

**Surface Transforms plc**  
**("Surface Transforms" or the "Company")**  
**Full year results for year ended 31 December 2024 and Notice of AGM**

Surface Transforms (AIM:SCE), manufacturers of carbon fibre reinforced ceramic automotive brake discs, is pleased to announce its audited results for the twelve months ended 31 December 2024.

**Financial highlights**

- Revenue increased by 13% to £8.2m (2023 : £7.3m), due to a 21% increase in disc sales
- Gross margin of 50% (2023 : 57%), reduction due to movement in product mix towards customers with higher future volumes
- Net research costs pre-capitalisation of £15.4m (2023 : £12.9m) due to extensive programme of initiatives to improve manufacturing efficiency and yields
- Impairment of fixed assets of £6.5m (2023 : £9.2m)
- Loss after taxation was £22.3m (2023 : £19.6m)
- Loss per share of 2.31p (2023 : 7.92p)
- Cash used in operating activities of £14.0m (2023 : £10.3m)
- Cash as at 31 December 2024 of £0.5m (2023 : £6.1m)
- £9.5m equity placing and open offer to support ongoing working capital needs in the year
- £5.1m ERDF loan advanced to fund capital investment

**Customer highlights**

- Six multi-year OEM contracts in series production
- Customers have been highly supportive through direct funding of working capital and operational expertise, which has continued into 2025
- Confidence in our business and desire for our product remains high

**Operational highlights**

- Extensive programme of technical, personnel and process changes in the year to reduce equipment down time and scrap rates
- Capital investments of £6.2m (2023 : £9.1m) in the year
- Capacity constraints progressively reduced with built volumes 29% higher than prior year, which has continued in 2025 year to date
- Focused on improving yield and process capability of all operations

**Board changes**

- David Bundred retired as Chairman on 16 Sept 2024
- Ian Cleminson appointed as Interim Chairman on 6 November 2024 and Chairman on 20 May 2025
- Post year-end, Isabelle Maddock announced her intention to retire as CFO and Steve Harrison joined as interim CFO (non-board director) on 17 March 2025

**Posting of Annual Report and Notice of Annual General Meeting**

The Company's Annual Report and Accounts for the year ended 31 December 2024, together with a notice convening the Company's Annual General Meeting ("AGM") will be posted to shareholders today and will be available on the Company's website [www.surfacetransforms.com](http://www.surfacetransforms.com).

The AGM will be held at 98 King Street, Manchester M2 4WU on 22 July 2025 at 11.00 a.m.

**For further information, please contact:**

**Surface Transforms plc**

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Ian Cleminson, Chairman

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**About Surface Transforms**

*Surface Transforms plc. (AIM:SCE) develops and produces carbon-ceramic material automotive brake discs. The Company is the UK's only manufacturer of carbon-ceramic brake discs, and only one of two mainstream carbon ceramic brake disc companies in the world, serving customers that include major OEMs in the global automotive markets.*

*The Company utilises its proprietary next generation Carbon Ceramic Technology to create lightweight brake discs for high-performance road and track applications for both internal combustion engine cars and electric vehicles. While competitor carbon-ceramic brake discs use discontinuous chopped carbon fibre, Surface Transforms interweaves continuous carbon fibre to form a 3D matrix, producing a stronger and more durable product with improved heat conductivity compared to competitor products; this reduces the brake system operating temperature, resulting in lighter and longer life components with superior*

*brake performance. These benefits are in addition to the benefits of all carbon-ceramic brake discs vs. iron brake discs: weight savings of up to 70%, longer product life, consistent performance, reduced brake pad dust and corrosion free.*

*The Company holds the London Stock Exchange's Green Economy Mark.*

*For additional information please visit [www.surfacetransforms.com](http://www.surfacetransforms.com)*

#### **Chairman's Statement**

2024 proved to be another difficult year which was dominated by the challenge of delivering consistent volume production with yields that would result in a viable and profitable operating model. Progress was frustratingly slow and resulted in a funding requirement leading the Company to raise fresh equity in May 2024 and seek financial and operational support from key customers post November 2024.

Against this backdrop the customer base has been hugely supportive, and the business has shown incredible resolve. Fundamentally however, the performance has just not been good enough and shareholders are right to be disappointed.

#### **Sales Progress**

The Company grew modestly; 13% year on year revenue growth. Similar to prior periods, the business experienced demand levels beyond its available supply.

#### **Progress on Operations**

The inability to deliver higher production volumes stems from three broad categories:

- an inability to achieve the target yield from current capacity;
- failure to deliver a consistent and repeatable process; and
- delays in installing capacity.

As the Company scaled production, mechanical and material science issues emerged with upgraded or new equipment that were not apparent during the development phase resulting in excessive down time and low yields. Since the year end, operational efficiency and consistency has seen a continued improvement, driven by equipment upgrades, improved processes, and the impact of operational support from customers.

The Company is executing a capital investment program totalling £13.2 million, funded through ERDF support, aimed at enhancing the manufacturing process. This investment is pivotal to achieving a sustainable and profitable operating model. It underpins the Company's ability to meet projected demand, drive down operating costs, improve production yields, and realise sustainable cash flows.

As at 31 December 2024, £5.1 million of the programme had been deployed. The remaining £8.2 million is expected to be spent over the course of 2025, weighted towards H1 with full spend anticipated by year-end. This programme will address future capacity limitations, positioning the Company to meet its commercial and operational objectives with greater efficiency and resilience.

#### **Personnel**

The transition to full-scale production has continued to place significant demands on our team. As with any period of sustained operational change, the resulting pressure has led to notable staff churn, which, while disruptive at times, has also created opportunities to strengthen the organisation.

Attracting and integrating skilled professionals across key technical disciplines, including mechanical, electrical, and heat treatment engineering, as well as maintenance is key to building depth and resilience. In parallel, we have expanded our quality and operations teams and invested in the development of senior management to support the evolving demands of the business. Again, customer operational support post November 2024 has been pivotal to the improvement we are now realising. A key focus for the Board this year has been investing in our people, with a particular emphasis on leadership development through external support.

#### **Progress with customers**

During the year we ensured that all customers were kept fully informed of our operational difficulties and ability to deliver products at volume. The major customers have been hugely supportive, offering both financial and operational assistance. Beyond these major customers, we are maintaining our customer base of small niche vehicle builders ("Near OEMs") as they offer a degree of flexibility in our operational planning and have only a marginal impact on capacity in a market segment that is growing and larger than we previously believed.

Strategic discussions on commercial agreements specifying multi-year volumes and prices as well as customer manufacturing support, received through prepayments (£11.9m at 31 May 2025) are well advanced.

#### **Current trading and outlook**

The Board expects 2025 financial performance to reflect continued growth, as production capacity and yield rise as a result of improvements made throughout the organisation. The issues (previously reported) of inconsistent yield in Q1-25 continues to be addressed with resultant improvements in Q2-25. Management intend to report on the output for H1-25 on or before the Annual General Meeting on 22 July 2025, where this can be discussed directly with shareholders.

#### **Summary**

There is no doubt 2024 has been a year of disappointment and frustration. Despite this the support of customers has been incredibly strong and reflects the high value placed on our product and technology. The financial and operational assistance that has been forwarded to the Company has been both welcomed and key to any progress made.

Since November 2024 the Board has been focused solely on operational improvement and cash management. We are starting to see sustainable improvements in output, yield and quality that gives us a degree of confidence that 2025 will be a much better year. While there remains a lot still to do we are encouraged that a pivotal change has occurred.

Finally I want to thank all the employees for their dedication to the Company in what has been a highly stressful period and shareholders for their patience and support.

#### **Financial Review**

##### **Revenue**

Revenue increased 13% to £8.2m in 2024, driven by a 21% increase in discs sold in the period.

Movement toward meeting the higher volume, but lower price, OEM's rather than small dealer sales meant the unit price fell slightly.

##### **Gross margin**

Gross profit margin decreased to 50% due to the above shift in product mix and costs incurred in efforts to improve capacity and yield.

##### **Other Income**

During the year, we recognised £0.5 million in other income relating to the resolution of a historical equipment supply matter. While specific details remain confidential under the terms of the agreement, this represents a partial recovery in respect of the matter reported in the prior year.

respect of the matter reported in the prior year.

#### Overheads

Administrative expenses rose 11% to £6.0 million in 2024, up from £5.4 million in 2023. The increase was primarily driven by a combination of factors, including increases in audit-related fees and additional spend on external expertise to support technical accounting and disclosure requirements. Further increases arose from higher legal fees across a variety of matters and elevated repairs and maintenance costs.

Our continued commitment to research and development (R&D) remains a key driver of innovation and future growth. During the year, pre-capitalisation R&D expenditure increased by £2.5 million to £15.4 million (2023: £12.9 million). Investment was primarily directed towards process and equipment development, the resolution of technical challenges, and the establishment of repeatable processes for higher-volume production. As these development hurdles are progressively overcome, it is expected that the level of spend will reduce.

During the year, we recognised an accelerated depreciation charge of £0.6 million following a review of the useful economic lives of certain assets. This reflects the Group's transition to newer technologies and the associated replacement of older generation equipment. The adjustment aligns with our capital investment strategy and ensures our asset base continues to reflect its operational utility and future economic benefits.

In accordance with IAS 38 Intangible Assets, no R&D costs were capitalised during the year in relation to the development of our layered products because it was not possible to demonstrate how the development costs will generate future economic benefits using the principles of IAS 36 Impairment of Assets. See Note 4 for details of the impairment assessment for the related CGU performed at 31 December 2024.

#### Impairment

As part of our annual financial review, the Company conducted an impairment assessment in accordance with IAS 36. Based on a value-in-use analysis reflecting management's current expectations of future performance, an impairment charge of £6.5 million has been recognised in the year (2023 : £9.2 million), allocated on a pro-rata basis across all non-current asset categories, including fixed assets, intangible assets, and contract fulfilment assets.

The assessment reflects updated forecasts and a risk-adjusted view of operational delivery and performance timing. While the impairment reduces the carrying value of certain assets, management continues to view the asset base as integral to the Company's ability to fulfil customer contracts and support future revenue generation.

Further details, including key assumptions and sensitivity analysis, are provided in Note 4 to the financial statements.

#### Net loss

Net loss in the year (after taxation) £22.3m (2023 £19.6m).

#### Cash Flow

Gross cash at the year-end was £0.5m (2023: £6.1m), supported by a £9.5m fundraising to facilitate working capital growth. In addition, £1.6m of cash advances were received from a key customer during the final quarter of the year to further support working capital. Customer support has continued into 2025 including further working capital funding, increased pricing and funded manufacturing expertise. At the time of writing, positive discussions with key customers regarding further support remain ongoing.

#### Balance Sheet

Inventories increased by £0.9m and trade and other receivables rose by £0.7m, reflecting higher activity levels. Contract fulfilment assets decreased by £0.7m as costs held on the balance sheet were released in line with the transfer of related goods and services to the customer (see Note 15 for further details). Trade and other payables increased by £1.9m, which included a cash advance received from a key customer.

#### Equity

During the year, the Company successfully raised £9.5 million in equity funding to support working capital requirements. Despite this, after the net loss of £22.3m, net assets decreased by £13.4m

#### Loans

In December 2023, the Company secured a £13.2 million loan facility from the LCR UDF Limited partnership. This loan originates from Liverpool city region's Urban Development Fund, which is part-funded by the European Regional Development Fund (ERDF). The loan is used to invest in new manufacturing facilities, thereby increasing our production capacity. It is solely for capital purposes and can be drawn down for eligible capital projects up until 31 December 2025. Similar to a revolving credit facility, the loan liability is only recognised once funds are drawn down. As at 31 December 2024, £5.1m (2023: £ nil) had been drawn down. The loan covenant position is further described in the going concern section of this report. As a result of a covenant breach as at December 2024, the loan is presented as a current liability. Further details, including the post-year-end waiver, are provided in Note 16 - Interest-bearing Borrowings and Lease Liabilities

#### Going Concern and Material Uncertainty Statement

The continued operation of the Company as a going concern is dependent on its ability to successfully navigate the current scale-up phase, where the efficiency of the production process will determine the sales volume achievement, since demand is running well ahead of capacity. The Directors have identified two key areas of material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern: cost and yield challenges and flexibility in commercial arrangements and level of committed funding.

##### 1) Cost and Yield Challenges

- **Cost of Manufacture:** Inflationary pressures continue to pose a risk to raw material and labour costs. In response, the Company has renegotiated current pricing across all major OEM contracts and is pursuing ongoing investments in scalable technology and process efficiencies. These initiatives are expected to reduce manufacturing costs and support margin sustainability, but the accuracy of that expectation remains to be demonstrated consistently.
- **Yield:** Achieving consistent improvements in manufacturing yield remains critical to meeting customer demand and achieving long-term cost efficiencies. The production process is inherently complex, requiring specific operating metrics, particularly around yield, to be consistently met. Lower than expected yields not only reduce the number of saleable units, thereby limiting revenue, but also increase production costs due to higher rates of disc scrappage. This adversely impacts profit margins and cash flows.

Management has taken proactive steps to address these challenges. Several successful upgrades to the manufacturing process were implemented during the year, with further improvements and the involvement of external technical expertise continuing into 2025. These initiatives are expected to materially reduce scrappage rates and enhance overall efficiency.

However, while initial improvements have been encouraging, the underlying processes are still maturing, and several months of sustained high yields will be required before this uncertainty can be fully mitigated. Until such consistency is demonstrated, Management believes there remains material uncertainty. Any unforeseen setbacks in yield performance could hinder the Company's ability to fulfil contractual obligations, potentially leading to delays, renegotiations with customers, or the need for additional funding.

Furthermore, as an exporter primarily to the US, the Company is mindful of the varying trade and tariff environment. Having established Incoterms transferring title for goods at UK dispatch with the majority of its customers, the Company believes the impacts will be more macro in terms of overall price pressures rather than directly within the supply chain. The Company has advanced mid and long term price negotiations with customers to limit tariff and currency pressures to the

highest extent possible.

## 2) Flexibility in Commercial Arrangements and Level of Committed Funding

The Company's future cash position is heavily dependent on two further factors: the successful finalisation of new commercial contract terms with OEM partners and ongoing support from the Liverpool Combined Authority ("LCA") through waivers for breach of covenant on the ERDF loan.

- **Commercial contracts:** The timing of finalising full commercial agreements specifying multi-year volumes and prices as well as possible loan conversion for customer manufacturing support, received through prepayments (£11.9m at 31 May 2025) remains uncertain. Any unforeseen delays in securing these agreements or accelerated demand for recovery of the prepayment could lead to funding gaps or breaches of loan covenants, which would further restrict access to future funding and thereby put additional pressure on cash reserves.
- **ERDF loan:** During 2024, the Company made further drawdowns on the ERDF loan utilising £5.1m of the £13.2m facility. In December 2024 the ERDF covenants were again breached and this position remained unrectified in March 2025. However, the LCA have been willing to waive the December breach in recognition of its temporary nature ahead of a much-improved long term outlook and it is anticipated that further waivers will be given in 2025 until revised covenants are agreed. Further permitted drawdowns have occurred during 2025 and it is anticipated that the £13.2m facility will be fully drawn by the end of the year. Whist Management are confident that the unwavering support from the LCA will continue, should covenants be breached and a further waiver not granted then the Company would be required to raise funds from other sources. Therefore, the requirement for covenant waivers contributes to material uncertainty.

The Directors have modelled a range of scenarios incorporating the year ending December 2025 and half year to 2026 with base case and downside cases exploring the impact on liquidity from reductions in the key areas of revenue, cost and yield. They have also noted that, since the balance sheet date, the Company has made significant progress in the above areas on price and volumes and tangible unit cost reductions when compared to 2024.

Further information on the scenario modelling and key judgments underpinning the going concern assessment is disclosed in the notes to the accounts.

The full-year 2025 outlook remains aligned with Management's base case expectations of revenue and EBIT as well as the achievement of cash positive monthly flows by the second half of the year. However, the Board acknowledge that uncertainty remains regarding yield performance, cost control, and the timing of commercial agreements.

As such, there exists a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. Should these challenges persist or worsen in the short term, they may adversely impact operational performance, including sales and EBITDA generation, which are essential for transitioning from a loss-making to a cash-generative business.

Notwithstanding the material uncertainty outlined above, after due consideration the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis and do not contain the adjustments that would arise if the Company were unable to continue as a going concern.

## Statement of Total Comprehensive Income

	Note	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
<b>Revenue</b>	<b>3</b>	<b>8,243</b>	7,312
Cost of Sales		(4,137)	(3,137)
<b>Gross Profit</b>		<b>4,106</b>	4,175
		50%	57%
Other Income		516	16
Gross profit after other income		4,622	4,191
Administrative Expenses:			
Before research and development costs		(6,050)	(5,439)
Research and development costs		(15,440)	(9,676)
Impairment of fixed assets		(6,488)	(9,238)
<b>Total administrative expenses</b>		<b>(27,978)</b>	(24,353)
<b>Operating loss before exceptional items</b>	<b>4</b>	<b>(23,356)</b>	(20,162)
Exceptional items	5	-	(389)
<b>Operating loss after exceptional items</b>		<b>(23,356)</b>	(20,551)
Financial Income	9	148	5
Financial Expenses	8	(678)	(176)
<b>Loss before tax</b>		<b>(23,886)</b>	(20,722)
Taxation	10	1,537	1,163
<b>Loss for the year after tax</b>		<b>(22,349)</b>	(19,559)
<b>Total comprehensive loss for the year attributable to members</b>		<b>(22,349)</b>	(19,559)
<b>Loss per ordinary share</b>			
Basic and diluted	27	(2.31)p	(7.92)p

## Statement of Financial Position

At 31 December 2024

	Note	As at 31 December 2024 £'000	As at 31 December 2023 £'000 (Restated)
<b>Non-current Assets</b>			
Property, plant and equipment	11	13,772	16,017
Intangibles	12	34	-
Contract fulfilment asset	15	422	723
<b>Total non-current assets</b>		<b>14,228</b>	<b>16,740</b>
<b>Current assets</b>			
Inventories	13	5,376	4,469
Trade receivables	14	1,543	1,702
Other receivables	14	1,998	1,161
Contract assets	14	278	-
Tax receivable	14	1,331	1,196
Contract fulfilment asset	15	235	619
Cash and cash equivalents		462	6,064
<b>Total current assets</b>		<b>11,223</b>	<b>15,211</b>
<b>Total assets</b>		<b>25,451</b>	<b>31,951</b>
<b>Current liabilities</b>			
Other interest-bearing borrowings	16	(5,214)	(211)
Lease liabilities	16	(390)	(357)
Trade and other payables	17	(7,524)	(5,649)
<b>Total current Liabilities</b>		<b>(13,128)</b>	<b>(6,217)</b>
<b>Non-current liabilities</b>			
Government grants	27	(161)	(174)
Lease liabilities	16	(1,648)	(1,429)
Other interest-bearing borrowings	16	(193)	(404)
<b>Total non-current liabilities</b>		<b>(2,002)</b>	<b>(2,007)</b>
<b>Total liabilities</b>		<b>(15,130)</b>	<b>(8,224)</b>
<b>Net assets</b>		<b>10,321</b>	<b>23,727</b>
<b>Equity</b>			
Share capital	29	13,021	3,521
Share premium		66,799	67,370
Capital reserve		464	464
Retained loss		(69,963)	(47,628)
<b>Total equity attributable to equity shareholders of the company</b>		<b>10,321</b>	<b>23,727</b>

## Statement of Changes in Equity

For the year ended 31 December 2024

	Share Capital £'000	Share premium £'000	Capital Reserve £'000	Retained Loss £'000	Total £'000
Balance as at 31 December 2023	3,521	67,370	464	(47,628)	23,727
Comprehensive income for the year					
Loss for the period	-	-	-	(22,349)	(22,349)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,349)</b>	<b>(22,349)</b>
<b>Transactions with owners, recorded directly to equity</b>					
Shares issued in the period	9,500	-	-	-	9,500
Share options exercised	-	-	-	-	-
Cost of issue to share premium	-	(571)	-	-	(571)
Equity settled share based payment transactions	-	-	-	14	14
<b>Total contributions by and distributions to the owners</b>	<b>9,500</b>	<b>(571)</b>	<b>-</b>	<b>14</b>	<b>8,943</b>
<b>3Balance as at 31 December 2024</b>	<b>13,021</b>	<b>66,799</b>	<b>464</b>	<b>(69,963)</b>	<b>10,321</b>

For the year ended 31 December 2023

	Share Capital £'000	Share premium £'000	Capital Reserve £'000	Retained Loss £'000	Total £'000
Balance as at 31 December 2022	2,406	58,215	464	(28,270)	32,815
Comprehensive income for the year					
Loss for the period	-	-	-	(19,559)	(19,559)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,559)</b>	<b>(19,559)</b>

total comprehensive income for the year

(15,000), (15,000)

**Transactions with owners, recorded directly to equity**

Shares issued in the period	1,104	9,921	-	-	11,025
Share options exercised	11	159	-	-	170
Cost of issue to share premium	-	(925)	-	-	(925)
Equity settled share based payment transactions	-	-	-	201	201
<b>Total contributions by and distributions to the owners</b>	<b>1,115</b>	<b>9,155</b>	<b>-</b>	<b>201</b>	<b>10,471</b>
<b>Balance as at 31 December 2023</b>	<b>3,521</b>	<b>67,370</b>	<b>464</b>	<b>(47,628)</b>	<b>23,727</b>

**Statement of Cash Flows**

For the year ended 31 December 2024

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
<b>Cash flow from operating activities</b>		
Loss after tax for the year	(22,349)	(19,559)
Adjusted for:		
Depreciation and amortisation charge	2,091	1,262
Disposal of fixed assets	-	6
Impairment of assets	6,488	9,238
Non-government grant amortisation	(13)	(13)
Equity settled share-based payment expenses	14	201
Foreign exchange (gains)/losses	22	54
Financial expense	678	176
Financial income	(148)	(5)
Taxation	(1,537)	(1,163)
	(14,754)	(9,803)
<b>Changes in working capital</b>		
Increase in inventories	(907)	(1,093)
Increase in trade and other receivables	(678)	(537)
Increase in contract assets	(278)	-
Decrease in contract fulfilment asset	492	(649)
Increase in trade and other payables	691	649
	(15,434)	(11,433)
Taxation received	1,402	1,172
<b>Net cash used in operating activities</b>	<b>(14,032)</b>	<b>(10,261)</b>
<b>Cash flows from investing activities</b>		
Acquisition of tangible assets	(4,253)	(4,769)
Acquisition of intangible assets	(59)	(3,279)
Proceeds from disposal of property, plant and equipment	10	-
Interest received	148	5
<b>Net cash used in investing activities</b>	<b>(4,154)</b>	<b>(8,043)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	9,500	11,195
Costs for issue of share capital	(571)	(925)
Proceeds from long term loans	4,950	-
Payment of finance lease liabilities	(438)	(356)
Payments of interest bearing borrowings	(316)	(240)
Interest paid	(519)	(176)
<b>Net cash generated from financing activities</b>	<b>12,606</b>	<b>9,498</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,580)</b>	<b>(8,806)</b>
Foreign exchange losses	(22)	(54)
Cash and cash equivalents at the beginning of the period	6,064	14,924
<b>Cash and cash equivalents at the end of the period</b>	<b>462</b>	<b>6,064</b>

## Notes to the Financial Statements

### 1. Basis of preparation

The results have been extracted from the audited financial statements of the Company for the year ended 31 December 2024. The results do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been computed in accordance with the principles of UK-adopted international accounting standards ('IFRS'), IFRIC interpretations and the Companies Act 2006 that applies to companies reporting under IFRS, this announcement does not of itself contain sufficient information to comply with IFRS.

The Company will publish full financial statements that comply with IFRS. The auditor has reported on those accounts. Their report for the accounts of the year ended 31 December 2024 was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The auditor's report includes reference to the material uncertainty relating to going concern. See below for more details of the going concern assessment performed by the Board of Directors. The statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies and received an unqualified auditor's report which included reference to the material uncertainty relating to going concern and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

The financial information has been prepared using the historical cost convention and under the assumption that the Company operates on a going concern basis. The principal accounting policies adopted in the preparation of the financial statements are set out in the statutory accounts of Surface Transforms Plc for the year ended 31 December 2023. They have been consistently applied to the periods presented, unless otherwise stated.

### Accounting Policies

#### Prior Year Restatement

During the year, the Company refined its assessment and presentation of contract fulfilment assets associated with certain contracted system integration services, including engineering, testing, and tooling. These services are now considered to form part of a single performance obligation together with the manufacture and sale of brake discs. This assessment reflects the fact that the integration services are highly interrelated and interdependent with the manufacturing process. They serve as essential inputs in delivering the bespoke product that the customer expects and, therefore, are not separately identifiable under IFRS 15. The impact of this change on revenue recognised in prior periods is immaterial. As a result of the change, the contract fulfilment asset is amortised over the expected period in which the related brake disks will be delivered rather than within one year which has impacted the presentation of the contract fulfilment asset in the statement of financial position with £723k of the contract fulfilment asset now being presented as a non-current asset whereas in the prior year the total balance of £1,342k was presented as part of current assets.

The prior year restatement has had no impact on profit after tax and equity.

#### Going concern - Judgements

This note should be read in conjunction with the Going Concern and Material Uncertainty statement included in the Financial Review, which provides further context on the assumptions and judgments made.

#### Scenario modelling:

The Company's operating model reflects the binary nature of contract wins from a relatively small number of customers with substantial volumes attached. Revenue growth in 2025 is high due to the impact of one major OEM, whilst succeeding years are modelled only modestly, effectively growing the existing base.

#### *The downside case scenario modelled*

The downside case scenario anticipates annualised revenue growth, exceeding 76% in the eighteen month period to 30 June 2026. This growth is attributed to production output for our principle contracted OEM and an agreed partial deferral of delivery on other OEM contracts. This scenario anticipates lower revenue than the base case due to a 45% volume reduction from base case demand. Yields are projected at 55% in 2025 and 2026.

In this case the current level of funding through customer manufacturing support would need to remain in place and furthermore, as the cash headroom would fall below zero in February 2026, additional funding in the form of further prepayment would also then need to be sought. This is modelled at c.£4.9m over the period until 30 June 2026. Negotiations on continued customer manufacturing support are not currently concluded and should there be a requirement to repay the support earlier than anticipated, the cash headroom could then be eroded further. Similarly, if volumes were to reduce further than modelled in the downside case scenario, due to a further reduction in yield levels, then cash headroom would erode earlier.

#### *The base case scenario modelled*

The base case scenario anticipates significant revenue growth in 2025 and moderate growth in 2026. This growth is attributed to successful production output and indicative volumes from existing OEM's. This scenario targets an average yield of 77% in 2025 and 86% in 2026.

Equipment capacity is expected to be achieved in line with Project Management Office (PMO) plans and customer manufacturing support funding is expected to reduce by £3.5m in the latter half of 2025 prior to any conversion.

While base case cash headroom is above £0.5m, it will diminish if performance weakens.

The Directors acknowledge that uncertainty remains regarding yield performance, cost control, and the timing of commercial agreements. As such, there exists a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. Should these challenges persist or worsen, they may adversely impact operational performance, including sales and EBITDA generation, which are essential for transitioning from a loss-making to a cash generative business.

Notwithstanding the material uncertainty, after due consideration the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis and do not contain the adjustments that would arise if the Company were unable to continue as a going concern.

### Revenue recognition

The Company accounts for customer contracts in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue from the sale of carbon ceramic brake discs is typically recognised at a point in time, when control of the goods transfers to the customer, usually upon despatch.

Contracted system integration services, such as engineering, testing, and tooling, are considered part of a single performance obligation together with the manufacture of brake discs. The total transaction price, including any consideration for integration services, is allocated to the expected number of discs to be delivered under the contract. Revenue is recognised proportionally as the control of the related brake discs is transferred to customers.

### 2. Segment Reporting

The Company operates in a single segment being the manufacture and sale of carbon fibre materials and associated technologies. This segment includes all manufacturing, development, and sales activities related to carbon fibre materials, regardless of the specific market or product application. All carbon fibre materials are manufactured using comparable processes, further supporting a single segment view. The Company recognises its product technology as carbon fibre-reinforced ceramic material which can be customised into various shapes for diverse end-user applications. The Company

reinforced ceramic material, which can be customised into various shapes for diverse end-user applications. The Company currently operates one manufacturing facility, eliminating the need to allocate resources or discriminate between markets or product lines. The Chief Executive Officer, who acts as the chief operating decision maker, reviews performance information for the entire company and does not allocate resources based on individual markets or products

### 3. Revenue by geographical destination

	2024 £'000	2023 £'000
United Kingdom	1,729	845
Germany	813	492
Sweden	366	168
Netherlands	219	583
Rest of Europe	155	117
United States of America	4,395	5,006
Rest of World	566	102
	<b>8,243</b>	<b>7,312</b>

During the year ended 31 December 2024, revenue of £0.44 million was recognised in relation to system integration services (2023: £nil). The remaining £7.9 million of revenue recognised in the current year (2023: £7.3 million) pertains solely to the sale of goods.

#### System Integration Services - remaining performance obligations disclosure (IFRS 15.120)

The table below presents the updated transaction price allocated to the remaining performance obligations related to system integration services, in accordance with IFRS 15.120. The expected timing of revenue recognition has changed from prior year estimates due to an updated assessment of performance obligations under IFRS 15. Pre-production services, known in the industry as System Integration Services along with finished goods are considered a single performance obligation, with revenue recognised upon transfer of control of the finished goods in line with the delivery of discs to satisfy the contractual obligation to the customer. This updated interpretation has impacted the allocation and timing of expected revenue recognition across future periods. As the prior year disclosure represented a forward-looking estimate at 31 Dec 2023, no restatement has been made to the comparative figures.

<i>As at 31 December 2024:</i>	2025 £'000	2026 £'000	2027 Onwards £'000	Total £'000
Total transaction price allocated to the remaining performance obligations	647	419	1,686	2,752

<i>As at 31 December 2023:</i>	2024 £'000	2025 £'000	2026 Onwards £'000	Total £'000
Total transaction price allocated to the remaining performance obligations	2,437	486	-	2,923

During the reporting period, the Company derived approximately 36.8% of its revenue (£3.0 million) from a single customer (2023: 11.8%, £0.86 million). In accordance with IFRS 8, the identity of the customer has not been disclosed due to commercial sensitivity.

### 4. Operating loss and auditor's remuneration

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
<b>Operating loss is stated after charging</b>		
Loss on disposal of property plant and equipment	-	6
Depreciation of property plant and equipment (4.1)	2,082	1,189
Impairments (4.2)	6,488	9,238
Amortisation of Intangible assets (note 12)	10	73
Research costs expensed as incurred (4.1)	15,440	9,676
Exchange losses/(gains)	22	54
Staff costs excluding Research costs expensed	2,508	2,267
<b>after crediting</b>		
Government grants	13	13

#### Auditors remuneration

Amounts receivable by auditors and their associates in respect of:

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Fees payable to the Company auditor for the audit of the financial statements	236	170
<b>Total</b>	<b>236</b>	<b>170</b>
Fees payable to the Company auditor for other services		
Financial due diligence for debt financing arrangement	-	80
	-	80



## 4.1 Research and Development and Depreciation

The Company's continued investment in research and development (R&D) remains central to our strategy for innovation and long-term growth. Total R&D expenditure increased by £2.5 million during the year to £15.4 million (2023: £12.9 million on a pre-capitalisation basis; £9.7 million post-capitalisation, as presented above). This increase primarily reflects investment in process and equipment development, resolution of technical challenges, and the establishment of robust, repeatable processes for higher-volume production.

In accordance with IAS 38 Intangible Assets, no R&D costs were capitalised during the year in relation to the development of our layered products due to the fact that it was not possible to demonstrate how the development costs will generate future economic benefits using the principles of IAS 36 Impairment of Assets, the impairment assessments are described in 4.2 below.

Depreciation expense increased during the year, including an accelerated charge of £0.6 million recognised following a reassessment of the useful economic lives of certain assets. This adjustment reflects the Group's transition to newer technologies and the replacement of legacy equipment in line with our capital investment strategy. The revised estimates ensure the asset base continues to reflect current and future operational requirements.

## 4.2 Impairment assessments

In accordance with IAS 36 Impairment of Assets, the Company assesses the recoverable amount of its assets whenever there is an indication of impairment. For the purposes of impairment testing, the Company is considered a single cash-generating unit (CGU), reflecting the integrated nature of its operations and the fact that cash inflows are generated collectively.

An impairment assessment was carried out using a value-in-use model based on the Board-approved five-year business plan. The forecast cash flows reflect management's best estimates and are based on assumptions that are reasonable and supportable, considering past experience and future expectations. A terminal growth rate of 2.0% (2023: 2.0%) was applied beyond the forecast period.

A post-tax discount rate of 16.5% (pre-tax: 20%) was applied, reflecting risks specific to the CGU. In the prior year, a post-tax discount rate of 21% (pre-tax: 22%) was used. As a result of this assessment, an impairment charge of £6.5 million (2023: £9.2 million) has been recognised in the year.

### Key Assumptions

The value-in-use model was prepared using management's current post-tax forecasts, which incorporate expectations regarding future revenue growth, EBITDA margins, and operating performance. Revenue is projected to grow 232% over the first two years of the forecast period, reflecting the ramp-up of production capacity, yield improvements, and delivery against contracted and forecast volumes. In the following years, growth is expected to moderate. Over the full five-year forecast period, revenue is projected to increase by approximately 355%, supported by planned operational improvements and sustained customer demand. The discount rate applied reflects the Company's estimated weighted average cost of capital, adjusted for risks specific to the CGU and the uncertainty associated with delivering planned performance enhancements.

Capital expenditure included in the impairment model reflects the Company's existing commitments in respect of in-progress development projects, as well as ongoing maintenance expenditure over the forecast period. Management believes the assumptions used are reasonable and supportable in light of current market conditions.

### Sensitivity analysis

The recoverable amount is sensitive to changes in key assumptions. A 1.0% decrease in the discount rate would increase the recoverable amount by approximately £2.6 million, whereas a 1.0% increase would decrease it by £2.2 million.

The recoverable amount is particularly sensitive to the achievement of forecast revenue in the early years of the model, reflecting the Company's current position in its operational scale-up phase.

A revised downside sensitivity scenario has been considered to reflect reasonably possible short-term risks associated with operational execution. This scenario assumes revenue reductions of 30%, 10%, 5%, 3%, and 1% across Years 1 to 5 respectively. These assumptions reflect the potential impact of delays or challenges in achieving planned improvements in operations, equipment ramp-up, process optimisation, and workforce effectiveness. Such risks are expected to diminish over time as initiatives are embedded and the business stabilises, with residual revenue risk normalising to around 1% by Year 5. Under this downside scenario, an additional impairment of approximately £5.9 million could arise.

An upside sensitivity has also been assessed, applying revenue uplifts of 30%, 10%, 5%, 3%, and 1% across Years 1 to 5 respectively. This scenario reflects the Company remaining ahead of plan in executing operational improvements and cost reduction programmes. If this positive trajectory continues, sales are expected to exceed base forecasts, supported by strong market demand ensuring full utilisation of available production capacity. As with the downside case, operational risks are assumed to normalise by Year 5, with ongoing improvements already embedded. Under this upside scenario, the recognised impairment charge would reduce by approximately £5.9 million.

These revenue sensitivities translate into corresponding variations in underlying EBITDA projections, with downside scenarios potentially reducing cumulative EBITDA by around 25-30% relative to base forecasts, while upside scenarios may increase EBITDA by a similar magnitude. This range highlights the material impact of operational execution on the Company's profitability and impairment outcomes. Market risk is considered immaterial, as demand for the Company's product remains strong and is supported by contracted or expected offtake for all forecast production volumes.

### Allocation of impairment charge

The total impairment charge of £6.5 million (2023: £9.2 million) has been allocated on a pro-rata basis across all non-current asset categories within the cash-generating unit (CGU), in accordance with IAS 36.104. These asset categories comprise Fixed Assets (including capital work in progress), Intangible Assets, and Contract Fulfilment Assets.

The impairment assessment was conducted using a value-in-use model based on management's best estimate of future cash flows. Management considered that a fair value less costs of disposal approach would not result in a higher recoverable amount, given the nature of the Company's integrated asset base and the significant cost and complexity that would be involved in replacing operationally embedded assets.

While the impairment assessment has resulted in a reduction in carrying value, management believes that the underlying assets remain integral to fulfilling customer contracts and generating future revenue. The impairment charge for the year has been allocated across both tangible and intangible asset categories. Full details of the allocation of the current and prior year impairment charges are presented within the relevant asset notes:

- Tangible Fixed Assets - see Note 11  
(Land and Buildings, Leasehold Improvements, Plant and Machinery, Fixtures and Fittings)
- Intangible Fixed Assets - see Note 12  
(Software, Capitalised Research & Development)
- Contract fulfilment Assets - see Note 15

## 5. Exceptional items

The Company recognised £nil ( 2024: £389,000) of other non- recurring exceptional costs in the year.

#### 6. Remuneration of directors

The aggregate amount of emoluments paid to Directors in respect of qualifying services during the period was £759,892 (2023 restated: £669,270).

The amounts set out above include remuneration in respect of the highest paid director of £362,847 (2023: restated £335,597). Pension contributions of £34,848 (2023: £29,063) were made to a money purchase scheme on behalf of executive directors.

The share transactions and key compensations of management designated as Key Management Personnel are disclosed in note 21 Related Party Disclosures.

#### 7. Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Year to 31 December	
	2024	2023
<b>Staff numbers and costs</b>		
Directors	6	6
Management and Admin	66	52
Production	98	89
	<b>170</b>	<b>147</b>

The aggregate payroll costs of these persons were as follows:

	Year to 31 December	
	2024	2023
	£'000	£'000
Wages and salaries	7,793	5,684
Social security costs	853	687
Other pension costs	277	262
	<b>8,923</b>	<b>6,633</b>
Share based compensation	14	201
	<b>8,937</b>	<b>6,834</b>

#### 8. Financial Expenses

	Year to 31 December	
	2024	2023
	£'000	£'000
Interest expense in relation to lease liabilities	175	129
Other interest charges	503	47
Total interest expense on financial liabilities measured at amortised cost	<b>678</b>	<b>176</b>

#### 9. Financial Income

	Year to 31 December	
	2024	2023
	£'000	£'000
Total Interest Income	<b>(148)</b>	<b>(5)</b>

#### 10. Taxation

	2024	2023
	£'000	£'000
Analysis of credit in year		
<b>UK corporation tax</b>		
Adjustment in respect of prior years - R&D tax allowances	(206)	33
R&D tax allowance for current year	(1,331)	(1,196)
Total income tax credit	<b>(1,537)</b>	<b>(1,163)</b>

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

	Year to 31 December	
	2024	2023
	£'000	£'000
<b>Reconciliation of effective tax rate</b>		
Loss for year	<b>(22,349)</b>	<b>(19,559)</b>
Total income tax credit	<b>(1,537)</b>	<b>(1,163)</b>
Loss excluding income tax	<b>(23,886)</b>	<b>(20,722)</b>
Current tax at average rate of 25%/23.5%	<b>(5,971)</b>	<b>(4,870)</b>
Effects of:		

EFFECTS OF:

Non-deductible expenses	1	1
Change in unrecognised timing differences		
Current year losses for which no deferred tax recognised	5,970	4,869
R&D tax allowance for current year	(1,331)	(1,196)
Adjustment in respect of prior years - R&D tax allowances	(206)	33
Income tax credit	(1,537)	(1,163)

For the financial year ended 31 December 2024, the tax rate remained 25% across the whole period (2023: average weighted 23.5%). Deferred taxes as at the reporting date have been measured using these tax rates.

#### 11. Property, plant and equipment

	Land and Buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Capital in progress £'000	Total £'000
<b>Cost</b>						
At 31 December 2022	1,934	411	8,074	588	7,902	18,909
Transfers from Capital in Progress	-	-	1,408	-	(1,408)	-
Additions	-	6	1,634	96	4,101	5,837
Disposals	-	-	(51)	(6)	-	(57)
At 31 December 2023 (restated)	1,934	417	11,065	678	10,595	24,689
Transfers from Capital in Progress	-	-	1,075	-	(1,075)	-
Additions	672	-	567	97	4,791	6,127
Disposals	-	-	(96)	-	-	(96)
<b>At 31 December 2024</b>	<b>2,606</b>	<b>417</b>	<b>12,611</b>	<b>775</b>	<b>14,311</b>	<b>30,720</b>
<b>Depreciation</b>						
At 31 December 2022	694	165	2,369	493	-	3,721
Charge	142	34	953	60	-	1,189
Disposals	-	-	(27)	(6)	-	(32)
Impairment	735	-	-	-	3,060	3,795
At 31 December 2023 (restated)	1,571	199	3,295	547	3,060	8,672
Charge	124	34	1,838	86	-	2,082
Disposals	-	-	(86)	-	-	(86)
Impairment	285	58	2,369	44	3,524	6,280
<b>At 31 December 2024</b>	<b>1,980</b>	<b>291</b>	<b>7,417</b>	<b>677</b>	<b>6,584</b>	<b>16,949</b>
<b>Net book value</b>						
At 31 December 2022	1,240	246	5,705	95	7,902	15,188
At 31 December 2023	362	218	7,770	131	7,535	16,017
<b>At 31 December 2024</b>	<b>626</b>	<b>126</b>	<b>5,194</b>	<b>98</b>	<b>7,728</b>	<b>13,772</b>

An impairment loss of £6.3 million had been recognised in 2024 (2023: £3.8 million). Please see note 4 for further detail. The cost and depreciation comparative figures for Land and Buildings have been restated as the 2023 impairment charge was incorrectly allocated to cost rather than depreciation. This restatement does not impact the net book value of Land and Buildings.

#### 12. Intangibles

	Software £'000	Capitalised R&D £'000	Total £'000
<b>Cost</b>			
At 31 December 2022	2,075	466	2,541
Transfers from Capital in Progress	-	-	-
Additions	3,158	121	3,279
Impairment	(5,233)	(587)	(5,820)
At 31 December 2023	-	-	-
Transfers from Capital in Progress	-	-	-
Additions	-	59	59
<b>At 31 December 2024</b>	<b>-</b>	<b>59</b>	<b>59</b>
<b>Amortisation</b>			
At 31 December 2022	9	296	305
Charge for period	2	71	73
Impairment	(11)	(367)	(378)
At 31 December 2023	-	-	-

#### Intangible assets

Charge for the period	-	10	10
Impairment	-	15	15
<b>At 31 December 2024</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>Net book value</b>			
At 31 December 2022	2,066	171	2,237
At 31 December 2023	-	-	-
<b>At 31 December 2024</b>	<b>-</b>	<b>34</b>	<b>34</b>

All intangible assets were impaired in 2023 following a value in use assessment. Please see note 4 for further detail.

#### 13. Inventories

	<b>Year to 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	<b>1,880</b>	2,286
Work in progress	<b>1,864</b>	1,187
Finished goods	<b>1,632</b>	997
	<b>5,376</b>	4,469

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £4,137k (2023: £3,317k). There is no significant difference between the replacement cost of work in progress and finished goods and their carrying amounts.

#### 14. Trade and other receivables

	<b>Year to 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>1,567</b>	1,757
Provision for impairment on trade receivables	<b>(24)</b>	(55)
Net trade receivables	<b>1,543</b>	1,702
Other receivables	<b>1,459</b>	222
Prepayments and accrued income	<b>539</b>	939
Total other receivables	<b>1,998</b>	1,161
Contract asset	<b>278</b>	-
Tax receivable	<b>1,331</b>	1,196
Trade and other receivables	<b>5,150</b>	4,058

All receivables fall due within one year.

The Company uses the expected credit loss (ECL) model under IFRS 9 to assess credit risk for all receivables. This model considers historical payment performance, and forward looking factors such as economic forecasts, and individual customer creditworthiness.

Bad debts amounting to £16k were written off in the year (Dec 2023; £Nil). Exposure to credit risk arises from the potential of a customer defaulting on their invoiced sales. The Company closely monitors the credit risk of customers and offers credit only to those with healthy scores, on-going credit risk is managed through regular review of ageing analysis. Based on the current assessment and the Company's strong contractual relationships with major customers, the estimated ECL for unbilled receivables is currently low. All trade receivables (billed and unbilled) have been reviewed for expected credit loss impairment and the expected credit loss (ECL) is estimated to be £24k (Dec 2023; £55k) and is accounted for under "Provision impairment on trade receivables".

#### 15. Contract fulfilment asset

	<b>12 months to 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Non-Current Assets - Contract Fulfilment Asset pre-impairment	<b>615</b>	723
Impairment	<b>(193)</b>	-
Non-Current Assets -Contract Fulfilment Asset	<b>422</b>	723
Current Assets - Contract Fulfilment Asset	<b>235</b>	619
Total Contract Fulfilment Asset	<b>657</b>	1,342

The Company recognises certain engineering and related services as contract fulfilment assets in accordance with IFRS 15, where such costs meet the criteria set out in paragraph 95 of the standard. Costs associated with system integration services, including engineering, tooling, and testing services required to fulfil the Company's contractual obligations to customers, are recognised as contract fulfilment assets. These costs are recognised when they are directly attributable to a specific customer contract, are not intended for general or future use, are expected to be recovered through contract payments or sufficient contract margins, and are reliably measurable based on detailed project documentation and analysis.

#### Classification of Assets between current and non-current.

Following a change in the determination of the performance obligation-now defined as the delivery of complete discs-contract fulfilment assets are assessed based on their expected recoverability. As a result, assets previously considered recoverable within one year are now expected to be recovered over the forecasted contract volume, consistent with the nature of revenue recognition. Accordingly, contract fulfilment assets are classified as either current or non-current

pattern of revenue recognition. Accordingly, contract fulfilment assets are classified as either current or non-current, depending on the timing of expected recovery. This accounting interpretation is applied retrospectively.

#### Recognition and Release

Both current and non-current contract fulfilment assets are recognised on the statement of financial position and are systematically released to the income statement in line with the transfer of the related goods to the customer. An impairment charge of £0.2 million (2023: £ nil) has been allocated to the Non-current contract fulfilment asset, see note 4 for further details.

#### 16. Interest-bearing borrowings and lease liabilities

This note provides information about the contractual terms of the Company's interest-bearing borrowings and liabilities which are measured at amortised cost. At 31 December 2024, the Company was in breach of a financial covenant associated with its Liverpool City Region Urban Development Fund facility. In accordance with applicable accounting standards, the outstanding balance of £5,214k has been classified as a current liability. Subsequent to year-end, the Company obtained a formal waiver of this covenant breach from the lender, confirming that no immediate repayment is required.

	Year to 31 December	
	2024 £'000	2023 £'000
<b>Current liabilities</b>		
Lease Liabilities	390	357
Interest bearing borrowings	5,214	211
	5,604	568
<b>Non-current liabilities</b>		
Lease Liabilities	1,648	1,429
Interest bearing borrowings	193	404
	1,841	1,833

Finance lease liabilities are payable as follows:

#### Finance lease liabilities are payable

	Future minimum lease payments 2024 £'000	Interest 2024 £'000	Present value of minimum lease payments 2024 £'000	Future minimum lease payments 2023 £'000	Interest 2023 £'000	Present value of minimum lease payments 2023 £'000
Less than one year	538	(148)	390	475	(119)	357
More than one year	2,140	(492)	1,648	1,742	(313)	1,429
	2,678	(640)	2,038	2,217	(432)	1,786

The total contractual cash flows of Non-derivatives are as follows:

	Due in 1 year £'000	Due in 2-5 years £'000	Due in 6-10 years £'000	Total Contractual cash flows £'000	Carrying amount £'000
<b>As at 31 December 2024</b>					
Interest bearing borrowings	6,024	200	-	6,224	5,407
Lease liabilities	538	1,386	755	2,679	2,038
Trade and other payables	7,524	-	-	7,524	7,524
Total Non-Derivatives	14,086	1,586	755	16,427	14,970
	Due in 1 year £'000	Due in 2-5 years £'000	Due in 6-10 years £'000	Total Contractual cash flows £'000	Carrying amount £'000
<b>As at 31 December 2023</b>					
Interest bearing borrowings	248	433	-	681	615
Lease liabilities	475	1,145	597	2,217	1,787
Trade and other payables	5,649	-	-	5,649	5,649
Total Non-Derivatives	6,372	1,578	597	8,547	8,051

For more information about the Company's exposure to interest rate and foreign currency risk see note 22. Other interest bearing borrowings:

#### MSIF Loans

In March 2021, the Company secured a £1 million loan from River Capital Management Limited (formerly Alliance Fund Managers Limited) from the Merseyside Investment Fund (MSIF) supported by the Liverpool City Region Combined Authority's Flexible Growth Fund programme. As of the 31 December 2024 the Company has a remaining loan balance of £404,000.

#### LCR UDF Loan Funding (also referred to as the ERDF loan)

In December 2023, the Company secured a £13.2 million loan facility from the LCR UDF Limited Partnership, supported by the Liverpool City Region Urban Development Fund and part-funded by the European Regional Development Fund (ERDF). The facility is restricted to qualifying capital investment projects. As at 31 December 2024, £5.1 million had been drawn, with a remaining undrawn commitment of £8.1 million available until 31 December 2025.

The facility operates on a drawdown basis, and there is no enforceable right to receive cash until a formal utilisation request is made, supported by documentation evidencing eligible expenditure. Accordingly, a loan liability is recognised only when funds are drawn.

In December 2024, the Company breached certain ERDF financial covenants associated with the facility. A waiver was granted by the LCR UDF in recognition of the temporary nature of the breach and the Company's improving long-term

granted by the LCR UDF in recognition of the temporary nature of the breach and the Company's improving long-term financial outlook. Since the year end, as of March 2025, a further waiver is expected to be required and is anticipated to be granted. The Company is working closely with the LCR UDF Partnership to review its long-term plans and establish revised covenants that align with the business's transition to sustainable operations while continuing to serve regional development goals.

Drawdowns have continued into 2025, and the Company expects the full £13.2 million facility to be fully utilised by the end of the year.

Drawdowns are subject to interest at the ECB reference rate for the period, which as at 1 April 2025 is 5.35%, with a commercial margin is 6.50% the aggregate interest rate 11.85%.

As at 31 December 2024	Due in 1 year £'000	Due in 2-5 years £'000	Total £'000
Other Borrowings (MSIF Loan)	211	193	404
Other Borrowings (ERDF Loan)	5,003	-	5,003
Total Other Borrowings	5,214	193	5,407

  

As at 31 December 2023	Due in 1 year £'000	Due in 2-5 years £'000	Total £'000
Other Borrowings (MSIF Loans)	211	404	614

#### 17. Trade and other payables

	12 months to 31 December	
	2024 £'000	2023 £'000
Trade payables	3,584	3,859
Taxation and social security	831	357
Accruals and deferred income	851	841
Contract Liabilities	2,258	593
	7,524	5,650

#### 18. Deferred tax

Difference between accumulated depreciation and amortisation and capital allowances	572	4,280
Tax losses	(10,252)	(8,934)
Un-recognised deferred tax asset	(9,680)	(4,654)

The Company has an un-recognised deferred tax asset at 31 December 2024 of £9,680k (2023: £4,654k) relating principally to tax losses which the Company can offset against future taxable profits. The Company has recognised a deferred tax liability of £572k (2023: £4,280k) as these are recognised as soon as they arise. The Company anticipates that an equal value of its deferred tax asset could be utilised against this liability and this has been deferred against the deferred tax liability.

#### 19. Called up share capital

Allotted called up and fully paid of £0.01 each	Number	£'000
At 31 December 2022	240,613,233	2,406
Issue of shares	111,459,405	1,115
At 31 December 2023	352,072,638	3,521
Issue of shares	950,000,000	9,500
At 31 December 2024	1,302,072,638	13,021

During the year, the Company issued 950,000,000 ordinary shares through a placing, subscription, and open offer. As a result, the total issued share capital increased to 1,302,072,638 ordinary shares, raising net proceeds of £8.9 million after fees.

The Company operates a share incentive scheme for the benefit of the Directors and certain employees. Options under the scheme are granted at the discretion of the Board and entitle the holders to purchase ordinary shares of £0.01 each.

Details of options granted to Directors, including the date of grant and exercise price, are disclosed in the Report on Directors' Remuneration in the Annual Report. In addition to the Directors' share options, certain employees and former employees have also been granted options, with further details provided in Note 28.

No share options were exercised by either Directors or employees during the period (2023: 1,120,000 shares were issued through the exercise of options).

#### 20. Pension scheme

The Company contributes to specific employees' personal pension schemes. The pension charge for the year represents contributions payable by the Company to the schemes and amounted to £335k (2023: £320k). During the year one director (prior year two directors) and several senior managers opted to enter salary exchange arrangements whereby they sacrificed salary for increased pension contributions. These arrangements accounted for £58k of the pension contributions (2023: £75k).

#### 21. Related party disclosures

##### Transactions with key management personnel

Individuals are designated as Key Management Personnel (KMP) due to their involvement in planning, directing, controlling, and making crucial decisions for the company. Share transactions and Compensation paid to key management personnel are reported below.

During the year 6 directors acquired 20,350,000 shares in the Company by participating in the placing and subscription of shares as detailed below:

	Existing shareholding before subscription	Share placing and subscription	Total shares acquired in year	Shareholding at 31 Dec 2024
David Burdred	2,052,626	2,500,000	2,500,000	4,552,626

David Bundred	Non-Executive Chair	2,032,020	2,500,000	2,500,000	4,532,020
Kevin Johnson	CEO	1,141,308	2,500,000	2,500,000	3,641,308
Isabelle Maddock	CFO	113,763	350,000	350,000	463,763
Matthew Taylor	Independent NED	1,240,203	10,000,000	10,000,000	11,240,203
Ian Cleminson	Independent NED & Chair	319,654	2,500,000	2,500,000	2,819,654
Julia Woodhouse	Independent NED	535,203	2,500,000	2,500,000	3,035,203
		5,402,757	20,350,000	20,350,000	25,752,757

\* David Bundred retired 16 Sept 2024

\*\* Number of £0.01 ordinary shares

Compensation paid to key management personnel in the year is as follows:

	Year to 31 December	
	2024 £'000	2023 £'000 (Restated)
Short term employee benefits	1,034	815
Post-employment benefits	47	43
Other long-term benefits	-	-
Termination benefits	-	30
Share Based Payments	73	202
	1,154	1,090

The 2023 short term benefits have been restated to exclude the bonus paid in 2023 in respect of the 2022 financial year of £86k and to include the bonus paid in 2024 in respect of the 2023 financial year of £46k in line with Companies Act requirements.

## 22. Net debt

Current liabilities	16	Interest-bearing borrowings and lease liabilities	5,604	568
Non-current liabilities	16	Interest-bearing borrowings and lease liabilities	1,841	1,833
Total debt			7,445	2,401
Cash			(462)	(6,064)
Net debt (cash)			6,983	(3,663)

	As at 1 January 2024 £'000	Cash Flow £'000	Other non- cash movements £'000	31 December 2024 £'000
Lease Liabilities	(1,786)	613	(865)	(2,038)
Interest bearing borrowings	(614)	(4,320)	(473)	(5,407)
Liabilities arising from financing activities	(2,400)	(3,707)	(1,338)	(7,445)
Cash	6,064	(5,580)	(22)	462
Total net debt	3,664	(9,287)	(1,360)	(6,983)

	As at 1 January 2023 £'000	Cash Flow £'000	Other non- cash movements £'000	31 December 2023 £'000
Lease Liabilities	(1,489)	534	(831)	(1,786)
Interest bearing borrowings	(1,239)	258	367	(614)
Liabilities arising from financing activities	(2,728)	792	(464)	(2,400)
Cash	14,925	(8,807)	(54)	6,064
Total net debt	12,197	(8,015)	(518)	3,664

## 23. Financial instruments

The Company's policies with regard to financial instruments are set out below. The risks arising from the Company's financial assets and liabilities are set out below along with the policies for their respective management.

### Currency risk

The Company is exposed to foreign currency risk arising from transactions and balances denominated in currencies other than sterling, primarily relating to bank deposits, trade receivables, and trade payables. These exposures can result in exchange differences that affect reported profits. At the year end, the most significant exposures were to the US dollar and the euro.

Euro-denominated balances translated into sterling at the balance sheet date comprised cash at bank of £128k, trade receivables of £185k and trade payables of £701k resulting in a net exposure of £388k.

US dollar-denominated balances translated into sterling at the balance sheet date comprised trade receivables of £296k and trade payables of £272k, with no cash at bank, resulting in a net exposure of £22k.

The Company's net exposure to foreign currency risk, based on the carrying amounts of monetary financial instruments, was as follows:

### Sensitivity analysis

A ten per cent strengthening of the pound against the US Dollar and the Euro at 31 December 2024 would have increased losses by the amounts shown below. This analysis assumes that all other variables, most notably, interest rates, remain

constant. The analysis is performed on the same basis for December 2023.

	US Dollar £'000	Euro €'000
31 December 2023	(35)	44
<b>31 December 2024</b>	<b>(2)</b>	<b>35</b>

A ten percent weakening of the pound against the US Dollar and the Euro at 31 December 2024 would have reduced losses by the amounts shown below; on the basis all other variables remain constant.

	US Dollar £'000	Euro €'000
31 December 2023	43	(54)
<b>31 December 2024</b>	<b>3</b>	<b>(43)</b>

#### Price risk

The Company manages price risk associated with large contracts with major Original Equipment Manufacturers (OEMs). These contracts generally fix the price per part for the entire manufacturing period, helping to mitigate the risk of price reductions due to volume fluctuations. However, the Company recognises that inflationary pressures on raw materials and labour costs can still increase overall manufacturing costs. To address this, the Company is renegotiating pricing on all major OEM contracts. Looking ahead, and in line with its ongoing capital investment programme, the Company expects that investments in scalable technology, along with a focus on operational efficiencies and improved processes, will help to reduce manufacturing costs over time.

#### Credit risk

The Company uses the expected credit loss (ECL) model under IFRS 9 to assess credit risk for all receivables, including unbilled receivables. This model considers historical payment performance, and forward looking factors such as economic conditions and forecasts, and individual customer creditworthiness.

The Company operates a closely monitored collection policy. The Company closely monitors the credit risk of customers and offers credit only to those with healthy scores.

All sales to retrofit and smaller OEM customers are on a payment before shipping basis and only OEM's qualify for significant levels of credit. Where appropriate the Company has in the past and would again secure trade credit insurance for significant debt. The total credit risk is therefore £1,543k (2023; £1,702k).

	31 December 2024	31 December 2023
Opening balance	55	43
Decreased during the period	31	-
Utilised during the period	-	12
Provision at year end	24	55

There was an amount of £24k (December 2023; £55k) in the allowance for impairment in respect of trade receivables and unbilled receivables. The average debtor days are 42 days (2023; 94 days), the average creditor days are 79 days (2023; 54 days).

#### Liquidity risk

The Company's objective is to maintain a balance between continuity and flexibility of funding through the use of short-term deposits. The contractual maturity of all cash, trade and other receivables at the current and preceding balance sheet date is within one year. The contractual maturity of trade and other payables at the current and preceding balance sheet date is within 3 months.

#### Interest rate risk

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2024 £'000	2023 £'000
<b>Fixed rate instruments:</b>		
<i>Lease liabilities</i>		
Less than one year	390	358
More than one year	1,648	1,429
Total	2,038	1,787
<i>Other Loans and Borrowings</i>		
Less than one year	5,214	211
More than one year	193	404
Total	5,407	615

#### Sensitivity analysis

A 10% increase in the BOE base rate would result in an increase in interest on the interest bearing loan of £1,050k.

	£'000
2024 interest at current rate of 4.5%	472
2024 interest at sensitivity rate of 14.5%	1,523
Notional increase in interest payments in 2024 @ 10% upward sensitivity	1,050

#### Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern and satisfy its debt as it falls due whilst also maximising opportunities to progress the development of the business. The Capital structure of the Company consists of cash and equity attributable to shareholders comprising issued capital. A key indicator of capital management performance used by management is the level of cash available to the Company.

Financial assets are comprised of £4,281k (2023; £8,927k) which consists of cash and trade receivables.

Financial liabilities are comprised of £11,880k (2023; £7,101k) which consists of trade payables, lease liabilities and current and long-term interest-bearing loans.



## 24. Right of use assets

Amounts recognised in the income statement

	L&B £'000	Other £'000	Total £'000
Net Carrying value at 1 January 2024	362	118	479
Additions	672	-	672
Depreciation charge for the period	(124)	(50)	(174)
Impairment	(75)	-	(75)
<b>Net Carrying value at 31 December 2024</b>	<b>835</b>	<b>68</b>	<b>902</b>
Net Carrying value at 1 January 2023	1,240	55	1,294
Additions	-	135	135
Depreciation charge for the period	(142)	(47)	(189)
Disposals net book value	-	(25)	(25)
Impairment	(736)	-	(736)
<b>Net Carrying value at 31 December 2023</b>	<b>362</b>	<b>118</b>	<b>479</b>

Amounts Recognised in the Income Statement

	December 2024 £'000	December 2023 £'000
Interest on Lease liabilities	175	129

## Lease Liabilities

	December 2024 £'000	December 2023 £'000
Current	390	357
Non-Current	1,648	1,429
<b>Total Lease Liabilities</b>	<b>2,038</b>	<b>1,786</b>

	December 2024 £'000	December 2023 £'000
<b>Total Cash outflow for leases</b>	<b>613</b>	<b>454</b>

	December 2024 £'000	December 2023 £'000
Within 1 year	538	475
Greater than one year but less than five years	1,386	1,145
Greater than five years but less than ten years	755	597
Greater than ten years but less than fifteen years	-	-
<b>Total Lease Liabilities</b>	<b>2,679</b>	<b>2,217</b>

## 25. Capital Commitments

Contracts placed for future capital expenditure as at 31 December 2024 were £1,457k (2023; £1,406k)

## 26. Ultimate controlling party

The Directors do not consider there to be an ultimate controlling party due to no individual party owning a majority share in the Company.

## 27. Loss per ordinary share

The calculation of basic loss per ordinary share is based on the loss for the financial year divided by the weighted average number of shares in issue during the year.

Losses and number of shares used in the calculation of loss per ordinary share are set out below.

Basic	2024	2023
Loss after tax (£)	(22,348,538)	(19,558,869)
Weighted average number of shares (No. of shares)	968,516,673	247,044,609
Loss per share (pence)	(2.31p)	(7.92p)

The calculation of diluted loss per ordinary share is identical to that used for the basic loss per ordinary share. This is because the exercise of options would have the effect of reducing the loss per ordinary share from continuing operations and is therefore anti-dilutive under the terms of IAS 33.

## 28. Share options

There is a total of 2,758,825 unexpired options held by employees, 700,000 unexpired options held by former officers and a total of 3,500,000 unexpired options held by directors. The number of options outstanding under the Company's share option scheme is as follows:

Note	At 31 December 2023	Granted	Leaver	Exercised	Lapsed	Cancelled	At 31 December 2024	Exercise price	Date from which exercisable	Expiry date
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E2	40,753	-	-	-	-	-	40,753	£0.1050	05/07/2018	04/07/2028
E2	745,000	-	-	-	-	-	745,000	£0.1450	30/09/2018	04/07/2028
E2	990,000	-	-	-	-	-	990,000	£0.1588	01/10/2018	04/07/2028
U1.0	250,000	-	-	-	-	-	250,000	£0.1550	02/10/2018	02/10/2025
E1	321,667	-	-	-	-	-	321,667	£0.1525	04/01/2018	04/01/2028
U1.1	450,000	-	-	-	-	-	450,000	£0.1525	04/01/2018	04/01/2028
E1	245,000	-	-	-	-	-	245,000	£0.1300	05/12/2019	05/12/2029
U1.0	1,910,000	-	-	-	-	-	1,910,000	£0.1300	05/12/2019	05/12/2029
E1	360,000	-	(20,000)	-	-	-	340,000	£0.2350	04/12/2021	04/12/2029
E4	210,000	-	-	-	-	-	210,000	£0.2600	28/01/2020	28/01/2030
E3	120,000	-	-	-	-	-	120,000	£0.4600	20/10/2020	20/10/2030
E5	210,000	-	(210,000)	-	-	-	0	£0.5000	23/02/2021	23/02/2031
E6	40,000	-	-	-	-	-	40,000	£0.5000	23/02/2021	23/02/2031
E7	646,405	-	(60,000)	-	-	-	586,405	£0.5700	10/11/2021	10/11/2031
E5	500,000	-	(290,000)	-	-	-	210,000	£0.5700	10/11/2021	10/11/2031
E8	830,000	-	(330,000)	-	-	-	500,000	£0.5050	12/07/2022	12/07/2032
Total	7,868,825	-	(910,000)	-	-	-	6,958,825			

#### EMI approved scheme

All the options below have been granted under the EMI approved scheme. The options under E2, E3, E5, E6 and Evest on the achievement of specific performance criteria relating to contract awards, cost targets and revenue levels.

- E1) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. There are no performance conditions attached to the options issued other than continued employment by the Company.
- E2) These options have been granted under the approved scheme. These options have been granted under the EMI approved scheme. There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. For these options there are performance criteria relating cost and production targets.
- E3) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. For these options there are three performance criteria: Production cell OEM1 meeting certain production criteria, the company achieving a certain target cost for the manufacture of a carbon ceramic disc and the delivery of £5m of revenue in a financial year.
- E4) There are no performance conditions attached to the options issued other than continuous employment by the Company for a period of 2 years and continuing employment.
- E5) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. For these options there are three performance criteria: Achievement of staffing requirements for start of OEM production, ongoing staff turnover levels below industry average in a 3 year period and the delivery of £5m of revenue in a financial year.
- E6) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. For these options there are three performance criteria: Achieving a minimum of £20m of sales in a rolling twelve-month period, achieving a minimum of £5m profit before tax in a rolling twelve-month period and installing capacity capable of achieving annual sales of at least £60m.
- E7) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. For these options there are three performance criteria: Achieving a minimum of £20m of sales in a rolling twelve-month period, achieving a minimum of £5m profit before tax in a rolling twelve-month period and installing capacity capable of achieving annual sales of at least £80m.

#### Unapproved scheme

All the options below have been granted under the unapproved scheme. The options under U1.1 below vest on the achievement of specific performance criteria relating to contract awards and revenue levels.

- U1.0) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. There are no performance conditions attached to the options issued other than continued employment by the Company.
- U1.1) There have been no variations to the terms and conditions, or performance criteria attached to these share options during the financial year. For these options there are three performance criteria: The nomination of a track car, a nomination by a mainstream OEM for a production vehicle and/or the delivery of £5m of revenue in a financial year.

A total share-based payment credit of £113,372 was recognised in the income statement during the year in relation to the Company's historic EMI scheme. This credit primarily arose due to the forfeiture of options by employees who left the business during the period.

#### LTIP schemes

Under the Company's Long Term Incentive Plan (LTIP), executive directors and senior management have been granted options over ordinary shares, subject to service and performance conditions. The LTIP is equity-settled and accounted for in accordance with IFRS 2 Share-based Payment.

At 31 December 2024, 35,022,823 options (2023: nil) remained potentially capable of vesting by August 2027.

Options at 31 Dec 2023	Options granted in the period	Options exercised in the period	Options not expected to vest	Options Lapsed in the period	Options potential to vest at 31 Dec 2024
Nil	58,081,655	nil	(19,652,962)	(3,405,870)	35,022,823

There were no exercises of share options during the period (2023: nil), and no gains were realised (2023: £nil). Further details on directors' participation in the scheme are provided in the Directors Remuneration Report in the Annual Report.

#### Valuation of Awards

For LTIP awards with market-based performance conditions (i.e. requiring the Company's share price to reach at least 5 pence by the end of the vesting period), the fair value was determined at the grant date using a Monte Carlo simulation model, in line with IFRS 2. The model incorporated 100,000 iterations simulating potential share price paths and exit values to determine the expected pay-out, discounted to present value.

The following key assumptions were applied in the model:

Grant date	15-Jan-24	14-Aug-24
Share price at date of grant	£0.108	£0.016

Share price at date of grant	£0.100	£0.010
Exercise Price	£0.110	£0.017
Vesting period	3 Years	3 Years
Volatility	36.5%	36.5%
Dividend Yield	0%	0%
Valuation methodology	Monte Carlo simulation (100,000 iterations)	

Awards with non-market performance conditions, such as operational or financial targets, are valued at the share price on the grant date, and the charge is adjusted each period based on management's estimate of the number of options expected to vest.

The total share-based payment charge recognised in the income statement during the year in relation to the LTIP was £94,233 (2023: £nil).

The fair value per option for all LTIP awards with market-based performance conditions is £0.001. For the remaining LTIP awards, the fair value is aligned with the share price at the date of grant, as shown in the table.

Participation in the SIP was fixed at the start of the accumulation period (1 April 2024), with 73 employees enrolling. No new participants could join mid-cycle, although employees were permitted to withdraw from the scheme during the period. In such cases, employee contributions were refunded, and no Matching Shares were issued. As at 31 December 2024, employee contributions totalling approximately £29,220 had been made under the scheme. Based on a fair value of £0.0885 per share at the SIP grant date and an expected Matching Share issuance of 1,948,000 shares, the total IFRS 2 share-based payment charge for the 48-month vesting period was calculated at £172,398.

The fair value of Matching Shares granted under the SIP equals the market value at the SIP grant date. As there are no market-based or performance vesting conditions, no additional valuation modelling (e.g., Monte Carlo) was required.

A charge of £32,325 has been recognised in the income statement for the 2024 financial year, representing 9 months of the total charge.

This is the Company's only SIP scheme in place as at 31 December 2024. Future annual SIP cycles are anticipated. The total share-based payment charge/(credit) recognised in the income statement during the year was as follows:

Scheme	Charge/(Credit)	Description
Long-Term Incentive Plan (LTIP)	£94k	Fair value measured using Monte Carlo simulation; see details below.
Share Incentive Plan (SIP)	£32k	Based on matching shares awarded over a 12-month accumulation period.
EMI Scheme (Historic)	(£112k)	Credit arising from forfeited options due to employee departures.
Total	(£14K)	

## 29. Government grants

Government grants on the statement of financial position at the year end relate to grants received for capital equipment for use in production. These grants are to be amortised over the life of the equipment to which they relate. During the year to December 2024 the Company recognised £13k of income against the furnaces which have entered production.

## 30. Post reporting date events

### Strategic Commercial Realignment

Subsequent to the balance sheet date, the Company has taken steps to strengthen its liquidity and operational effectiveness through strategic commercial arrangements. This includes securing over £10 million in cash advances under revised commercial terms from a key customer, aimed at supporting working capital and reinforcing operational continuity.

The Company is actively engaged in the realignment of pricing structures and broader commercial terms with this key customer. In parallel, negotiations are underway with other OEMs to implement enhanced pricing agreements across remaining production capacity, reflecting a strategic shift toward a more value-driven commercial model.

To support operational efficiency and scale, the Group has also enhanced its manufacturing capabilities. This includes the deployment of specialist expertise-both internally sourced and introduced through commercial arrangements-resulting in measurable improvements in production yield and output.

These initiatives form part of a broader commercial repositioning to align the business model with long-term growth objectives. Discussions regarding longer-term frameworks remain ongoing, and the Company will provide further updates as appropriate.

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