	(62,084)	(47,096)
Operating loss	(25,238)	(10,367)
Financial expenses	(1,839)	(1,735)
Loss from continuing operations before tax	(27,077)	(12,102)
Taxation	671	(875)
Loss from continuing operations	(26,406)	(12,977)
Loss for the year attributable to:		
Owners of the parent	(26,406)	(12,977)
	(26,406)	(12,977)
Earnings per share		
Basic earnings per share - continuing operations	(42.23p)	(21.10p)

Consolidated Statement of Comprehensive Income

	2024 £000	2023 £000
(Loss)/profit for the year	(26,406)	(12,977)
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
- Exchange differences on translating foreign operations	(359)	(136)
Total comprehensive loss for the year	(26,765)	(13,113)
Total comprehensive loss for the year attributable to:		
Owners of the parent	(26,765)	(13,113)
	(26,765)	(13,113)

Consolidated Statement of Financial Position

	2024 £000	2023 £000
Assets		
Non-current assets		
Goodwill	14,996	40,066
Other intangible assets	3,776	2,529
Right-of-use assets	4,806	4,829
Property, plant and equipment	7,546	7,822
Total non-current assets	31,124	55,246
Current assets		
Inventories	29,263	32,009
Trade and other receivables	22,740	23,725
Prepayments	1,052	856
Cash and cash equivalents	1,839	5,184
Total current assets	54,894	61,774
Liabilities		
Current liabilities		
Lease liability	1,694	1,695
Trade and other payables	20,866	21,558
Tax payable	228	767
Total current liabilities	22,788	24,020
Net current assets	32,1 06	37,754
Non-current liabilities		
Interest-bearing borrowings	16,913	19,915
Lease liability	3,743	3,822
Provisions	179	330
Deferred tax liabilities	791	1,534
Total non-current liabilities	21,626	25,601
Net assets	41,604	67,399
Equity directly attributable to owners of the Parent		
Share capital	31,637	30,746
Share premium	61,662	60,959
Other reserves	187	187

Other reserves	187	187
Shares owned by the Employee Benefit Trust	(54)	(124)
Merger reserve	293	293
Merger relief reserve	3,646	3,646
Currency translation reserve	(336)	23
Retained losses	(55,431)	(28,331)
Total equity attributable to the owners of the Parent	41,604	67,399

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Other reserve £000	Shares owned by the EBT £000	Merger reserve £000	Merger relief reserve £000	Currency translation reserve £000	Retained losses £000	Total equity £000
Balance at 1 January 2023	30,746	60,959	187	(124)	293	3,646	159	(14,527)	81,339
Loss for the year	-	-	-	-	-	-	-	(12,977)	(12,977)
Other comprehensive income	-	-	-	-	-	-	(136)	-	(136)
Total comprehensive income for the year	-	-	-	-	-	-	(136)	(12,977)	(13,113)
Transactions with owners									
Share-based payment charge	-	-	-	-	-	-	-	462	462
Dividends paid	-	-	-	-	-	-	-	(1,289)	(1,289)
Total transactions with owners	-	-	-	-	-	-	-	(827)	(827)
Balance at 31 December 2023	30,746	60,959	187	(124)	293	3,646	23	(28,331)	67,399
Balance at 1 January 2024	30,746	60,959	187	(124)	293	3,646	23	(28,331)	67,399
Loss for the year	-	-	-	-	-	-	-	(26,406)	(26,406)
Other comprehensive income	-	-	-	-	-	-	(359)	-	(359)
Total comprehensive income for the year	-	-	-	-	-	-	(359)	(26,406)	(26,775)
Transactions with owners									
Issue of share capital	891	703	-	(200)	-	-	-	-	1,394
Share options settled	-	-	-	270	-	-	-	(41)	229
Share-based payment charge	-	-	-	-	-	-	-	730	730
Dividends paid	-	-	-	-	-	-	-	(1,383)	(1,383)
Total transactions with owners	891	703	-	70	-	-	-	(695)	969
Balance at 31 December 2024	31,637	61,662	187	(54)	293	3,646	(336)	(55,431)	41,604

Consolidated Statement of Cash Flows

	2024 £000	2023 £000
Cash flow from operating activities		
Net cash from operating activities	8,706	8,202
Cash flow from investing activities		
Payment for acquisition	(832)	
Repayment of Credit facility from acquisition	(1,694)	
Acquisition of property, plant and equipment	(1,547)	(2,092)
Acquisition of intangible assets	(1,764)	(121)
Proceeds from sale of property, plant and equipment	31	135
Net cash used in investing activities	(5,806)	(2,078)
Cash flows from financing activities		
Net proceeds from issue of share capital	1,393	
Repayment of lease liabilities	(1,663)	(1,818)
Repayment of bank loan	(3,000)	
Interest on lease liabilities	(117)	(221)
Other interest	(1,725)	(1,567)
Proceeds from sale of shares held by the EBT	270	-
Dividends paid	(1,383)	(1,289)
Net cash used in financing activities	(6,225)	(4,895)
Net change in cash and cash equivalents	(3,325)	1,229
Cash and cash equivalents at start of year	5,184	3,972
Exchange differences on cash and cash equivalents	(20)	(17)

Cash and cash equivalents at end of year	1,839	5,184
Net Debt	15,074	14,731

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings £000	Short-term borrowings £000	Lease liabilities £000	**Total £000**
At 1 January 2023	-	19,967	6,713	**26,680**
Cash flows:				
Repayment	-	-	(1,819)	**(1,819)**
Other movements		(52)	-	**(52)**
Non cash:				
Additions	-	-	1,068	**1,068**
Disposals	-	-	(425)	**(425)**
Reclassification of liabilities	19,915	(19,915)	-	-
Other lease movements	-	-	-	-
Foreign exchange difference	-	-	(21)	**(21)**
At 31 December 2023	19,915	-	5,516	**25,431**

At 1 January 2024	19,915	-	5,516	**25,431**
Cash flows:				
Repayment	(3,000)	-	(1,663)	**(4,663)**
Other movements	(2)	-	-	**(2)**
Non cash:				
Additions	-	-	1,628	**1,628**
Disposals	-	-	-	-
Reclassification of liabilities	-	-	-	-
Other lease movements	-	-	-	-
Foreign exchange difference	-	-	(44)	**(44)**
At 31 December 2024	16,913	-	5,437	**22,350**

Other lease movements are adjustments for the reduction in value of the lease liabilities following either the exercise of an early termination clause or an agreement with the landlord.

Notes to the Consolidated Financial Information

1. General information

The principal activity of Flowtech Fluidpower plc (the 'Company') and its subsidiaries (together, the 'Group') is the distribution of engineering components and assemblies, concentrating on the fluid power industry. The Company is a public limited company, incorporated and domiciled in the United Kingdom. The address of its registered office is Bollin House, Bollin Walk, Wilmslow, SK9 1DP. The registered number is 09010518.

News updates, regulatory news, and financial statements can be viewed and downloaded from the Group's website, www.flowtechfluidpower.com . Copies can also be requested from: The Company Secretary, Flowtech Fluidpower plc, Bollin House, Bollin Walk, Wilmslow, SK9 1DP. Email: info@flowtechfluidpower.com.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK adopted international accounting standards and the Companies Act 2006. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' (FRS 101).

The consolidated financial statements have been prepared on a going concern basis and prepared on the historical cost basis.

The consolidated financial statements are presented in sterling and have been rounded to the nearest thousand (£'000). The functional currency of the Company is sterling.

The preparation of financial information in conformity with UK-adopted international accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

3. Segment reporting

During 2024, Management reviews the operations of the business based on three geographical segments - Great Britain, Ireland and Benelux. These operating segments are monitored by the Group's Chief Operating Decision Maker and strategic decisions are made on the basis of adjusted segment operating results. Inter-segment revenue arises on the sale of goods between Group undertakings.

The Directors believe that the Underlying Operating Profit provides additional useful information on underlying trends to Shareholders. The term 'underlying' is not a defined term under IFRS and may not be comparable with similarly titled profit measurements reported by other companies. A reconciliation of the underlying operating result to operating result from continuing operations is shown below. The principal adjustments made are in respect of the separately disclosed items as detailed later in this note; the Directors consider that these should be reported separately as they do not relate to the performance of the segments.

Segment information for the reporting periods are as follows:

For the year ended 31 December 2024	Great Britain	Benelux	Ireland	Inter-segmental transactions	Central costs	**Total continuing operations**

2024	Great Britain £000	Benelux £000	Ireland £000	Inter-segmental transactions £000	Central costs £000	**Total continuing operations £000**
Income statement - continuing operations:						
Revenue from external customers	75,913	9,999	21,370	-	-	**107,282**
Inter-segment revenue	4,541	378	469	(5,388)	-	**-**
Total revenue	80,454	10,377	21,839	(5,388)	-	**107,282**
Underlying operating result (*)	5,806	363	2,521	-	(6,040)	**2,650**
Net financing costs	(325)	(6)	(23)	-	(1,482)	**(1,836)**
Underlying segment result	5,481	357	2,498	-	(7,522)	**814**
Separately disclosed items	(21,715)	(3,823)	(218)	-	(2,133)	**(27,888)**
Profit/(loss) before tax	(16,234)	(3,466)	2,278	-	(9,655)	**(27,077)**
Specific disclosure items						
Depreciation and impairment on owned plant, property and equipment	1,375	70	96	-	1	**1,542**
Depreciation on right of use assets	1,109	112	165	-	146	**1,532**
Accelerated depreciation of old website	241	-	-	-	-	**241**
Impairment of right of use assets	61	20	-	-	-	**81**
Negative goodwill	(2,205)	-	-	-	-	**(2,205)**
Impairment of goodwill	22,005	3,065	-	-	-	**25,070**
Impairment of intangible assets		284				**284**
Impairment of fixed assets	-	246	-	-	-	**246**
Amortisation	877	73	99	-	-	**1,049**
Reconciliation of underlying operating result						
Underlying operating result (*)	5,806	363	2,521	-	(6,040)	**2,650**
Separately disclosed items	(21,715)	(3,823)	(218)	-	(2,133)	**(27,888)**
Operating (loss)/profit	(15,909)	(3,460)	2,303	-	(8,173)	**(25,238)**

(*****) Underlying operating result is continuing operations' operating profit before separately disclosed items detailed later in this note.

For the year ended 31 December 2023 (re-stated)	Great Britain £000	Benelux £000	Ireland £000	Inter-segmental transactions £000	Central costs £000	**Total continuing operations £000**
Income statement - continuing operations:						
Revenue from external customers	77,371	10,583	24,141	-	-	**112,095**
Inter-segment revenue	3,141	652	585	(4,378)	-	**-**
Total revenue	80,512	11,235	24,726	(4,378)	-	**112,095**
Underlying operating result (*)	6,165	1,585	3,541	-	(5,302)	**5,989**
Net financing costs	(172)	(8)	(30)	-	(1,525)	**(1,735)**
Underlying segment result	5,993	1,577	3,511	-	(6,827)	**4,254**
Separately disclosed items	(13,925)	(98)	(588)	-	(1,745)	**(16,356)**
Profit/(loss) before tax	(7,933)	1,479	2,923	-	(8,571)	**(12,102)**
Specific disclosure items						
Depreciation and impairment on owned plant, property and equipment	1,208	71	83	-	1	**1,363**
Depreciation on right of use assets	1,065	262	344	-	139	**1,810**
Impairment of right of use assets	-	-	456	-	-	**456**
Impairment of goodwill	13,026	-	-	-	-	**13,026**
Impairment of acquired intangibles	-	-	-	-	-	**-**
Amortisation	900	98	118	-	-	**1,116**
Reconciliation of underlying operating result						
Underlying operating result (*)	6,165	1,585	3,541	-	(5,302)	**5,989**
Separately disclosed items	(13,925)	(98)	(588)	-	(1,745)	**(16,356)**
Operating (loss)/profit	(7,760)	1,487	2,953	-	(7,047)	**(10,367)**

(*****) Underlying operating result is continuing operations' operating profit before separately disclosed items detailed below.

	2024 £000	2023 £000
Separately disclosed items		
Separately disclosed items within administration expenses:		
- Acquisition costs	41	
- Amortisation of acquired intangibles	820	906
- Accelerated depreciation of old website	241	
- Impairment of Fixed assets	246	-
- Impairment of intangible asset	284	
- Impairment of goodwill	25,070	13,026
- Impairment of right of use asset	81	456

- Negative goodwill	(2,205)	
- Share-based payment costs	729	462
- Release of lease liability of property closed in FY23	-	(412)
- Restructuring	2,581	1,919
Total separately disclosed items	27,888	16,356

Share-based payment costs relate to charges made in accordance with IFRS 2 'Share-based payment' following the issue of share options to employees.

Restructuring costs relate to restructuring activities of an operational nature following acquisition of business units and other restructuring activities in established businesses. In 2024 restructuring costs included £377k relating to the exit of members of the previous leadership team, £441k related to the acquisition of Thorite and £1,705k related to the organisation redesign and One Flowtech project.

Geographical and category analysis of revenue

The Group operates primarily in the UK, The Netherlands, Belgium and Ireland. Revenue generated from distribution of hydraulic and pneumatic consumables, bespoke manufacture, commissioning and installation of equipment are categorised as sale of goods. Income from on-site services and revenue arising from contracts is disclosed separately.

31 December 2024	Sale of goods £000	Contracts £000	On-site services £000	Total revenue £000	Non-current assets £000
United Kingdom	79,864	5,420	1,279	86,563	55,411
Europe	19,502	332	-	19,834	1,396
Rest of the World	885	-	-	885	-
Total	100,251	5,752	1,279	107,282	56,807

31 December 2023	Sale of goods £000	Contracts £000	On-site services £000	Total revenue £000	Non-current assets £000
United Kingdom	83,178	3,041	1,087	87,306	64,979
Europe	23,148	-	-	23,148	3,749
Rest of the World	1,641	-	-	1,641	-
Total	107,967	3,041	1,087	112,095	68,728

No customers of the Group account for 10% or more of the Group's revenue for either of the years ended 31 December 2024 or 2023. Non-current assets are allocated based on their physical location. Revenue recognised at a point in time was £101,571k (2023: £109,953k) and revenue recognised over time was £5,371k (2023: £2,142k).

Some contract works begun during the year were still in progress at the end of the year. For 2024, revenue includes £Nil (2023: £174k) included in the contract liability balance at the beginning of the reporting period.

Contract balances	**31 December 2024 £000**	31 December 2023 £000	1 January 2023 £000
Trade receivables	1,061	946	1,216
Advances received for contract works	-	-	174
Deferred service revenue	-	-	-
Total contract liabilities	1,061	946	1,390

4. Operating loss/profit

The following items have been included in arriving at the operating loss/profit for continuing operations:

	2024 £000	2023 £000
Depreciation of property, plant and equipment under right-of-use assets	1,532	1,810
Depreciation and impairment of tangible assets	1,788	1,363
Amortisation of intangible assets - website	241	210
Amortisation of intangible assets - customer relationships and brands	820	906
Impairment of intangible asset	284	
Impairment of goodwill	25,070	13,026
Impairment of right of use asset	81	456
Impairment loss/(gain) on trade receivables and prepayments	10	10
(Profit) / Loss on foreign currency transactions	(151)	(9)
Repairs and maintenance expenditure on plant and equipment	16	292

Services provided by the Group's Auditor

	2024 £000	2023 £000
Audit of the statutory consolidated and Company financial statements of Flowtech Fluidpower plc	112	95
Amounts receivable by the Company's Auditor and its associates in respect of: Audit of financial statements of subsidiaries of the Company	276	226

No other services were provided to the Company and its subsidiaries by the Group's auditor. Services are provided by other professional advisers as deemed appropriate by the Board.

5. Taxation

5. Taxation

Recognised in the income statement

Continuing operations:	**2024 £000**	2023 £000
Current tax expense		
UK Corporation tax	130	146
Overseas tax	93	292
Adjustment in respect of prior periods	47	184
Current tax expense	270	622
Deferred tax		
Origination and reversal of temporary differences	(771)	49
Adjustment in respect of prior periods	(170)	217
Change in tax rate	-	(13)
Deferred tax (credit)/charge	(941)	253
Total tax (credit) / charge - continuing operations	(671)	875

Reconciliation of effective tax rate	**2024 £000**	2023 £000
Loss profit for the year	(26,406)	(12,977)
Total tax (expense)	671	(875)
Loss excluding taxation	(27,077)	(12,102)
Tax using the UK corporation tax rate of 25% (2023: 23.5%)	(6,778)	(2,846)
Impact of change in tax rate on deferred tax balances	-	1
Amounts not deductible	6,016	3,412
Adjustment in respect of prior periods	101	401
Other adjustments	140	37
Other tax reliefs and transfers	(150)	(130)
Total tax expense in the income statement - continuing operations	(671)	875

6. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary Shareholders by the weighted average number of ordinary shares during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive shares are those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. For diluted loss per share the weighted average number of ordinary shares in issue is not adjusted since its impact would be anti-dilutive.

	Year ended 31 December 2024			Year ended 31 December 2023		
	Loss after tax £000	Weighted average number of shares	Loss per share Pence	Profit after tax £000	Weighted average number of shares	Earnings per share Pence
Basic earnings per share						
Continuing operations	(26,406)	62,526	(42.23p)	(12,977)	61,493	(21.10p)

	2024 £000	2023 £000
Weighted average number of ordinary shares for basic and diluted earnings per share	62,526	61,493
Impact of share options	85	97
Weighted average number of ordinary shares for diluted earnings per share	62,441	61,590

7. Goodwill

	2024 £000	2023 £000
Cost		
Balance at 1 January	63,164	63,164
Balance at 31 December	63,164	63,164
Impairment		
At 1 January	23,098	10,072
Impairment charge	25,070	13,026
At 31 December	48,168	23,098
Carrying amount at 31 December	14,996	40,066

Background

Goodwill impairment is monitored for groups of CGUs. The CGU groupings are split across the three geographical segments. The carrying amounts of goodwill allocated now stands as at 31 December 2024 are:

Geographical segment	**£000** *audited*
Great Britain	13,127
Island of Ireland	1,869
Benelux	-
Total	**14,996**

Impairment tests

The carrying amount of goodwill in each geographical segment was determined by calculating the sum of the carrying amounts of all intangible assets (including goodwill) and tangible assets attributable to that unit. These were then compared with the value in use calculations for each geographical segment based on discounted cash flows of future period forecasts. Management prepared forecasts for a five-year period and all forecasts have been approved by the Board.

Cash flows beyond the period forecast by management for each CGU were extrapolated at an expected long-term growth rate of 2%. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

Goodwill impairment charges in 2024

In total an impairment charge of £25,620,000 has been taken in 2024, of which £25,070,000 was taken against Goodwill, £246,000 against fixed assets, £284,000 against intangible assets and £20,000 against right of use assets. The split of impairment charge by geographical segment is shown below:

- Great Britain - £22,005,000 which relates entirely to Goodwill.
- Island of Ireland - NIL.
- Benelux - £3,615,000 split £3,065,000 in relation to goodwill, £246,000 in relation to fixed assets, £284,000 in relation to intangible assets and £20,000 in relation to Right of Use Assets.

Recent announcements relating to trade tariffs were non-adjusting post balance sheet events; as such any associated impact (which we do not deem to be material) has not been taken into account in the cash flow forecasts used for impairment testing.

Great Britain

An impairment charge of £22,005,000 has been taken; Comprising entirely of an impairment to Goodwill. This leaves a balance of goodwill of £13,127. The value in use calculation is sensitive to a number of assumptions. In arriving at the impairment charge the forecasts assumed a pre-tax discount rate of 15.47% and revenue growth rates of 19.7% in 2025, 9.9% in 2026, 7.3% in 2027, 2.5% in 2028 and 2% in 2029 and beyond. The 2025 growth rate is materially impacted by a full year contribution from Thorite (acquired August 2024). The calculation is extremely sensitive to any movement in these assumptions. With regards to movements in the long-term revenue growth assumptions, the impact of a 1% decrease would increase the impairment charge by approximately £4.4m whilst a 1% increase would decrease the impairment charge by approximately £5.4m. Movements in revenue and discount rates are considered the factors to which the value in use calculation is most sensitive.

Benelux

An impairment charge of £3,615,000 has been taken; this comprises £3,065,000 in relation to goodwill, £246,000 in relation to fixed assets, £284,000 in relation to intangible assets and £20,000 in relation to Right of Use Assets. This leaves the balance of goodwill, intangible assets, fixed assets and ROU assets at £Nil as at the impairment date. The value in use calculation is sensitive to a number of assumptions. In arriving at the impairment charge the forecasts assumed a pre-tax discount rate of 15.29% and revenue growth rates of 8.3% in 2025, 10.0% in 2026, 8.5% in 2027 and 2% in 2028 and beyond. The calculation is extremely sensitive to any movement in these assumptions. Due to the Goodwill in the Benelux group of CGUs being fully impaired at the assessment date no further impairment would arise on sensitivity analysis.

8. Net cash from operating activities

	2024 £000	2023 £000
Reconciliation of (loss)/profit before taxation to net cash flows from operations		
Loss from continuing operations before tax	(27,077)	(12,102)
Depreciation and impairment of property, plant and equipment	1,537	1,363
Depreciation on right-of-use assets (IFRS 16)	1,526	1,810
Impairment of right-of-use assets (IFRS 16)	82	456
Write off of right-of-use liability (IFRS 16)	-	(387)
Finance costs	1,839	1,737
Loss on sale of plant and equipment	-	1
Amortisation of intangible assets	1,289	1,116
Impairment of fixed assets	246	-
Impairment of intangible assets	284	
Negative goodwill	(2,205)	
Impairment of goodwill	25,070	13,026
Cash settled share options	(45)	-
Equity-settled share-based payment charge	729	462
Exchange differences on non-cash balances	(128)	(15)
Operating cash inflow before changes in working capital and provisions	3,147	7,467
Change in trade and other receivables	3,310	347
Change in stocks	4,864	(619)
Change in trade and other payables	(1,562)	2,086
Change in provisions	(239)	15
Cash generated from operations	9,520	9,296
Tax paid	(814)	(1,094)
Net cash generated/(used) from operating activities	8,706	8,202

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