

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Surface Transforms plc
("Surface Transforms" or the "Company")

Trading and operations update

Surface Transforms (AIM: SCE) manufacturers of carbon fibre reinforced ceramic automotive brake discs, announces the following unaudited trading and operations update for the year ended 31 December 2025 ("FY25").

Trading update

- **Revenue** - increased circa 120% to £18.0m (FY24: £8.2m) representing further ongoing improvement with a record second half revenue of £9.9m, up from £8.1m in the first half of 2025.
- **Operating loss** before interest and tax- reduced nearly threefold to approximately £8.7m (FY24: £23.4m), with second-half losses improving significantly to £3.5m (H1-25: £5.2m loss).
- **Gross cash** - £1.0m¹ as at year end (FY24: £0.5m) which continues to be actively managed.
- **Capital expenditure** - increased to £8.6m (FY24: £6.1m) with the £13.2m ERDF loan now fully utilised for capital investment in line with management expectations.
- **Outlook** - revenue expectations of approximately £27.0m for FY26.
- **Customer prepayments** - £13.3m at the year end, marginally higher than the £12.9m as at 30 June 2025.

¹ Includes £0.2m restricted for capital expenditure

Operations update

The Company has continued integrating new equipment, automation, and process improvements during Q4 25. As expected, this temporarily impacted yield, which was 77% in Q4, up from 70% in Q3 and a marked improvement from 49% in Q1. This was below management's internal 80% target which remains for Q1 2026. The range of weekly yield performance continued to improve during the second half, indicating that the transformation and experience applied to the issue is taking effect. Except for additional furnace capacity, all major improvement programs are now nearing completion, and no further significant changes are planned in the near term. Installation and commissioning of the new furnace is well advanced, and it is expected to be operational by the end of Q2 2026, supporting increased revenue and production output thereafter.

Summary and outlook

FY25 has been a transformative year, marked by substantial progress in scaling production and improving processes. The business has moved meaningfully closer to substantial and profitable operations, with materially higher output and revenues. Demand for our product remains strong. While challenges persist, customers are encouraged by the improvements underway. Cash remains tight but manageable.

The business is well positioned for growth in 2026, and management expects to deliver FY26 revenue of approximately £27.0m with an EBITDA breakeven.

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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:

Stronger and more durable products with improved heat conductivity compared to competing 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

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