Carclo

Engineering precision for life-critical performance

Carclo plc Annual report and accounts 2026

Carclo

We don't just make components, **we engineer confidence**

Contents

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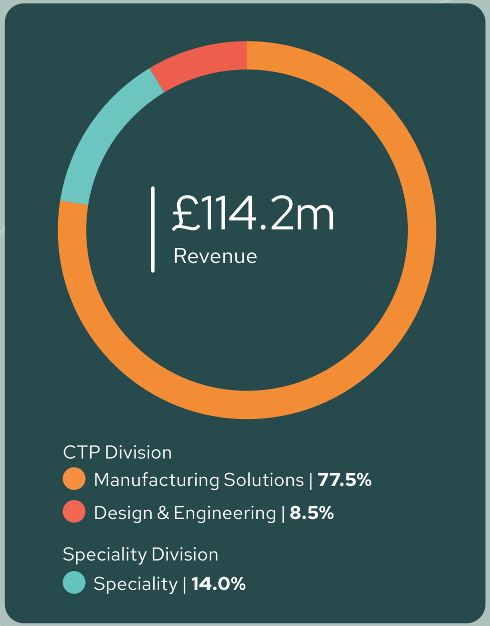
carclo.co.uk

At a glance

A precision platform built for scale

Eleven sites across three continents. Two divisions. One operating model – and a reason behind every part of it.

Revenue mix



Global footprint

11
Sites
Europe, the Americas, Asia

907
Employees
Engineers, technicians, scientists

2
Divisions
CTP, Speciality

Why the platform matters

Specialised
not generalist

Lean, regional factories, each with a defined role. Specialisation is what delivers on time and on margin.

Scaled
close to customers

Three continents means we qualify and supply where our customers operate – and de-risk their supply chains.

Selective
regulated markets

The platform is pointed at life-critical and mission-critical work, where qualification is the barrier to entry.

At a glance continued

Two divisions, one operating model

Carclo Technical Plastics ("CTP")

Precision plastics for life-critical applications

£98.2m

Two major business units, Design & Engineering and Manufacturing Solutions, operate across multiple sites, transforming customer requirements into engineered solutions, including product design, tooling, prototyping and process engineering. Manufacturing Solutions provides high-precision injection moulding on a global scale. The division serves two main markets:

- In vitro diagnostics ("IVD"), supplies components such as cuvettes, microfluidic cartridges and analyser modules to six of the top ten global IVD OEMs. The global IVD market is projected to have an annual growth of 5% to 7%.
- Drug delivery produces injection pens, autoinjectors and inhalers. The injectable drug delivery segment is valued at around $690 billion, with annual growth of 8% to 16%, depending on the product.

European sites

- Mitcham, England, UK.
  - Automated for long-run volumes.
- Brno, Czechia.
  - Central European medium-run production hub and innovation centre.

American sites

- Latrobe, Pennsylvania, US.
  - Two areas: one automated for long-run volumes, one a medium-run production hub.
- Greensburg, Pennsylvania, US.
  - Dedicated long-run welding facility and our Design & Engineering centre.
- Export, Pennsylvania, US.
  - Automated for long-run volumes.

Asian Pacific sites

- Taicang, Jiangsu, China.
  - Asia Pacific production hub for long runs.
- Bangalore, Karnataka, India.
  - Asia Pacific production for medium runs.

Design & Engineering

Concept design, tooling and prototyping for regulated device programmes.

£9.7m

Manufacturing Solutions

Precision and micro injection moulding, welding, assembly, printing and supply chain solutions.

£88.5m

Speciality

Precision machining for aerospace and motion

£16.0m

Two business units: Aerospace ("Aero") and Light & Motion ("L&M") precision engineering with sector expertise for demanding environments. Precision machining now accounts for 62% of divisional output, up from 27% in three years (33% CAGR). The aerospace repair, maintenance and overhaul market is projected to reach $121 billion by 2030, growing at 4.7% CAGR.

Speciality sites:

- Musselburgh, Scotland, UK.
  - Cable assemblies and machined components for civil and defence aerospace.
- Chartres, France.
  - Aerospace mechanical cable assemblies, with machined components recently added.
- Aylesbury, England, UK.
  - Light & Motion: automotive lighting, sensing and precision optics.

Aerospace

Flight-control cable assemblies and machined components for civil and defense aerospace.

£10.8m

Light & Motion

Automotive lighting, sensing and precision optics.

£5.2m

Read more – how the platform creates value, on page 15 – the markets it serves, on page 12 – the strategy that scales it, on page 17

Our performance

Foundations laid. Precision 2030 begins.

The turnaround is complete. Revenue strategically reset, profit transformed, balance sheet rebuilt. Every condition to deliver the **Precision 2030** growth plan is now in place.

Precision 2030 – unveiling new targets following the turnaround:

8%+ Organic revenue CAGR	10%+ ROS	25%+ ROCE	≤0.5x Leverage

Foundation 01
Revenue, strategically reset

Deliberate exit of low-volume, low-margin business in the US, releasing constraints and providing launchpad for Precision 2030.

£114.2m
↓ **5.8% YoY**
Group revenue (FY25: £121.2m)

3.51
↑ **3.7% YoY**
Asset Utilisation Rate (FY25: 3.38)

Foundation 02
Profit, transformed

Profit transformed through smaller but higher margin revenue base. Current returns already within Precision 2030 target range.

£12.6m
↑ **28% YoY**
Underlying operating profit (FY25: £9.8m)

3.7p
3x FY25
Basic EPS (FY25: 1.2p)

Foundation 03
Financial strength, rebuilt

Cash generation now funds the growth Precision 2030 calls for.

£23.9m
↑ **24% YoY**
Net debt (FY25: £19.2m)

£12.0m
↓ **37% YoY**
Cash generated from operations (FY25: £19.1m)

Foundation 04
Strategic roadblocks, cleared

Four roadblocks that had constrained the equity story – each one addressed in the year. The runway for Precision 2030 is now clear.

Complete
Refinancing
Three-year multi-currency facility with BZ Commercial Finance, agreed April 2025.

Agreed
Pension valuation
One-off £5.1m contribution to release security for refinancing.

Maintained
Safety, IFR[1]
Incident frequency rate ("IFR") sustained at 0.7 (FY25 0.7)

98%
UK renewable electricity
Group ESG profile materially strengthened ahead of TCFD reporting (FY25 98%)

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1. IFR defined in glossary on page 167.

Our identity

Our purpose

Engineering precision for life-critical performance

We make the components inside the products people use to inject, inhale, fly with and rely on. When failure is not an option, precision is the only answer.

Our core values

- Act as one
- Speak openly
- Own the outcome
- Grow together
- Challenge, improve, repeat

Our strategy

Precision 2030
our growth plan

Built on three pillars and a foundation of financial discipline

Read more – our strategy, on page 17

Excel

Operational excellence

Specialised, lean, regional factories delivering on time and on margin.

Expand

Growth and scale

Deeper customer relationships and broader reach across the US, EMEA and APAC.

Innovate

Technology and differentiation

Materials leadership and drug-delivery innovation, built on our proprietary C-Mould and Syncura platforms.

10%+ ROS[1]	≤0.5x leverage	Sustainable material
25%+ ROCE[2]	8%+ organic revenue CAGR	A qualified pipeline

The investment case

Three reasons to own Carclo – and each one is the argument of a later section of this report.

1. Resilient, high-growth markets

Life Science, Aerospace and Safety & Security – demand driven by demographics, regulation and structural change, not the economic cycle.

Read more – our markets, on page 12

2. A defensible business model

Decades of regulatory qualification, global scale and embedded customer relationships that create high barriers to entry.

Read more – how we create value, on page 15

3. Improving financial returns

A turnaround delivered. ROS and ROCE are already above the floor required to deliver Precision 2030 financial targets.

Read more – our strategy, on page 17

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1. ROS defined in glossary on page 166.
2. ROCE defined in glossary on page 166.

What we do

What we make, why those markets are growing, and how we win

A century and a half of precision engineering – and a business built for growth.

What we make

We make the precision components inside products that cannot fail.

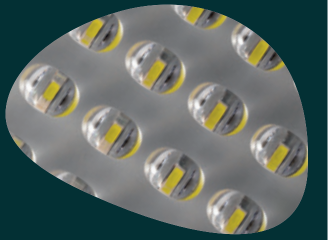
Diagnostic disposables
Consumables inside blood-analysis instruments

Auto-injectors and pens
Devices that deliver GLP-1 and biologic drugs

Inhalers
Dose-delivery components for respiratory care

Pharmaceutical packaging
Closures and packaging that protect medicines

Flight-control cables
Cables that move and hold aircraft controls



LED optics
Lenses and reflectors for safety-critical lighting

Why that matters

Three markets with structural demand

where products are qualified over years and supplied for decades.

Life Science

Above-GDP growth

Diagnostics and drug delivery, where ageing populations and the shift to injectable medicines drive demand that grows ahead of GDP.

Aerospace

Decade-long programmes

Components are qualified over years, then supplied across the life of the airframe. Rising defence budgets add to that.

Safety & Security

Low cyclicality

Specialised products with long lives, serving markets that hold up when others slow.

↗ For more information see our markets on page 12

What we do continued

How we win

Three steps, in sequence. Each one earns the next.

Trust

We earn the right to be there

Decades of relationships and regulatory qualification open the door – and keep it open.

→

Technology

We have the means to deliver

C-Mould, Syncura, materials science and micro-moulding turn a hard brief into a manufactured reality.

→

Transformation

We turn the challenge into the solution

Customers leave with a solved problem, not just a part – which is why they come back with the next one.

Our journey

From a 19th-century precision workshop to a transformed, growth-focused platform and now into Precision 2030.

1876

Bruntons founded at Musselburgh – 150 years of precision engineering.

Carclo is born. Founded as a maker of card clothing – the precision wire used to comb textile fibres.

1924

1997

The pivot to plastics. Carclo refocuses on higher-growth precision plastics and speciality, divesting its metals heritage to become a technology-led plastics company.

Going global. CTP scales internationally: India, China, Czechia, US; building the global medical and drug-delivery device platform that defines Carclo today.

2008

2022

New leadership takes the helm, the turnaround starts.

Refinancing completed with BZ Commercial Finance; balance sheet reset.

2025

B|Z

2026

Foundations laid. Precision 2030 growth phase begins.

Chair’s statement

Strong foundations

Joe Oatley, Chair

Dear shareholder

I am pleased to report a year of stability and delivery for Carclo. Our operational performance and quality has been excellent across all of the Group sites throughout the year. Our US business achieved a much-improved performance as we completed our first full year following the restructure that was completed in FY25. We have now delivered three consecutive years of improvement in our key financial measures of Return on Sales (“ROS”) and Return on Capital Employed (“ROCE”), exceeding our medium-term targets of 10% ROS and 25% ROCE for FY26. Our Speciality business has delivered very strong growth since its formation, when we combined our Aerospace and Speciality Optics businesses, with underlying earnings growing by more than 50% since FY24.

With the turnaround completed, operational performance embedded across the Group and financial performance on our key metrics delivered, we are now entering the growth phase of our strategy. We are well positioned in structural growth markets of life sciences and aerospace. Our strategy is designed to deliver meaningful organic growth while maintaining financial and capital discipline. This will ensure we will continue to strengthen our financial position and improve the health of our balance sheet while delivering top-line growth. You can read more about our Precision 2030 growth strategy in the Chief Executive Officer’s business review on page 8.

Our commitment to the safety and wellbeing of our people continues unabated and our environmental initiatives are becoming an integral part of our operations and product development. These achievements reflect our ongoing commitment to delivering value, building trusted relationships, and positioning Carclo for long-term success.

The Board

Ian Tichias has completed his first full year as Chief Financial Officer, and I am very pleased with the positive impact he has made. His clarity in financial management, disciplined approach and forward-looking mindset have brought real value as we enter a phase of growth. Ian has built a strong team around him to ensure we continue to improve our governance and stewardship of the Company.

We are now aiming to strengthen the Board and are in the process of recruiting an additional Non-Executive Director. I will have completed nine years on the Board of Carclo next year and this will provide potential succession for my role as well as broadening our skills and experience.

This year also marks our first full year operating under the UK Corporate Governance Code 2024, effective for us from 1 April 2025. I am pleased to confirm that the Company has complied with the Code throughout the year, except for Provision 29, which takes effect from 1 April 2026 and for which our preparations are well underway. We have also introduced a Deferred Bonus Plan, approved by shareholders at the 2025 AGM, to further align our executive rewards with the long-term interests of all shareholders.

Our people

All that we have accomplished in FY26, and throughout recent years of transformation, is a testament to the outstanding quality and commitment of our people. Across every site, function and level of the organisation, our colleagues have shown skill, dedication and a true sense of pride in Carclo’s achievements.

On behalf of the Board, I want to express my sincere thanks to every member of our team. It is your contribution that forms the foundation of our business.

Looking to the future

The foundations of our business are strong. We are well positioned in markets with structural growth characteristics and have a clear growth strategy going forward. We will deliver this growth while maintaining the financial discipline and operational rigour that have defined our recovery. I look forward to reporting further progress in the year ahead.

Joe Oatley

Joe Oatley
Chair

30 June 2026

Chief Executive Officer's business review

Engineered for growth

Frank Doorenbosch, Chief Executive Officer

Strategy is delivering. The next phase is growth

Three years ago, we set out three objectives for the business: a safer and more sustainable company, operational excellence in every site, and a stronger, more resilient balance sheet. This, all with the overarching objective to deliver a sustainable Return on Sales of 10% and a Return on Capital Employed of 25%. Our FY26 results show the strategy has delivered on all fronts, ahead of our own schedule. From these foundations, our Precision 2030 plan sets out where we are taking the business from here.

What we worked towards

The objectives set in October 2022, following my appointment as CEO, were not glamorous. They were the conditions Carclo had to meet before we could credibly speak about anything else.

The work that followed had three strands. Firstly, operational excellence across every site: we delivered lean, regional factories, each with a clearly defined and focused role, delivering enhanced asset utilisation, on-time delivery and our target margin. Secondly, financial resilience. We reduced the debt burden through stronger cash generation, better asset utilisation and strict working capital control. Finally, a cultural reset: One Carclo, with a single quality standard across three continents, and with safety and environmental stewardship embedded in how we run every shift in every site.

In FY26, the three strands came together. The factory specialisation programme across the CTP Division is complete, with every site now carrying a defined role inside our global network.

We delivered on our promises

The numbers for the year reflect this progress. Return on Sales increased to 11.0% (FY25: 8.1%), passing the 10% target we set in 2022. Return on Capital Employed reached 29.1% (FY25: 24.4%), passing the 25% target set in the same year. Underlying operating profit grew by 28.1% to £12.6 million. Positive operating cash generation saw cash generated from operations at £12.0 million (FY25: £19.1 million).

Group revenue of £114.2 million was below FY25 due to lower D&E activity in CTP driven by lengthy sales and validation cycles which reflect the criticality of the products we produce for customers.

During the past four years we made difficult decisions to exit low-margin, short-run work, mostly in the US, and we worked through the planned wind-down of the critical asset revitalisation programme in our Design & Engineering business, the multi-year cycle of rebuilding and upgrading mould and back-end automation across the network. This was a keystone to create a revitalised Carclo: a better not bigger business, that is more agile, more coherent and financially healthier one.

CTP Division

CTP generated revenue of £98.2 million in the year (FY25: £107.0 million). Within that headline number, the mix has improved materially. The completion of our operational excellence plan in the US has delivered, as planned, a consistent and sustainable contribution from our life sciences work across the globe.

Design & Engineering

Design & Engineering ("D&E") is where customer projects are turned into manufacturable products, and where much of our innovation work sits. D&E revenue of £9.7 million (FY25: £13.6 million) reflects the planned end of the asset-revitalisation cycle that ran from FY23 to FY26. The programme aimed to optimise our manufacturing footprint, and the completion of this programme has resulted in a more efficient manufacturing base with higher capacity utilisation.

The order book and the pipeline tell a different story to the headline. New design verification protocols and enhanced simulation capability are compressing time-to-market on regulated programmes. C-Mould, our proprietary tooling platform, produces production-ready tools in weeks rather than months, and continues to deliver market-leading qualification timelines. One example from the year, a 2K-moulded component for a drug delivery device programme, combining two materials shots in a single moulding step and thereby replacing a four-piece component, was qualified to the point of regulatory submission within three months of the first customer brief; an outstanding achievement most competitors cannot hit.

Chief Executive Officer's business review continued

We delivered on our promises continued

CTP Division continued

Design & Engineering continued

The Life Tech Solutions team operates as our innovation incubator, tightly aligned to where customer demand will be in three to five years' time. New developments in proprietary closures, drug-delivery solutions and connected inhalers all moved forward during the year; their role in our growth plan is set out under the Innovate section below. We also built and began piloting the Carclo AI Framework, with a six-person working group operating to a 60-day mandate and a costed strategy. Five use cases have been prioritised, from in-line vision quality control at our regulated sites to AI-assisted computer-aided manufacturing in Speciality. The focus is engineering productivity; we will report outcomes when there are meaningful ones to report.

Manufacturing Solutions

Manufacturing Solutions, with its repeat, programme-based revenues, is the long-term value creation engine of CTP. Revenue of £88.5 million (FY25: £93.4 million) largely reflects the volume rebalancing across the network and the effect of foreign exchange rate movement. On a like-for-like basis, taking into account the effect of product lines we exited in the prior year and at constant currency, MS revenues were in line with the prior year. Having completed the strategic realignment of the portfolio, the business is now focused on delivering consistent operational performance following this portfolio restructuring. The US business has, as planned, come through its restructuring with materially higher operating margins, and is now an accretive part of the Group, and the unified Pennsylvania operation runs to the same operational and quality standard as our EMEA and APAC sites, delivering the same margin performance.

The standout site this year was Brno in Czechia. Volumes grew strongly, and we made significant progress on integrating new projects and solutions. The site also took the lead on our new pharmaceutical packaging and closures growth vector, which we expect to be a material contributor by FY29.

China continued to grow steadily, supporting our global in vitro diagnostics ("IVD") programme now including regional life science customers.

India is a strategic opportunity for the Group. Alongside our established ATM and optics work, we are completing the site's diversification towards life sciences, with our main customer's IVD programme as the anchor. We also gained local life science customers in an important, high-growth market. Capacity that previously supported declining adjacencies is now being qualified for high-volume diagnostic disposables and drug delivery systems, and we expect the India site to look materially different in mix and margin profile in the future. In the UK, our site in Mitcham is focused on high-volume production runs. It delivered on plan, with regulated work from the life sciences sector continuing to grow.

During the year we completed the global rollout of our polymer price and energy adjustment mechanism, indexed quarterly. This is a structural change for the business. It moves the conversation with customers from defensive price negotiation to transparent pass-through, and it protects gross margin through commodity cycles. This has been an important process in times where input cost can rise due to geopolitical changes. The sales team led the work and the discipline is now embedded across the Group.

Speciality Division

Speciality revenue grew 12.5% in the year to £16.0 million (FY25: £14.2 million), with operating margins reaching 22.4%. From mid-2026 the aerospace parts of the division will operate closer together, and with technology exchange we are exporting 150 years of precision engineering at Bruntons Musselburgh, Scotland to our global customer base. Bruntons has a clear brand equity in aerospace. In Jacottet, our facility in Chartres in France, we have invested in new machinery capacity, allowing them to expand their offering from cable solutions to include the precision machining components, allowing a consistent combined European offer.

Aerospace

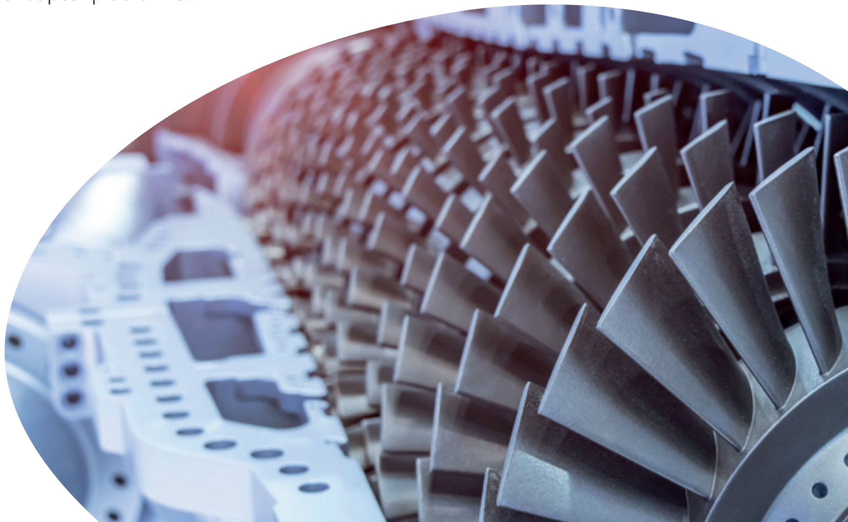
Our Aerospace business delivered a third consecutive year of record orders. The franchise in streamline wire, the aerodynamically profiled bracing wire used on aircraft structures, and in-flight control cables for the main helicopter platforms continued to grow. The product lifecycle is worth explaining: once a component is qualified on an aircraft platform, it is typically supplied for the life of that platform, often decades. That makes the work slow to win and very hard to displace. Continued investment in machined components, at both our Musselburgh and Chartres sites, opened further opportunities across civil airframes and helicopter platforms.

Beyond the strategic customers with a long history at Bruntons, we made progress on adjacent OEM relationships, in particular in Defence. NATO defence spending, now indexed to a higher floor, supports a multi-year demand environment for the components and assemblies we produce. Record civil European aerospace backlogs are a second and the future growth of this business is supported by both growth trends.

The Speciality leadership team continued to broaden the customer base and to grow its precision machining output. The business we have built is meaningfully different from the one we started with.

Light & Motion

Light & Motion is a small part of the Group, and we have positioned it accordingly. Fresnels, our passive infrared optics business, grew in the year and is now a part of our Safety & Security offering, with a focus on leisure mobility lighting and new geographies. Coil, which supports the visually impaired, has a new brand and distribution strategy. None of it is dramatic. It is the right positioning of capital and attention.



Chief Executive Officer's business review continued

We delivered on our promises continued

Safety and people

Our incident frequency rate in FY26 was stable at 0.7 (FY25: 0.7). The two-year reduction from 2.3 in FY24 is substantial, but the discipline has to be renewed every day. Our third annual Safety Week reinforced the same principle in every site: every colleague has the stop-work authority.

During the year we have focused on strengthening the team for the growth journey; Steve Lents joined in April 2026 as VP Global Sales, Andrew Sargisson focused on global business development and Lee Dodd on Life Tech Solutions. These appointments are structural enablers for the growth phase. We have also strengthened the finance team leadership below Board level to provide better management information and improved financial controls across the Group.

Sustainability and Project Zelda

Project Zelda, our programme on waste reduction, energy and yield, continued to deliver throughout the year. UK operations now run on 98% CO_2-neutral electricity. CO_2e per £1 million of revenue improved by a further 18% during the year. APAC continued to progress towards CO_2 neutrality, and we have begun the equivalent groundwork in the US. The full details can be found in our TCFD disclosure. The principle is simple: less waste and less energy is good manufacturing practice, and the environmental benefit comes from the same work.

Next steps: Precision 2030

Completing a turnaround does not, on its own, tell you where a business is going. It gets you back to the starting line. We have done that work, and the question of whether Carclo can deliver on its commitments has been answered positively. What matters from here is growth, in scale and in pace. Precision 2030 is how we intend to deliver it.

Precision 2030 is our five-year plan that sets out how we will deliver sustainable organic growth while maintaining our financial discipline. Our Precision 2030 headline targets are:

- Organic revenue growth at a compound annual rate of more than 8% across the plan period.
- Net debt of less than 0.5x EBITDA by FY31.
- While ensuring new work continues to deliver on our minimum 10% ROS and 25% ROCE targets.

These targets are organic. We anticipate that we will be in a position to consider bolt-on acquisitions in the later years of the plan. Any future acquisition will be assessed under a disciplined buy-and-build criteria and would accelerate the trajectory and represent upside to these targets.

Precision 2030 rests on two pillars: Expand and Innovate, building on the foundations we have just delivered. Expand is the key driver of revenue growth through the plan. Innovate keeps that growth defensible and provides longer-term margin upside potential.

Expand

We will grow on the platform we have built, through three areas of activity:

Deeper relationships with existing customers

Carclo serves six of the top ten IVD OEMs, with an average customer tenure of more than 15 years. Our largest customer relationship alone runs across around 60 separate programmes, in multiple sub-sectors, capabilities and geographies. During the year we secured a five-year contract renewal with this customer, evidence that the partnership approach works both ways.

In Aerospace we agreed a three-year contract renewal with our major customer in the commercial aircraft segment, demonstrating that every part of the business contributes to stability and growth.

The next layer of growth is more programmes, more components and more value-add per component at the customers where that trust already exists.

Entering adjacent segments where demand growth is structural

In drug delivery, our pen and auto-injector capability is still relatively modest, but it has earned us credibility and we have already won new, smaller contracts on the back of it. The opportunity we are aiming at is the rising demand for self-injectable GLP-1 therapies: the new generation of diabetes and weight-loss treatments.

In pharmaceutical packaging and closures, we are entering a large and steady market that is moving in our direction. The growth in biologic medicines and in device-based delivery is raising the technical bar for the components that contain and dispense those drugs. Seals and closures now must do more, interact less with the medicine inside, and survive sterilisation. Liquid silicone rubber ("LSR"), micro-moulding and proprietary materials are what let us meet that bar. These are not commodity capabilities. They are hard to qualify, and once a customer designs our component into a regulated product, that work tends to stay with us for years. This is higher-value engineering that broadens our Life Sciences base beyond diagnostics. It is a clear example of what the Innovate pillar is meant to do: technology that opens new revenue and makes the wider relationship stick.

In wearables, we expect to benefit from growth in continuous glucose monitors, patch pumps and smart pens, devices that combine precision plastics with electronics and sit directly on the patient. In veterinary care, projects already running give us a foothold in a higher-value adjacency that is less contested.

In defence, spending is rising. The sector demands the high standard of quality and accreditation, which Bruntons already delivers for our civil aerospace business. That accreditation is what positions us to deliver in the defence sector, and once a part is qualified the demand is sustainable.

Reaching customer bases we have historically under-served

In APAC our focus for growth is life sciences. We have long produced for the global giants; the opportunity now is with the many smaller local players we have never seriously courted.

In India, we sit in the heart of a growing aerospace industry. By building on the metal machining capabilities we already operate there, we are creating new routes to market for the Aerospace business. These are categories we have under-played in the past.

Innovate

Innovate is where we build intellectual property of our own, and it matters for clear commercial reasons.

When the technology, the material or the product is ours, the customer designs their product around something only we can supply. Once we are designed in, we are difficult to design out. The relationship deepens well beyond price, and the margins are structurally higher. Owning the technology also opens doors to new segments and new customers, in pharmaceutical packaging, drug delivery and wearables. Revenue of this kind is more dependable and harder to dislodge, and that is what creates lasting value in a business like ours. That is what Innovate is for: building things our competitors cannot offer.

We are investing in three areas, detailed below. Not every programme will succeed, and the plan does not need them all to. The growth we have committed to is carried by the wider business. What Innovate adds is durability, turning that growth into a business that holds its position and its margins over time.

Chief Executive Officer’s business review continued

Next steps: Precision 2030 continued

Innovate continued

Proprietary technology

We are investing in a range of new manufacturing capabilities. Our liquid silicone rubber capability at our Czechia site gives us a certified position in a material the device market increasingly demands. Micro-moulding, which we can deliver in the US and EMEA, producing components measured in fractions of a millimetre, is what the next generation of drug-delivery devices and wearables requires, and few suppliers can make it at production quality. C-Mould, our new tooling platform, turns tool production from months to weeks, which gives us a time-to-market advantage on every new programme we quote. New fusion-bonding metallurgies and 3D metal printing improve the mould tools themselves. In plain terms, better ways of joining metals inside the tool gives us better cooling and material flow, and that is what makes tight tolerances achievable at production speed.

Proprietary materials

We are developing new stopper solutions for injectable drug packaging, where tightening US and EU regulation is pushing the market towards engineered alternatives and rewarding the supplier that moves first. We are also working on unbreakable barrier vials that replace glass with engineered plastic, removing the breakage risk that matters most in biologic packaging.

Proprietary products and services

We are working with partners on standardised drug-delivery engines: pre-approved internal architectures that customers can customise on the outside while the engine remains ours, cutting their development time and keeping the intellectual property with Carclo. One example is the development of connected inhalers, integrated with our proprietary Syncura digital layer for adherence tracking and dose verification.

We also run innovation as an open process rather than a closed one. The Carclo Sandbox is how we do that, a space where we work with innovation partners to bring ideas in from outside and take them through to a commercial product. We gain more ideas to draw on and we reach a workable solution faster. We also avoid having to build every capability in-house.

The direct revenue contribution from Innovate within Precision 2030 is modest but this understates its role. Innovate is the reason existing customers stay, and the reason new ones come to us when the problem is difficult to solve. It is also what raises quality growth while Expand delivers value, keeping more higher-margin proprietary work.

What the growth phase asks of us

Operational Excellence was a leadership-driven reset of our entire organisation. Expand and Innovate cannot be delivered in the same way. They need three behavioural changes across the organisation, and all three are already underway.

Firstly, we are repositioning from order takers to value engineers. Every customer conversation now starts with a problem worth solving rather than a part number, and engineering insight has to walk into the meeting alongside sales. What makes this real this year is the new talent joining our Customer Partnership team.

Secondly, we are moving from defenders to hunters. During the turnaround we defended the base. The growth phase needs the opposite reflex: to go and find the customers, segments and geographies that do not come to us on their own. Examples we are targeting are veterinary care, defence and the Indian aerospace market: none of these turn up at the door.

Thirdly, we are moving from reactive engineering to proprietary IP. Historically we engineered to a customer brief, and the customer owned the IP that came out of it. To grow on our terms, we need platforms that are ours, that we can sell many times over, and that are difficult for a competitor to copy. The LSR capability, the inhaler platform and the Sandbox are early examples of a much bigger shift.

Underneath all three sits a broader change, from a turnaround culture to a growth culture. In a turnaround, leadership cascades the plan and the team executes. In a growth phase, the team identifies opportunities and leadership clears the path. The move into life sciences in India started at the site itself. The AI Working Group grew from the teams, and so did the Sandbox. The mindset is already changing, and Precision 2030 makes it the operating model.

Outlook

Three years ago, Carclo was a business facing significant financial and operational challenges. Through a sustained focus on operational excellence we have addressed those issues, and today Carclo has a strong foundation and a disciplined plan for sustainable growth.

Market conditions across the Group are currently mixed. In Aerospace, demand remains strong and we are well-positioned to benefit from sustained sector growth in both civil and defence applications, supported by the additional capacity now in place.

In Life Sciences, conditions are more varied: parts of the portfolio continue to perform well, while demand from certain diagnostics customers has been softer in the early part of this year. In particular, a notably weaker respiratory virus season has reduced testing volumes across the diagnostics industry, leading some customers to adjust inventory levels; an effect we expect to be temporary. We anticipate demand strengthening as we move through the year as a number of our new growth initiatives come on stream and accordingly expect trading to be weighted towards the second half and to deliver positive organic revenue growth for the full year.

The last three years have asked a great deal of the people at Carclo, and they have delivered. The phase ahead will ask different things of us. It needs more ambition and more initiative, and a real curiosity about where the next opportunity lies. I see those qualities in the business already. To everyone who helped get us here, and to those joining us now: thank you.

Frank Doorenbosch
Chief Executive Officer

30 June 2026

Our markets

Three markets where failure is not an option

Where we play — and the precision platform that makes us hard to displace in all three.

Why these markets

Structural, not cyclical

Ageing populations, tightening regulation and safety mandates drive demand that holds through the economic cycle.

Qualified in, hard to displace

Components are qualified over years and then supplied for the life of the programme – long-term, defensible revenue.

One platform, every market

Different processes, one standard. Moulding for plastics, machining for metal, optics for light. All held to the same precision and qualification rigour across all three markets.

Where we play

Life Science

Diagnostics, drug delivery and pharmaceutical packaging.

Growth
Annual market growth structurally above GDP

Aerospace

Flight-control cables and machined components for mission-critical systems.

Demand
An industry backlog of civil aircraft maintenance and overhaul

Safety & Security

Gear technology, personal protection and sensing optics for safety-critical applications.

Resilience
Sensitivity to the economic cycle

One platform, every market

	Design & Engineering	Precision moulding	Materials science	Assembly and decoration	Regulatory qualification
Life Science	●	●	●	●	●
Aerospace	●	○	○	○	●
Safety & Security	●	●	○	○	○

● Core capability ○ Applied selectively

Our markets continued

The forces shaping our markets

Four structural forces and what each one means for Carclo

The same trends that grow our markets also raise the barriers around them. For each force: what it is, what it means, and what we are doing about it.

01 Demographics and chronic disease

The patient base that injects, inhales and is diagnosed is expanding structurally.

1 in 6
people worldwide will be aged over 65 by 2050

6–8%
annual growth in diagnostics and drug delivery

Life Science

The force
Ageing populations and rising chronic-disease prevalence, requiring frequent dosing and growing trend of self-administration at home. Amplified by the GLP-1 wave and the shift to biologics.

What it means
Sustained, above-GDP demand for the auto-injectors, inhalers and diagnostic disposables built around those therapies.

Carclo's response
2K moulding for pen injectors, IVD disposables at scale, and the India facility's pivot to life sciences assembly.

02 Regulation raises the barrier

Tightening regulation is a cost to enter and a moat once you are in.

Years
to qualify a regulated component
and it is rarely re-tendered once approved

Standards tightening
medical and aerospace standards tightening year on year

Life Science | Aerospace | Safety & Security

The force
Medical, aerospace and materials regulation keeps tightening traceability, qualification and ever-higher standards of evidence.

What it means
Higher barriers to entry. Incumbents with a regulatory track record are protected; switching supplier is slow and costly for the customer.

Carclo's response
Decades of qualifications already held, a strengthened internal control framework, and continued cleanroom investment.

Our markets continued

The forces shaping our markets

03 Fleet renewal and defence demand

Aerospace demand is visible years out and defence budgets are rising.

A decade

of civil aircraft production is already on order

Increasing spend

NATO 2% GDP spend increasing to 5% target

Life Science

Aerospace

Safety & Security

The force

Civil aerospace backlogs are at record highs while NATO members lift defence spending past the 2% floor.

What it means

Long visibility on demand for flight-control cables and machined components, supplied across the life of the airframe.

Carclo's response

Capacity investment at Bruntons, Musselburgh, and components qualified for programmes that run for decades.

04 Reshoring and the materials transition

Customers want supply de-risked, closer to home and made from better materials.

3

continents let customers qualify supply close to where they operate

Entering qualification

sustainable materials now entering qualification

Life Science

Aerospace

Safety & Security

The force

After years of disruption, customers are de-risking supply chains by qualifying regional partners and demanding more sustainable materials.

What it means

Our three-continent platform becomes a qualification advantage; the materials shift opens a genuine differentiation lever.

Carclo's response

Specialised regional factories, the C-Mould and Syncura platforms, and sustainable materials through the LifeTech incubator.

How we create value

What we put in, how we turn it into precision

A single operating model converts our resources into life-critical components and into measurable value for every stakeholder.

What we put in

Global talent
A dedicated team of 907 One Carclo members.

Global platform
Eleven specialised sites across three continents.

Trusted qualifications
Decades of regulatory approvals that are hard to replicate.

Materials and technology
Proprietary platforms (C-Mould and Syncura), micro-moulding and sustainable materials.

Capital and discipline
A refinanced balance sheet and cash-generative operations.

How we turn it into precision

1. Engineer
Concept, design, tooling and prototyping – solving the hardest briefs before a part is made.

2. Industrialise
Qualify and validate to regulated standards, then scale the process for repeatable production.

3. Manufacture
Precision moulding, machining, assembly and decoration across our specialised regional factories.

4. Sustain
Supply for the life of the programme – reliably, and with continuous improvement built in.

The value that comes out

Shareholders
3.7p
Statutory Basic EPS

Employees
0.7
Incident Frequency Ratio

Customers
98%
Orders On Time In Full

Environment
21%
Reduction in CO_2 emissions per £m revenue

Communities
7 Projects
See Responsible Operations on page 8

The foundation

Every step is underpinned by financial discipline

The engine that supports Precision 2030

1.29x
FY26 Net debt/EBITDA

66%
FY26 Cash conversion

Disciplined
Capital allocation

Why we win

Capability that is hard to build, and harder to copy

We win the hardest briefs because we deliver the whole precision-engineering stack; proprietary process technology, the full span from first concept to finished part, and the engineering depth behind both. The same capability that delivers Precision 2030.

The capability stack

We deliver every layer of the precision-engineering stack, integrated, so each layer makes the next one stronger.

Design & Engineering

Concept, tooling and prototyping. The hard brief is solved here – before a tool is ever cut.

Precision moulding and machining

Micro-moulding, 2K moulding and precision-machined components – our core technical act, at the tolerances life-critical work demands.

Materials science

Advanced polymers, fusion bonding and 3D printing, and high-performance sustainable materials developed in the LifeTech incubator.

Assembly and decoration

Automated assembly and finishing, delivered to a qualified, repeatable standard.

↓

Proprietary technology

C-Mould and Syncura – our proprietary platforms that let us simulate, predict and control what we make.

Engineering depth

Engineers, technicians and material scientists – and, at Bruntons, 150 years of precision heritage.

Why these markets

Proprietary process technology

Our proprietary C-Mould and Syncura platforms don't just make parts – they let us simulate, predict and control the process. We take the risk out of the hardest briefs before a tool is cut.

The full span, no handoffs

From first concept to a qualified, assembled, decorated part – under one roof. The customer carries no integration risk, and we capture the whole value chain.

Depth bought with decades

A capability like this cannot be hired in a quarter or bought off a shelf. It is generations of know-how, precision heritage and process platforms built in-house.

↗ Read more – the markets this capability wins in, our markets, page 12

↗ Read more – how it converts into value, how we create value, page 15

Our strategy

Precision 2030

a clear path for sustainable growth

Optimised returns built on financial discipline,
and clear-eyed about the levers that unlock the next step change.

FY26 – Today

£114.2m

Foundations laid. Returns already at target.

→

Destination

Global scale and returns

At 8%+ organic revenue CAGR.

Excel the platform

Lean regional factories, on time and on margin.

Expand the growth

Deeper share of wallet in anchor accounts, adjacent segments, and wider reach across the US, EMEA and APAC.

Innovate makes it durable

Proprietary C-Mould and Syncura platforms, plus drug-delivery and connected devices.

M&A upside potential

Disciplined buy-and-build, above the organic plan.

8%+
Organic revenue CAGR, FY26 to FY31

<0.5x
Net Debt / EBITDA, a conservative ceiling

>10%
Return on sales, **11.0% today**

>25%
Return on capital employed, **29.1% today**

The levers for the next step change

01 Demonstrate sustained growth

A multi-year revenue trajectory – not one good year.

02 Innovation

Invest in proprietary capability to deliver novel solutions.

03 Scale the business

An organic and inorganic path to critical mass.

Our strategy continued

Strategy in action

Precision 2030 in action: three pillars, three proofs

Each pillar, its Precision 2030 targets and initiatives, and a transformation already delivered in the year; proof that the plan is working.

Excel

Operational excellence

Specialised, lean, regional factories delivering on time and on margin.

Initiatives

- **Specialised manufacturing centres**
- **Back-end automation**
- **Regional factory focus**
- **Margin expansion through integration**

Expand

Growth & scale

Deeper customer relationships and broader reach across the US, EMEA and APAC.

Initiatives

- **Deepen customer co-development**
- **New market adjacencies**
- **Geographic reach (US, EMEA)**
- **Disciplined buy & build**

Innovate

Technology & differentiation

Materials leadership and drug-delivery innovation, built on C-Mould and Syncura platforms.

Initiatives

- **C-Mould and Syncura platforms**
- **Sustainable materials**
- **Drug delivery and pharma closures**
- **Engineering-led sales**

In action

Pennsylvania

one site, one standard

Closed Tucson and streamlined automation, unified quality systems.

The proof:
3.5x asset utilisation, with US complexity and cost materially reduced.

In action

India pivot

from optics to life sciences

Extended the Bangalore facility capabilities towards Life Sciences for Indian and South Asian markets.

The proof:
Regional IVD capability scaled — new precision moulding and automated assembly.

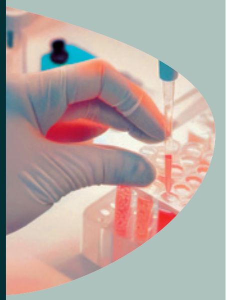
In action

Sustainable

engineering the alternative

The LifeTech Solutions incubator is developing next-generation polymer alternatives that meet regulation without compromising performance.

The proof:
Sustainable material replacements entering qualification with life science platform customers.



Key Performance Indicators

Measured on what matters

Eight measures that track Precision 2030 by pillar, year on year. The trajectory matters as much as the level.

Performance

Revenue

£114.2m

↓ **5.8% YoY**

FY26	**£114.2m**
FY25	£121.2m
FY24	£132.7m

A deliberate quality reset, exiting low-margin US volume.

Underlying operating profit

£12.6m

↑ **28% YoY**

FY26	**£12.6m**
FY25	£9.8m
FY24	£6.6m

Margin rebuilt off a smaller, sharper revenue base.

Return on Sales

11.0%

↑ **2.9pp YoY**

FY26	**11.0%**
FY25	8.1%
FY24	4.9%

Exceeds our 10% target.

Return on Capital Employed

29.1%

↑ **4.7pp YoY**

FY26	**29.1%**
FY25	24.4%
FY24	13.1%

Above 25% target; more than doubled over two years.

Discipline and responsibility

Net debt

£23.9m

↑ **24% YoY**

FY26	**£23.9m**
FY25	£19.2m
FY24	£29.5m

Increase largely driven by one-off £5.1 million pension contribution.

Cash generated from operations

£12.0m

↓ **37% YoY**

FY26	**£12.0m**
FY25	£19.1m
FY24	£18.6m

Funding the growth from within. >80% conversion target.

Incident frequency rate

0.7

→ **Sustained**

FY26	**0.7**
FY25	0.7
FY24	2.3

Focus on safe environment sustained.

UK renewable electricity

98%

→ **98% FY25**

FY26	**98%**
FY25	98%
FY24	50%

Substantially decarbonised UK operations; emissions disclosure in TCFD.

Profits and returns are moving in the right direction. The strategy is working and these are the metrics we will be held to.

Key to strategic pillars: Expand Excel Foundation

Chief Financial Officer's review

Improved performance, positioned for growth

Ian Tichias, Chief Financial Officer

Overview

The Group delivered a resilient operating performance against a backdrop of macroeconomic weakness, achieving its key financial targets ahead of schedule. The drivers of this performance were continued improvements in efficiency and the successful execution of our move to higher margin business.

The positive operational performance enabled the achievement of the Group's medium-term targets for the key metrics of Return on Sales ("ROS") and Return on Capital Employed ("ROCE"). ROS improved to 11.0% (FY25: 8.1%), ahead of the 10% target, while ROCE improved to 29.1% (FY25: 24.4%), ahead of the 25% target, both set in 2022, which now become the reference point for the business in the future.

The accomplishment of these targets is directly related to the actions taken over the past three years to restructure the business, focusing on advanced process optimisation, increased asset utilisation and efficiency, improved pricing, better purchasing and a drive to reduce waste while demonstrating robust cost management.

Underlying EBITDA (see page 22 for more detail) was £18.6 million, up 14% (FY25: £16.4 million) driven by exiting low-margin, short-run work and concentrating the portfolio on regulated markets. As a result, underlying operating profit of £12.6 million increased by 28% (FY25: £9.8 million).

Net finance charges for the period were £7.4 million (FY25: £4.9 million), of which £3.5 million relates to non-cash items, accordingly bank and lease interest was broadly in line with the prior year. Profit before tax increased to £4.8 million (FY25: £2.7 million). Adjusting items were £0.3 million (FY25: £2.3 million), and statutory earnings per share increased to 3.7p (FY25: 1.2p).

We also completed a refinancing of our primary external financing facility and agreed a deficit recovery plan for the Group's UK defined pension benefit plan at the beginning of the year. Together, the operating performance and the financial measures we have taken provide a sound platform for the implementation of the Group's Precision 2030 growth plan.

We use a range of KPIs to manage performance of the business and to measure progress against our strategic goals, these are highlighted and discussed throughout this report. These KPIs are set out on page 19. A reconciliation of statutory results to other non-GAAP financial measures is provided on pages 159 to 162.

Financial performance

Revenue

Group revenue during the period was £114.2 million, a decline of 5.8% or 3.7% on a constant currency basis over the prior year (FY25: £121.2 million).

This year is the first full reporting year following the strategic portfolio reset. In FY25, we completed the planned exit from small series, non-scalable business and the closure of the Tucson, Arizona site. Revenue of £2.2 million was recognised in FY25 in relation to products not transferred to other sites.

The business operates with two divisions, CTP and Speciality. The CTP division reported full year revenue, of £98.2 million (FY25: £107.0 million). The CTP division operates through with two revenue streams, Design & Engineering ("D&E") and Manufacturing Solutions ("MS").

MS revenue within CTP (excluding foreign exchange impacts and the site closures in FY25) was in line with the prior year, at £88.5 million (FY25: £93.4 million or £91.0 million on a constant currency basis, inclusive of £2.2 million exited and not transferred to other sites). Strong growth in China and Czechia was partially offset by lower revenues in India, due to reduced demand in customers' end markets. UK revenue was broadly in line with the prior year with US revenue 4% lower in local currency as we streamlined the product portfolio. The nature of D&E revenue is such that fluctuations in the level of annual revenues are not unusual, given it is project driven. Following the completion of significant D&E projects in prior years, which saw significant investment from long standing, established customers in specific projects, there has been lower activity during FY26, primarily in the US. Since these investment programmes have concluded, focus has turned to ongoing regular business. While there was an increase in the second half of FY26, the full year revenue for D&E was £3.8 million (28.2%) lower than FY25 at £9.7 million. During the year we worked on 193 projects, the majority of which we expect to convert into production contracts.

Chief Financial Officer's review continued

Financial performance continued

Revenue continued

The Speciality Division reported full year revenue of £16.0 million (FY25: £14.2 million), an increase of 12.5%. Continued growth in Aerospace revenues, driven by increased demand as well as expanded precision machining capabilities, delivered a third consecutive year of record Aerospace sales. An analysis of divisional revenue and operating profit is provided in the table below.

£000	FY26	FY25	Change	Change %
CTP				
MS revenue	**88,487**	93,443	(4,956)	-5.3%
D&E revenue	**9,730**	13,555	(3,825)	-28.2%
Total CTP revenue	**98,217**	106,998	(8,781)	-8.2%
Operating profit	**15,089**	12,373	2,716	+21.9%
Operating profit %	**15.4%**	11.6%		+3.8%
Speciality				
Total Speciality revenue	**15,994**	14,221	1,773	+12.5%
Operating profit	**3,584**	2,801	783	+27.9%
Operating profit %	**22.4%**	19.7%		+2.7%
Group revenue	**114,211**	121,219	(7,008)	-5.8%
Central costs	**(6,409)**	(7,594)	1,185	-15.6%
Group operating profit	**12,264**	7,580	4,684	+61.8%
Group operating profit %	**10.7%**	6.3%		+4.5%

Our top five customers accounted for 70% of revenue (FY25: 68%) with tenure for these customers being on average 23 years. For our largest customer, we produced 25 different products. This demonstrates both the highly-regulated nature of the markets in which we operate as well as the depth of customer relationships underpinned by our excellent quality and delivery metrics.

Central costs were £1.2 million (15.6%) lower than the prior year, reflecting a £1.8 million reduction in refinancing costs to £0.3 million (FY25: £2.1 million), partially offset by continued investment in people and organisational capability.

During the year, the business submitted an insurance claim in respect of property damage incurred. Management considers recovery under the relevant insurance policies to be probable; however, due to the status of discussions and the claims assessment process, the amount and timing of any recovery cannot be estimated reliably at the reporting date. The claims assessment process is expected to progress during the second quarter of FY27.

Underlying operating profit

Despite the reduction in revenue, full year underlying operating profit increased substantially to £12.6 million (FY25: £9.8 million) as a result of the Group's margin expansion initiatives. Our key measure of ROS was 11.0% showing a significant increase from 8.1% in FY25. ROS during the second half of the year was 12.6% up from 9.6% in the first half, underlining the positive trajectory of margin growth.

The medium-term target of achieving ROS of 10.0% was established in 2022, and the accomplishment of this target is directly related to the actions taken over the past three years to restructure the business, focusing on advanced process optimisation, increased asset utilisation and efficiency, improved pricing, better purchasing and a drive to reduce waste while demonstrating robust cost management.

Statutory operating profit and non-underlying items

The statutory operating profit for the year of £12.3 million was significantly better than the prior year (FY25: £7.6 million) as a result of the increased underlying operating profit and reduced non-underlying charges.

Non-underlying items for the year were a net charge of £0.3 million comprising rationalisation and refinancing costs, being partially offset by net proceeds relating to the insurance claim previously mentioned. In FY25, the Group had £2.3 million of non-underlying costs, principally associated with the refinancing of the Group's borrowing facilities (see below).

Net finance expense

Net finance expense for FY26 was £7.4 million (FY25: £4.9 million). This includes two non-cash items: imputed net interest on the defined benefit pension liability of £2.7 million (FY25: £1.7 million) and amortised finance costs of £0.8 million (FY25: £nil) arising from the debt restructuring completed in April 2025. Bank and lease interest paid in the year is largely in line with FY25, reflecting the lower average net debt in the year, combined with a higher interest rate margin paid on the new debt facilities.

£000	FY26	FY25	Change
Interest payable on bank loans and overdrafts	**2,923**	3,075	(152)
Lease interest	**458**	679	(221)
Other finance costs	**543**	–	543
Interest receivable on cash and cash deposits	**(46)**	(571)	525
Total cash items	**3,878**	3,183	695
Amortised refinancing costs	**843**	–	843
Interest on the net defined benefit pension liability	**2,711**	1,745	966
Total non-cash items	**3,554**	1,745	1,809
Total finance expense	**7,432**	4,928	2,504

Chief Financial Officer’s review continued

Financial performance continued

Taxation, profit after tax and earnings per share

The income tax charge for the year was £2.1 million (FY25: £1.8 million), representing an effective tax rate of 44.2% (FY25: 67.1%). The effective tax rate varies depending upon the geographical source of profits, corporation tax rates in the countries where profits are generated as well as the availability of local allowances including the carry forward of prior year losses. The Group’s effective tax rate in FY26 is higher than the UK corporation tax rate of 25% due to a movement in unprovided UK deferred tax assets (£787k), largely losses in the UK which are not recognised for deferred tax purposes and withholding tax (£265k) incurred on the repatriation of funds to the UK from certain overseas jurisdictions.

Alternative performance measures

Statutory profit after tax was £2.7 million (FY25: £0.9 million), giving statutory earnings per share of 3.7 pence (FY25: 1.2 pence). Underlying profit after tax was £3.0 million (FY25: £3.1 million), giving underlying earnings per share of 4.1 pence (FY25: 4.3 pence). The underlying earnings per share is impacted negatively by non-cash interest charges which were significantly higher than prior year.

In the analysis of the Group’s financial performance, position, operating results and cash flows, alternative performance measures are presented to provide readers with additional information. The principal measures presented are underlying measures of earnings including underlying operating profit, underlying profit before tax, underlying profit after tax, underlying EBITDA and underlying earnings per share.

This results statement includes both statutory and adjusted non-GAAP financial measures, the latter of which the Directors believe better reflect the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis. The Group’s alternative performance measures and KPIs are aligned to the Group’s strategy and together are used to measure the performance of the business and form the basis of the performance measures for remuneration. Underlying results exclude certain items because, if included, these items could distort the understanding of the performance for the year and the comparability between the periods.

A reconciliation of the Group’s non-GAAP financial measures is shown on pages 159 to 162.

Comparatives are provided alongside all current year figures. The term “underlying” is not defined under IFRS and, as such, the underlying measures reported may not be comparable with similarly titled measures used by other companies.

All profit and earnings per share figures relate to underlying business performance, as defined above, unless otherwise stated. A reconciliation of underlying measures to statutory measures for FY26 is provided below:

£000	Underlying	Non-underlying items	Statutory
CTP operating profit	15,101	(12)	15,089
Speciality operating profit	3,424	160	3,584
Central costs	(5,925)	(484)	(6,409)
Group operating profit	12,600	(336)	12,264
Net finance expense	(7,432)	–	(7,432)
Group profit/(loss) before taxation	5,168	(336)	4,832
Taxation expense	(2,128)	(9)	(2,137)
Group profit/(loss) for the year	**3,040**	**(345)**	**2,695**
Basic profit/(loss) per share (pence)	**4.1p**	**(0.4)p**	**3.7p**

The non-underlying items reported in the Group profit/(loss) before taxation comprise:

£000	**FY26**	FY25
Refinancing costs	**(270)**	(2,137)
Rationalisation costs	**(225)**	(122)
Net proceeds of insurance claim	**159**	–
Settlement of legacy health claims	**–**	1
Total non-underlying items	**(336)**	(2,258)

Cash flow

Cash generated from operations was £12.0 million (FY25: £19.1 million) reflecting the continued focus on cash generation via operational improvements and capital expenditure management. The full year cash conversion rate was 65.6% (FY25: 135.0%).

Following the significant working capital cash inflow in FY25 (£5.8 million), FY26 saw a working capital outflow of £6.3 million. This was due to a significant change in provisions and accruals when compared to the prior year, along with a change in some customer payment terms associated to the Group’s new financing arrangements. The movement in accruals arises from the specific requirement for accrued costs (mainly energy and employee benefit costs) at FY25 that have unwound during FY26, resulting in a working capital outflow for the year. Inventory levels increased by £1.1 million when compared to FY25, with slightly higher levels of raw materials being held in light of current economic conditions. Working capital was at a level of 9.7% of revenue during FY26, with further pressure on this ratio foreseen during the coming year with an expected increase of 100-150 bps over FY26. Net cash outflow from investing activities during the year was £2.8 million (FY25: £0.4 million). There has been continued careful control of capital expenditure, focusing on those investments that deliver a rapid payback and support both asset performance and asset utilisation. Additions to tangible fixed assets in the year were £3.4 million (FY25: £2.4 million) of which £0.8 million (FY25: £1.4 million) was through right-of-use leased assets.

Chief Financial Officer's review continued

Financial performance continued

Cash flow continued

Substantial capital expenditure in previous years and more efficient use of assets, driven by operational improvements, has reduced the required level of capital investment in the last two years. This is reflected in the value of tangible fixed assets and the increased asset utilisation rate of 3.5x (FY25: 3.4x) over this period.

Net cash outflow from financing activities during the year was £5.6 million (FY25: £7.0 million), comprising £3.0 million repayment of lease liabilities (FY25: £4.2 million) and net repayment of other borrowings of £2.6 million (FY25: £2.8 million). There was an overall £4.2 million decrease in cash and cash equivalents during the year (FY25: increase of £4.0 million).

Cash generated by the Group was principally utilised to make capital investment and lease repayments, pension deficit contributions, scheduled bank loan repayments and interest payments. The Group's full cash flow statement is set out on page 90.

Financial position

Net debt

Net debt as at 31 March 2026 was £23.9 million, an increase of £4.7 million compared to the prior year (FY25: £19.2 million). This reflects the one-off pension scheme contribution of £5.1 million made in April 2025 at the time of finalising the Group's refinancing, along with the annual contribution of £3.5 million, together with a working capital outflow. The Group's focus remains on operational improvements, cash generation and the prudent management of borrowings.

Net debt comprised gross debt, from borrowings and leases, of £29.7 million (FY25: £29.9 million) less cash and cash equivalents of £5.8 million (FY25: £10.7 million). The gross borrowings reflect the current financing arrangements, along with outstanding leases of £4.9 million after lease repayments in the year of £3.0 million.

Borrowing facilities

On 24 April 2025, the Group refinanced its primary external borrowing arrangements through a three-year multi-currency facility with BZ Commercial Finance DAC ("BZ"), comprising a £27.0 million term loan and a revolving credit facility ("RCF") of up to £9.0 million.

On inception, £29.9 million was drawn under the BZ facility, comprising £26.8 million under the term loan and £3.1 million under the RCF. The proceeds were used to discharge all amounts outstanding under the Group's previous borrowing arrangements with HSBC, make a one-off £5.1 million contribution to the Group's defined benefit pension scheme and provide funding to support ongoing operations.

The facility includes an asset-based lending arrangement under which borrowings are permitted against specified classes of assets held by the Group's UK and US businesses. Of the £27.0 million term loan, £8.0 million is supported by owned land and buildings, £5.0 million by owned plant and machinery, and the remaining £14.0 million comprises a non-asset-specific cash flow loan. Of the £9.0 million RCF, up to £7.0 million is available against eligible trade receivables and up to £2.0 million against eligible inventory.

The facility permits borrowings in GBP, EUR and USD. Carclo plc, Carclo Technical Plastics Limited and Bruntons Aero Products Limited are currently authorised borrowers under the facility. Cross-guarantees are provided by the authorised borrowers and other material subsidiaries, as defined in the facility agreement.

As at 31 March 2026, £24.9 million remained outstanding under the term loan following repayments of £1.9 million during the year. There were no drawings under the RCF at the year end, leaving available headroom of £9.0 million, subject to applicable borrowing base limitations.

Defined benefit pension scheme

The triennial actuarial valuation of the Group's UK defined benefit pension scheme at 31 March 2024 was completed during April 2025. The valuation, prepared by the Scheme trustees on a technical provisions basis, reported a deficit of £64.5 million, a significant reduction from the £82.8 million liability reported as part of the previous triennial valuation of 31 March 2021.

On a technical provisions basis, the estimated net liability has fallen steadily each year from 2021 as a result of the Company-settled cash contributions and the gross liabilities falling by more than the change in pension scheme asset values. The 31 March 2024 valuation reflected higher government bond yield rates, driving up the discount rate and reducing Scheme liabilities, partially offset by an increase in assumed member life expectancy, which increased Scheme liabilities.

A deficit recovery plan was agreed with the Trustees in parallel with the refinancing arrangements finalised in April 2025. This includes a lump sum one off payment into the Scheme of £5.1 million made at the time of finalisation of refinancing in April 2025 and annual contributions of £3.5 million for five years to 31 March 2029 followed by annual contributions of £5.8 million, which are inflationary indexed annually until 31 March 2037, being 2 years earlier than the deficit recovery plan from the 31 March 2021 valuation. During FY26, total contributions paid into the Scheme were £8.6 million (FY25: £3.2 million).

Since the completion of the 2024 triennial valuation, the estimated technical provisions deficit has fallen further to £52.9 million at 31 March 2026.

The IAS 19 valuation of the Scheme liabilities at 31 March 2026 resulted in a net liability of £46.8 million, a £5.0 million decrease from the net liability at 31 March 2025 (FY25: £51.7 million). The principal driver of the decrease in the IAS 19 net liability was Company contributions, alongside relatively smaller gains on Scheme assets (£0.4 million) and a net reduction in liability arising from changes in assumptions and experience losses (£0.2 million).

The IAS 19 valuations are adopted for statutory reporting purposes and do not form part of the ongoing management of the pension schemes. IAS 19 actuarial calculations can be volatile from year to year because the liabilities are measured by reference to corporate bond yields, whereas the majority of the pension scheme's assets are invested across a variety of asset classes that may not move in the same way. Gain on Scheme assets in excess of interest income during FY26 totalled £0.4 million and was mostly driven by the decrease in the value of the Scheme's liability-driven investment funds ("LDI").

Chief Financial Officer's review continued

Financial position continued

Defined benefit pension scheme continued

These LDI funds are designed to hedge movements in liabilities due to changes in interest rates and inflation expectations. As interest rates have increased across the accounting period, the values of the LDI funds have decreased accordingly. The liability calculated under technical provisions includes more prudent assumptions, but at any time provides a more accurate reflection of the longer-term cash commitment required to settle the member liabilities. The actuarial gains and losses arising from variances against previous actuarial assumptions are recognised in the statement of financial position with corresponding movements in reserves.

The Company and the Scheme trustees are committed to working collaboratively towards reducing the Scheme deficit.

Treasury

The Group faces currency exposure on its overseas subsidiaries and on its foreign currency transactions. In addition, as set out in the principal risks and uncertainties section of the annual report and accounts, the Group is reliant on regular funding flows from the overseas subsidiaries to meet banking, pension and administrative commitments.

To manage this complexity, the Group has a centralised Treasury function that manages the Group's cash, debt and foreign exchange risks.

The Group reports trading results of overseas subsidiaries based on average rates of exchange compared with sterling over the year. This income statement translation exposure is not hedged as this is an accounting rather than cash exposure and, as a result, the income statement is exposed to movements in the US dollar, euro, renminbi, Czech koruna and Indian rupee. In terms of sensitivity, based on the FY26 results, a 10% increase in the value of sterling against these currencies would have decreased reported profit before tax by £0.7 million.

Dividend

Under the BZ borrowing facility agreement, dividend payments are permitted, but they require prior approval of the lender.

The current focus is on cash flow generation to support strategic growth and, as such, no dividend is proposed in respect of the year ended 31 March 2026. The Board will continue to review the Group financial performance, capital allocation and reserves regularly to determine the appropriate time for dividend payments.

Accounting policies

The Group's annual consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. There have been no significant changes to the Group's accounting policies during the period.

Post balance sheet events and going concern

Post balance sheet events

There are no post balance sheet events to report.

Going concern

A £36 million asset-backed borrowing facility with BZ, that was announced on 24 April 2025, provides available borrowings for a three-year term to April 2028. The level of borrowings is contingent upon the value of current and non-current asset categories held by the Group's UK and US trading subsidiaries.

There are three primary financial covenants required to be tested under the BZ facility agreement, as follows:

Covenant	Definition	Threshold
Minimum EBITDA	Underlying Group EBITDA calculated on a last six months basis	No less than 75% of budget
Fixed Charge Cover Ratio ("FCCR")	Underlying Group EBITDA divided by the sum of fixed charges comprising debt service costs, debt repayments, pension scheme contributions, tax payments, capital expenditure and dividends or other capital distributions calculated on a last twelve months basis	Until 31 March 2027 no less than 1:1 After 31 March 2027 no less than 1.05:1
CAPEX	Cash paid on tangible and intangible fixed assets measured annually for the twelve months to 31 March	No more than 120% of the annual budget

The Group remained compliant with the Minimum EBITDA and FCCR financial covenants throughout the year ended 31 March 2026. In accordance with the facility agreement, these covenants were tested monthly from May 2025 and, following twelve months of compliance under the agreement, including compliance in the two preceding quarters, testing has moved to a quarterly basis. The CAPEX covenant is tested annually from the start of each reporting period.

The Group has prepared a forecast of financial projections for the three-year period to 31 March 2029, which has been utilised as the base case underpinning the going concern assessment for the period through to June 2027, being 15 months after the year end and 12 months from when the financial statements are authorised for issue. These projections include assumptions around revenue growth, modest margin improvements, consistent working capital trends and stable interest rates. The Directors have reviewed cash flow and covenant forecasts over this period considering the Group's available borrowing facilities and the terms of the arrangements with the Group's lender and the UK defined benefit pension scheme. The forecast shows adequate headroom and supports the position the Group can operate within its available borrowing facilities and in compliance with covenants throughout this period.

The Group is subject to a number of key risks and uncertainties, as detailed in the principal risks and uncertainties section on pages 42 to 48. Mitigating actions to address the risks are also set out in that section of the report. These risks and uncertainties have been considered in the base case, and downside sensitivities and have been modelled accordingly. These sensitivities consider the uncertainties facing the Group and model the impact of a range of severe but plausible downside scenarios, as well as considering the impact of aggregating certain of these, and shows that the Group would be able to operate within its available facilities and meet its agreed covenants were these scenarios to arise.

Chief Financial Officer's review continued

Post balance sheet events and going concern continued

Going concern continued

The specific climate-related matters set out in the TCFD section on pages 33 to 41 have been considered and they are not expected to have a significant impact on the Group's going concern.

The severe but plausible downside sensitivities modelled included reductions in forecast revenue of up to 6.6%, a 4% increase in direct material costs (equivalent to approximately 2.2% contribution margin erosion) and a 2% increase in interest rates. The downside scenario modelling assumes management bonuses are not payable where the relevant performance conditions are not achieved but does not include the benefit of any other mitigating actions available to management.

Under each of the standalone downside scenarios modelled, the Group maintains adequate liquidity throughout the assessment period and remains compliant with all financial covenants. The Directors also assessed a combined downside scenario incorporating both a significant reduction in forecast revenue and a sustained increase in direct material costs. Under this combined scenario, no liquidity shortfall arises; however, there is a temporary breach of the FCCR covenant. The Directors consider the concurrent occurrence of these downside assumptions to be remote. Furthermore, the scenario does not reflect a range of mitigating actions available to management, including the reduction of discretionary expenditure and the deferral of non-essential capital expenditure. Modelling performed by management demonstrates that actions considered achievable and within management's control would be sufficient to restore covenant compliance under this scenario.

Given that FCCR represented the most sensitive covenant within the Group's financing arrangements, the Directors performed additional covenant-focused downside testing, including scenarios in which EBITDA remained broadly flat against FY26 levels and reduced by 10% compared with FY26. While these scenarios resulted in reduced covenant headroom, management identified specific mitigating actions that are considered achievable and within management's control and which would be sufficient to maintain compliance with the Group's covenant requirements.

The Group is not exposed to high-risk sectors or countries but is dependent on certain key customers, creating risks and uncertainties, which are documented in detail alongside mitigating actions in the principal risks and uncertainties section.

It should be noted that the Group is operating in a period of material geopolitical and macroeconomic uncertainty. The Directors continue to monitor these risks and their plausible impact; however, the potential severity is dependent upon many external factors and is difficult to predict. Accordingly, the financial impact of these risks may materially differ from the Directors' current view.

At 31 March 2026, the Group reports net liabilities of £8.7 million (FY25: £11.8 million net liabilities) largely attributable to the IAS 19 valuation of the UK defined benefit pension liability of £46.8 million (FY25: £51.8 million). Pension contributions are funded from cash generated by operations and have been reflected in the cash flow and covenant forecasts reviewed by the Directors. Given that these amounts are considered manageable by the Directors, the balance sheet presentation of net liabilities at 31 March 2026 does not imply an inability for the Group to meet its third-party liabilities over the going concern period.

On the basis of the base case forecast and the severe but plausible sensitivity testing, the Directors have determined that it is reasonable to assume that the Group will continue to operate within available borrowing facilities available and adhere to the covenant tests to which it is subject throughout at least the 12 month period from the date of signing the financial statements through to June 2027.

Accordingly, these financial statements are prepared on a going concern basis.

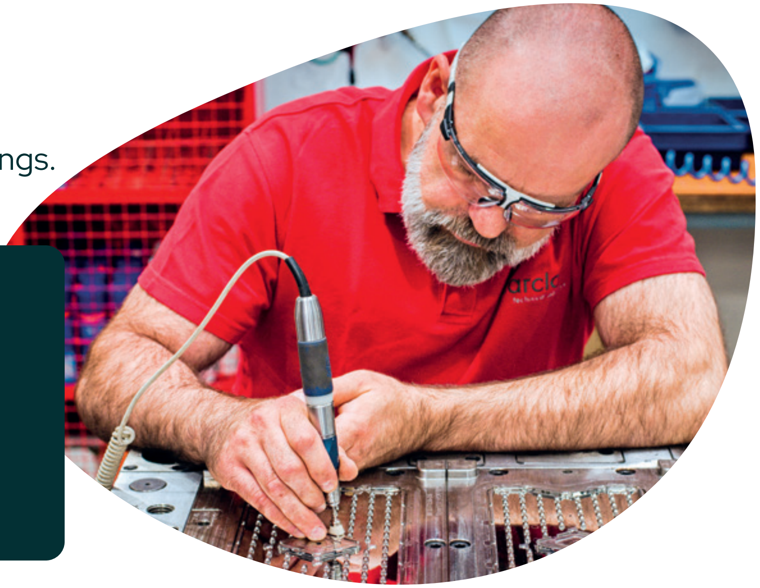
Ian Tichias
Chief Financial Officer

30 June 2026

Our people

Precision is a human discipline

The people who will deliver Precision 2030 and the safety, training and culture that hold them to it. The capability competitors cannot copy is, in the end, the people in our buildings.



The transformation

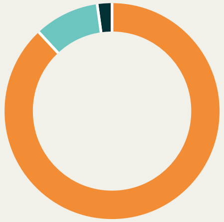
Sustained safety record

0.7
FY26 IFR

← 2.7
FY22 IFR

A **74.1% reduction** in our incident frequency rate over the last four years, built through successive Safety Week initiatives, “stop-work” authority embedded across all eleven sites, and a culture where every colleague is accountable for the people around them. The same discipline that makes the parts also keeps the people who make them safe. **This is the licence to do life-critical work.**

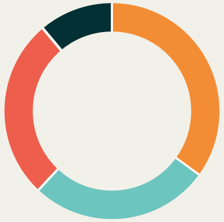
Employees by division



907
Employees

● CTP | **787**
● Speciality | **97**
● Central | **23**

Employees by region



3
Continents

● United Kingdom | **318**
● North America | **244**
● Rest of world | **245**
● Rest of Europe | **100**

Engineering depth

The 907 comprises many specialist capabilities including engineers, technicians and scientists. This is a precision business, and the bench is what wins the hardest briefs – not the marketing.

“Stop-work” authority

Every colleague, at every site, has the authority to stop a process if it isn’t safe. It is the operational signal that says people come before output – and the foundation of the IFR result.

Talent pipeline and succession

A plan instituted in the year to strengthen execution capability – with strategic hires already underway.

For investors:

We have capability that is hard to copy, qualifications which take years to earn, outcomes that are difficult to replicate – all delivered by 907 people in eleven buildings. Their depth, their tenure, and the safety culture that keeps them able to work is, in the end, our most important asset.

Stakeholders and Section 172

Six stakeholders, one long view

The measures that track Precision 2030 by pillar, year on year. The trajectory matters as much as the level.

Shareholders

Capital, and confidence in the long term

How we engage

- AGM – annual
- Half-year and full-year results – semi-annual
- Investor meetings and roadshows – continuous
- Capital markets days – will be held in the future as warranted

FY26 outcome

ROCE 28.9% · EPS 3x FY25

Customers

The validation of every part we make

How we engage

- Account teams and site visits – continuous
- Co-development partnerships – project-based
- Customer reviews – quarterly
- On-site qualifications and audits – as required

FY26 outcome

GLP-1 platform delivered · Atellica scaled across three continents

Employees

The capability is the people

How we engage

- Safety Week – annual
- Site town halls – quarterly
- "One Carclo" all-hands – annual

FY26 outcome

0.7 IFR - safety record maintained

Suppliers and partners

Supply chain integrity is precision's precondition

How we engage

- Commercial and payment reviews – continuous
- Key supplier strategic reviews – annual
- Joint qualification programmes – project-based
- Prompt-payment commitment – standard

FY26 outcome

Refinancing partnership agreed and in place

Communities

Licence to operate, and where future talent lives

How we engage

- Local engagement at eleven sites – continuous
- STEM and school programmes – ongoing
- Commitment to an apprenticeship intake – annual
- Local charitable activity – continuous

FY26 outcome

Commitment to STEM development, 14 Group-wide apprenticeship intakes and sustained charitable initiatives

Environment

A long-term obligation and a strategic lever

How we engage

- TCFD reporting – annual
- Carbon and energy audit – annual
- Energy programme reviews – quarterly
- Materials science (PFAS-free) – continuous

FY26 outcome

98% UK renewable electricity – sustainable material in qualification

Read our Section 172 statement on page 78

Responsible operations

The Board considers it paramount that the Group maintains the highest ethical and professional standards in all its undertakings.

What's in this section

FY26 highlights:

- Introduction of a dedicated People & Transformation function to maximise and unlock greater value through our people.
- Began implementation of a Group-wide Annual People Cycle, introducing a structured and data-driven approach to performance, talent and succession management.

Corporate social responsibility is central to our operations and decision-making. We recognise that our actions shape the experience of employees, customers, suppliers and the wider community, supporting the Group's long-term success and sustainability. Responsible practices are integrated into every area of our business, guided by clear principles and standards reflected in our policies and values. We remain committed to meeting the evolving expectations of our stakeholders and strive to deliver sustainable value through a responsible and ethical approach in all that we do.

People

We recognise that our people are our greatest asset and the foundation of our success. We value their active involvement and are committed to keeping them informed about issues that affect them, as well as the financial and economic factors that influence the Group's performance. The Board spends time at our sites and holds roundtables with colleagues to hear directly from them. To build on this, management is planning to introduce an employee survey, giving us a clearer understanding of employee sentiment and feedback that will help us shape a better working environment.

This year, we created a dedicated People & Transformation function to strengthen organisational capability and unlock greater value through our people. By aligning talent, leadership, culture and transformation with business priorities, the function supports the delivery of our strategy, enhances organisational effectiveness and helps build the skills and agility required for future growth. This integrated approach enables stronger performance, supports innovation and contributes to sustainable long-term value creation for shareholders.

In parallel, we have enhanced our approach to talent attraction, introducing a more structured and forward-looking Talent Acquisition model. This focuses on clearly articulating our employer value proposition, strengthening candidate experience and applying consistent, high-quality selection methods across the Group. This more deliberate approach is already improving our ability to attract and retain high-calibre talent in key areas, while positively reinforcing our reputation as an employer of choice in the markets in which we operate. Over time, this will support stronger organisational capability, reduce hiring risk and ensure we are well positioned to access critical skills required to deliver our strategic ambitions.

Diversity and inclusion

We are committed to a global policy of equality, fostering a working environment built on respect and celebrating the diversity of our employees. Our commitment embraces differences in ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking style, experience and education. We believe that this diversity brings a range of perspectives, driving innovation and supporting our business success.

We operate an Equal Opportunities Policy and promote a healthy workplace that encourages positive and productive relationships throughout the organisation. Details of our gender representation at Board, executive, senior management and employee levels are provided in the Nomination Committee report on page 60.

Recruitment, training, career development and promotions are based on aptitude and ability, without regard to disability. We are committed to supporting employees who become disabled during their employment by making reasonable adjustments to their duties or work environment, including retraining where necessary.

We believe every employee should be able to work in a safe and healthy environment, free from discrimination, bullying or harassment. We maintain a Dignity at Work Policy and have recently adopted a Sexual Harassment Policy to further strengthen our commitment to a respectful and inclusive workplace.

Development and reward

We began the implementation of a Group-wide Annual People Cycle, to create a more structured and data-driven approach to performance, talent and succession management. This will strengthen organisational capability, support strategic workforce planning and help build a high-performing organisation equipped to deliver future growth.

Through our performance process, we continue to invest in the development of our employees through a blend of formal and informal learning. Training needs are assessed at both Group and individual levels, ensuring we meet evolving business requirements while supporting the ongoing growth of our people.

Our approach to reward is aligned to our purpose and strategic priorities. We maintain a consistent framework, with pay informed by both internal benchmarks and external market data, ensuring reward structures appropriately recognise performance and support our long-term objectives.

Work is ongoing to further evolve our reward structures in line with the strengthened HR foundations being established across the business, supporting greater global consistency and alignment with emerging regulatory requirements, including European Pay Transparency. This includes the introduction of a more consistent approach to job evaluation, providing enhanced clarity, internal equity and transparency, while enabling more effective workforce planning and clearer career pathways across the Group.

Responsible operations continued

People continued

Ethical policies

We recognise that a responsible culture is built on clear principles and standards. At Carclo, these are embedded in our ethical policies, including our Anti-Bribery and Corruption Policy, Gifts and Hospitality Policy, and Conflicts of Interest Policy, all of which are reviewed annually. We are committed to ensuring that every decision and relationship upholds these standards.

This commitment is further supported by our Whistleblowing Policy and Whistleblowing Investigation Procedure, which outline how concerns can be raised and the protection and support available to those who do so. The Audit & Risk Committee is responsible for overseeing the effectiveness of our whistleblowing arrangements.

Modern Slavery Act 2015

Carclo's most recent Modern Slavery Statement can be found at **carclo.co.uk**

Health, safety and wellbeing

We place the highest priority on health and safety, viewing the wellbeing of our people as our greatest responsibility. This commitment goes beyond performance measures and is embedded in our mindset, guiding every action, meeting and decision. Our dedication to zero harm is demonstrated through visible leadership, personal accountability, and a culture where employees are encouraged and supported to speak up.

Our Health and Safety Policy Statement underpins a safe working environment and reflects our responsibility not only to our employees but also to customers, suppliers and contractors. The policy is communicated clearly across all levels of the Group.

We also support mental health and wellbeing through a dedicated policy and by appointing Health and Wellbeing Champion volunteers at each site, including the introduction of Mental Health First Aiders.

Corporate responsibility

Community involvement

We see the value our businesses can bring to their local communities, and we encourage our teams to make a positive difference in their local communities through charitable initiatives. Responsibility for these efforts sits with local management, keeping our contributions direct and meaningful. The examples below highlight this support in action.

Carclo colleagues supporting communities in the US

Empowering women

In celebration of International Women's Day and Women's History Month in March, our US colleagues demonstrated their commitment to community support by volunteering their time and donating personal hygiene products to Women's Interactive Network in Pennsylvania. Their efforts contributed to restoring dignity, confidence and stability for individuals striving towards employment and self-sufficiency. Carclo's support highlights the strength of partnership in advancing women's empowerment.

Earth Day clean-up effort

Our Latrobe team celebrated Earth Day with a community clean-up around the site. Grassroots initiatives like this complement our formal environmental commitments, turning our responsible operations principles into everyday action led by colleagues themselves.

Team spirit and community impact

In August 2025, colleagues once again pulled on the team shirts for our annual Local Parks and Recreation Wiffle Ball Fundraiser. The event brought the team together for a little friendly competition while raising funds to support local parks and recreation facilities. It's become something our team looks forward to each year, providing a chance to support a good local cause and spend time together outside of work. At Carclo, we actively encourage colleagues to get involved in similar events and we understand how much they can mean to our colleagues and to the community around us.

The joy of giving

During the 2025 holiday season, colleagues at our US site participated in the Marine Toys for Tots programmes, an initiative by the US Marine Corps Reserve that collects new toys for children in need at Christmas. The team set up collection boxes at the site and purchased a variety of gifts, including children's bicycles and games, for families in the local community and helped bringing the joy of the holiday season to disadvantaged children.

Responsible operations continued

Corporate responsibility continued
Community involvement continued

Strengthening community connections in the UK

In May, our Mitcham leadership team spent time with Sutton Community Works to see how they help build a safer, healthier and more connected community through foodbanks, community shops, homelessness support, Street Pastors and wellbeing programmes for those facing hardship and isolation. We were truly touched by the dedication of the volunteers, and have shown our support by contributing to their utility costs and providing additional food donations. Carclo is proud to partner with Sutton Community Works.

Life-saving support from our China team

Further abroad, our colleagues in China answered a local appeal for blood donors by organising a voluntary blood drive at our industrial park Taicang. The team came together to support a cause that quite literally saves lives, with both first-time and returning donors rolling up their sleeves to help meet an urgent community need. Every participant received a "Carclo Cares" certificate in recognition of their contribution. It's a powerful example of our people stepping forward for their community initiatives we're proud to support at Carclo.

Community investment in India

During the year, our operations in India continued a long-standing programme of community investment, building on the schools constructed and supported in previous years. In February, we opened a new local medical centre, improving access to healthcare for the surrounding community. We also continued to support the children's shelter that Carclo built and handed to the community in 2024, which remains in operation. These initiatives are managed locally, ensuring that investment decisions are made close to the communities they serve. Carclo's continued investment in India reflects its commitment to supporting the long-term wellbeing of the communities where we operate.

Global social responsibility

We believe business success and social value are interconnected, and we manage our supply chain on that basis. Our centralised procurement function provides suppliers with a single point of contact and leads regular performance reviews. Group-wide ethical standards, reviewed annually, apply across all our operations, and our Modern Slavery Statement is available at **carclo.co.uk**

In April 2024 we secured a bronze EcoVadis rating, which we use to benchmark responsible practice across our supply chain. In the coming year we will formalise our supplier onboarding due diligence, further embedding transparency and accountability.

Charitable donations

During the year, the Group also made charitable donations totalling £4,475 in support of various local communities.

It is the Group's policy not to make political donations and no such donations were made in the year (FY25: £nil).

Responsible operations continued

Environment

Environmental Policy

Our Environmental Policy is grounded in a philosophy of continuous improvement, with a clear commitment to reducing and, where possible, eliminating negative environmental impacts across our operations, while consistently delivering high-quality products that meet our customers' needs.

Sustainability is integral to our approach and is built into every stage of our processes, from tooling design and material selection to energy use and waste management. We strive not only to comply with environmental laws and regulations, but also to exceed local standards wherever possible.

Our goal is to foster a culture of environmental responsibility throughout the Group, engaging employees, clients and suppliers in this shared commitment. We also maintain proactive communication with regulatory authorities to ensure ongoing progress in our sustainability efforts.

Implementation actions for our Environmental Policy

Project Zelda, now in its third year, is Carclo's flagship sustainability initiative. Focused on research and development, it aims to reduce waste, enhance energy efficiency, and champion sustainable resource management. While specific details are confidential, the project underscores our commitment to environmental responsibility and innovation. EcoVadis, with its comprehensive rating system, aids us in maintaining and elevating our responsible business practices and we incorporate these into the very heart of our supply chain operations.

Noteworthy CO_2 footprint factors

Energy consumption:

We measure the energy intensity ratio of tCO_2e per £1 million of revenue from operations, as this covers all the activities of the Group.

Material waste:

The percentage of materials procured that end up as waste material outside of Carclo. We have implemented waste-reducing measures across our operations, continually improving our waste reduction data collection.

Water usage:

Water consumption is monitored in absolute litres per annum. We are implementing water-saving measures throughout our operations, including improving our consumption data collection.

Greenhouse gas emissions and energy consumption

The Group is required to report its annual greenhouse gas ("GHG") emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("Regulations"). The 2018 Regulations, known as Streamlined Energy and Carbon Reporting, came into effect on 1 April 2019. We have collated data during the year to 31 March 2026 and are reporting emissions and energy consumption for this period to coincide with the Group's financial reporting period.

We have restated the FY23 and FY24 emissions data in order to apply the latest conversion factors to this year's collated data and to the FY23 and FY24 data so that the reported emissions are more accurate and comparable. Further, we noted that the US data conversion was previously based on lbs per kWh rather than kg per kWh and therefore the tCO_2e was overstated by approximately 2.2 times. The restatement corrects this error. The tables below include the previously reported data and the restated data.

We continue to be proactive in implementing a diverse portfolio of energy management initiatives, underscoring our commitment to environmental sustainability. Building on earlier conservation projects and investment in transitioning from high-energy-consuming hydraulic machines to fully electric alternatives. Turning our attention to our factories' energy-consuming infrastructure we have initiated a programme to review our ageing energy-inefficient factory plant with a view to identifying potential modern replacements where appropriate. These initiatives, combined with our key business objective to transition our manufacturing sites to 100% renewable energy sources, helps us build cleaner, less wasteful manufacturing operations.

Responsible operations continued

Greenhouse gas emissions and energy consumption continued

Methodology and exclusions

We have reported on all the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated statement, other than those highlighted below.

This report is aligned with the GHG Protocol methodology. The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas emissions from private and public sector operations, value chains and mitigation actions. The framework has been in use since 2001, and forms a recognised structured format, to calculate a carbon footprint.

The total electricity conversion to CO_2e is on a location-based basis. Energy consumption is expressed in kilowatt hours ("kWh"), as this is the unit specified by SECR legislation. Defra 2024 emissions factors have been utilised for UK sites and appropriate country-specific emissions factors have been utilised for overseas operations, using published emissions factors by the United States Environmental Protection Agency and the International Energy Agency.

Data has been collated from source documentation or, where this has been impracticable, using estimates.

Non-financial reporting and sustainability statement

We comply with the non-financial reporting requirements in Sections 414CA and 414CB of the Companies Act 2006.

The table below, and information to which it refers, is intended to help stakeholders understand our position on key non-financial matters.

Reporting requirement	Policies and standards which govern our approach	Risk management and additional information
Environmental matters	Environmental Policy	Responsible operations report (page 31)
Employees	Health and Safety Policy Stress, Mental Health and Wellbeing Policy Dignity at Work Policy Sexual Harassment Policy Equal Opportunities and Diversity and Inclusion Policy	Responsible operations report (page 28)
Human rights	Modern Slavery Policy and Statement Ethical Policy	Responsible operations report (page 29)
Anti-corruption and anti-bribery	Anti-Bribery and Corruption Policy Gifts and Hospitality Policy Conflicts of Interest Policy Whistleblowing Policy	Responsible operations report (page 28) Statement of corporate governance (page 50)
Policy embedding, due diligence and outcomes		Principal risks and uncertainties (page 42)
Description of principal risks and impact of business activity		Principal risks and uncertainties (page 42)
Description of the business model		Our business model and strategy (page 17)
Non-financial KPIs		Key Performance Indicators (page 19)

Task Force on Climate-related Financial Disclosures (“TCFD”)

Strategic ESG and climate-related disclosures

FY26 ESG performance highlights

At Carclo, operational excellence and sustainability are inextricably linked. We are moving beyond passive policy commitments to deliver measurable, commercial impact across our global footprint, directly supporting our “Precision 2030” growth strategy. Performance highlights include:

- Safety First culture: a 74.1% reduction in incident rates over four years, establishing an industry-leading incident frequency rate (“IFR”) of 0.7.
- Decarbonisation and energy efficiency: a 21% reduction in carbon intensity (down to 72.1 tCO$_2$e per £1 million of revenue), with 98% of electricity powering our UK and India operations from renewables.
- Operational resilience: Project Zelda continues as our energy-efficiency and waste-reduction flagship operational excellence programme, across all regions and sites.

Strategic ESG integration and UK SRS readiness

In FY26, Carclo fundamentally shifted its approach to sustainability, starting the transition from a policy-led compliance exercise into a formalised, Board-governed three-year ESG operating system. This structural upgrade is embedded directly into our “Precision 2030” strategic growth framework.

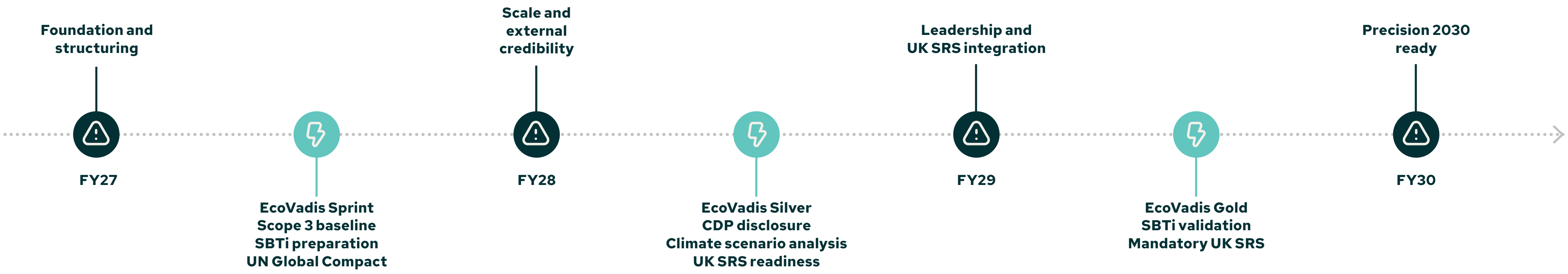
We recognise that operational ESG performance and supply chain decarbonisation are no longer just regulatory expectations; they are strict commercial procurement gates for our top-tier healthcare customers. By upgrading our ESG data architecture and internal controls today, we are protecting our competitive position in regulated markets while ensuring the Group is fully prepared for the mandatory, audit-ready disclosures required by the incoming UK Sustainability Reporting Standards (“UK SRS”).

Integrated risk and performance metrics

Climate change is governed as a principal risk under the direct oversight of the Audit & Risk Committee. To avoid duplication, our complete risk mitigation procedures are detailed in the principal risks section (page 42), and our performance data – including Scope 1 and 2 emissions, energy intensity and SECR compliance – is consolidated in the ESG performance dashboard (page 34).

In preparation for mandatory UK SRS reporting and Provision 29 internal control declarations, Carclo is upgrading its ESG data architecture to financial-grade audit readiness. This includes a formal Scope 3 emissions baseline in readiness for the FY27 EcoVadis submission, satisfying the decarbonisation mandates of our top-tier healthcare customers and our future Science Based Targets initiative (“SBTi”) trajectory.

Sustainability milestones and three-year ESG strategy timeline



Task Force on Climate-related Financial Disclosures ("TCFD") continued

ESG performance dashboard

Climate and resources

Greenhouse gas emissions

Year-on-year GHG emissions: location-based methodology:

Emissions from:	**FY26**	FY25	FY24	FY23	Percentage change: FY23 to FY26
Scope 1 (tCO_2e) Gas, fuel and industrial emissions	**483**	467	566	608	(20.6)%
Scope 2 (tCO_2e) Electricity	**7,746**	10,115	12,228	13,950	(44.5)%
Scope 3 (tCO_2e) Supply chain	**Not reported**	Not reported	Not reported	Not reported	Not reported
Total (tCO_2e)	**8,229**	10,582	12,794	14,558	(43.5)%
Group revenue (£m)	**114.2**	121.2	132.7	143.4	(20.4)%
Intensity ratio (tCO_2e per £1 million of revenue)	**72.1**	87.3	96.4	101.5	(29.0)%

Additional notes:

Environmental performance targets:

Carclo maintains, unless otherwise stated standard, annual performance improvements of 5% year on year.

Scope 3 emissions results:

Scope 3 emissions are not yet reported. We recognise the importance of understanding our value chain emissions, and work to establish a baseline is underway. We intend to report in this area as our data and methodology mature.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

ESG performance dashboard continued

Climate and resources continued

Energy consumption

Year-on-year energy consumption by region:

Consumption (by region) MWh:	**FY26 (% of total)**	FY25 (% of total)	FY24 (% of total)	FY23 (% of total)	Percentage change: FY23 to FY26
UK	**14,554 (39)**	16,563 (40)	16,697 (39)	15,458 (33)	(5.8)%
Rest of world	**22,375 (61)**	24,487 (60)	26,419 (61)	31,988 (67)	(30.1)%
Total Carclo Group	**36,929 (100)**	41,050 (100)	43,116 (100)	47,446 (100)	(22.2)%
Renewable sources (%)	**Not reported**	Not reported	Not reported	Not reported	Not reported
Emissions (by region) tCO_2e excluding Scope 3:					
UK	**150**	1,870 (18)	3,463 (27)	3,200 (22)	(95.3)%
Rest of world	**8,079**	8,712 (82)	9,331 (73)	11,358 (78)	(28.9)%
Total Carclo Group	**8,229**	10,582 (100)	12,794 (100)	14,558 (100)	(43.5)%

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Recommended disclosure for climate-related risks and opportunities

TCFD pillar	Recommended disclosure	Status and UK SRS readiness	Reference
Governance	Describe the Board's oversight of climate-related risks and opportunities.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 42
	Describe management's role in assessing and managing climate-related risks and opportunities.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 42
Strategy	Describe the climate-related risks and opportunities identified over the short, medium and long term.	In progress: risk and opportunity mapping is being refined as a formal part of the three-year ESG roadmap (transitioning to UK SRS S2).	Page 38
	Describe the impact of climate-related risks and opportunities on the business, strategy and financial planning.	In progress: climate impacts being systematically integrated into the three-year ESG roadmap (transitioning to UK SRS S2).	Page 38
	Describe the resilience of the strategy under different climate scenarios, including a 2°C or lower scenario.	In progress: structured climate scenario analysis integrated into the FY27-29 ESG roadmap to validate financial planning resilience (transitioning to UK SRS S2).	Page 38
Risk management	Describe the processes for identifying and assessing climate-related risks.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 47
	Describe the processes for managing climate-related risks.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 47
	Describe how these processes are integrated into the organisation's overall risk management.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 37
Metrics and targets	Disclose the metrics used to assess climate-related risks and opportunities.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 34
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	In progress: Scope 3 measurement underway for completion in FY27 (transitioning to UK SRS S2).	Page 34
	Describe the targets used to manage climate-related risks and opportunities, and performance against them.	Fully aligned (existing controls pending upgrade to meet UK SRS requirements).	Page 34

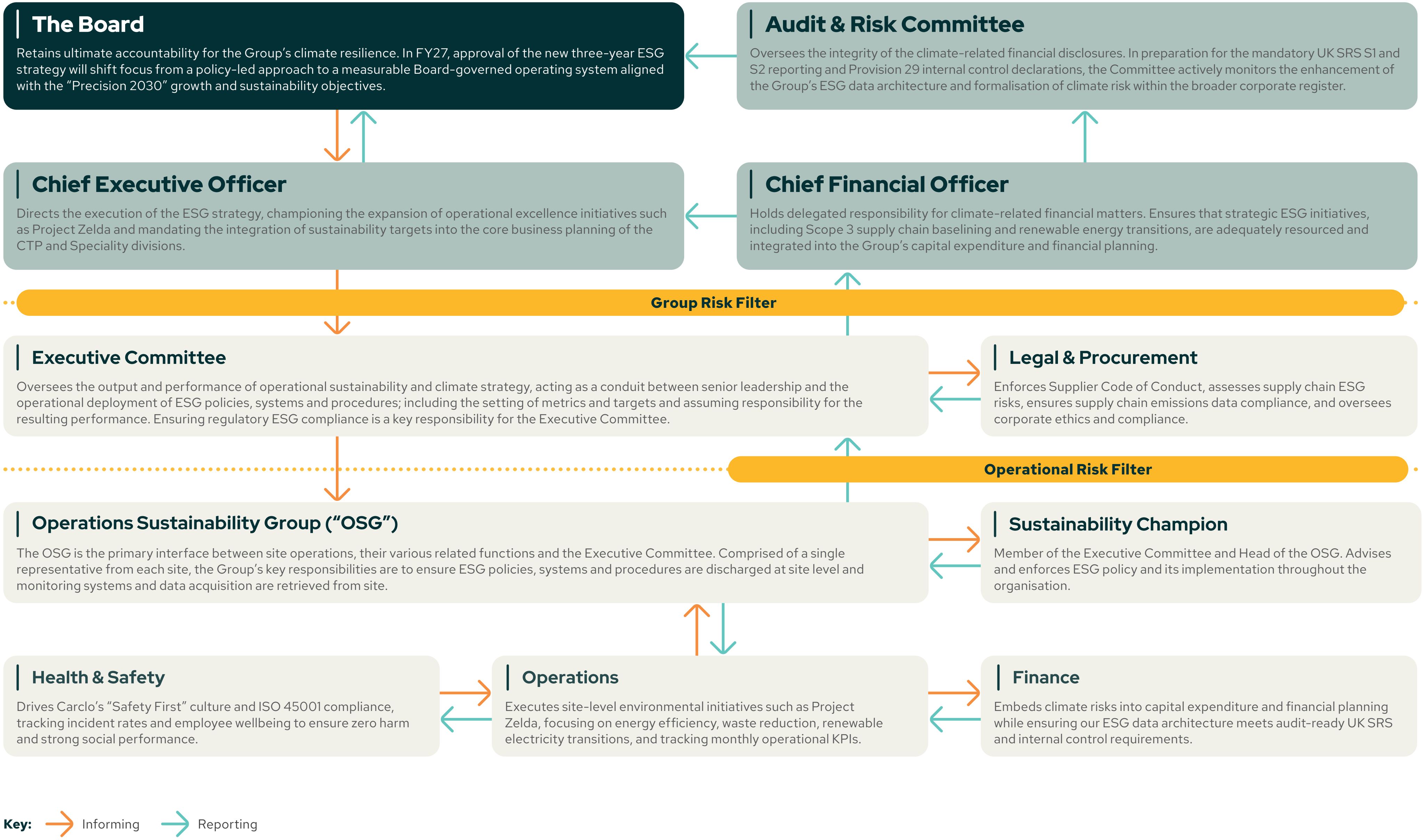
In conjunction with the launch of our comprehensive three-year ESG strategy in FY27, Carclo is upgrading its approach to climate-related disclosures. While we continue to report against the TCFD recommendations for FY26, climate compliance is no longer treated as a standalone exercise. Instead, we are engineering our data, risk management and Scope 3 supply chain baselining to prepare for the upcoming mandatory UK Sustainability Reporting Standards (UK SRS S1 and S2) and the emissions requirements of our top-tier healthcare customers.

Overall governance of climate change at Carclo

Overall governance of climate change at Carclo has evolved from a policy-led approach to a heavily structured, Board-governed operating system. The Board sets the Group's ESG strategy and risk appetite, ensuring it is inextricably linked to our "Precision 2030" objectives and commercial imperatives. Through the CEO and CFO, the Board directs the newly formalised ESG Steering Group and cross-functional site leadership to identify, assess and manage climate-related risks. Crucially, the Audit & Risk Committee oversees these elements not as standalone environmental issues, but as core financial and operational risks embedded within the Group risk management framework.

Climate and ESG matters are no longer just subject to regular discussion; they are governed by a formalised performance framework and monthly site-level KPI tracking. Oversight spans from advancing our Scope 3 supply chain baselining – a critical requirement for our top-tier healthcare customers – to optimising operational resilience through Project Zelda. It is the responsibility of the CEO and CFO to allocate targeted capital to these initiatives, ensuring Carclo systematically reduces its climate risk exposure, improves external benchmark ratings such as EcoVadis, and prepares our reporting architecture for the mandatory UK SRS.

Task Force on Climate-related Financial Disclosures ("TCFD") continued



The Board

Retains ultimate accountability for the Group's climate resilience. In FY27, approval of the new three-year ESG strategy will shift focus from a policy-led approach to a measurable Board-governed operating system aligned with the "Precision 2030" growth and sustainability objectives.

Audit & Risk Committee

Oversees the integrity of the climate-related financial disclosures. In preparation for the mandatory UK SRS S1 and S2 reporting and Provision 29 internal control declarations, the Committee actively monitors the enhancement of the Group's ESG data architecture and formalisation of climate risk within the broader corporate register.

Chief Executive Officer

Directs the execution of the ESG strategy, championing the expansion of operational excellence initiatives such as Project Zelda and mandating the integration of sustainability targets into the core business planning of the CTP and Speciality divisions.

Chief Financial Officer

Holds delegated responsibility for climate-related financial matters. Ensures that strategic ESG initiatives, including Scope 3 supply chain baselining and renewable energy transitions, are adequately resourced and integrated into the Group's capital expenditure and financial planning.

Executive Committee

Oversees the output and performance of operational sustainability and climate strategy, acting as a conduit between senior leadership and the operational deployment of ESG policies, systems and procedures; including the setting of metrics and targets and assuming responsibility for the resulting performance. Ensuring regulatory ESG compliance is a key responsibility for the Executive Committee.

Legal & Procurement

Enforces Supplier Code of Conduct, assesses supply chain ESG risks, ensures supply chain emissions data compliance, and oversees corporate ethics and compliance.

Operations Sustainability Group ("OSG")

The OSG is the primary interface between site operations, their various related functions and the Executive Committee. Comprised of a single representative from each site, the Group's key responsibilities are to ensure ESG policies, systems and procedures are discharged at site level and monitoring systems and data acquisition are retrieved from site.

Sustainability Champion

Member of the Executive Committee and Head of the OSG. Advises and enforces ESG policy and its implementation throughout the organisation.

Health & Safety

Drives Carclo's "Safety First" culture and ISO 45001 compliance, tracking incident rates and employee wellbeing to ensure zero harm and strong social performance.

Operations

Executes site-level environmental initiatives such as Project Zelda, focusing on energy efficiency, waste reduction, renewable electricity transitions, and tracking monthly operational KPIs.

Finance

Embeds climate risks into capital expenditure and financial planning while ensuring our ESG data architecture meets audit-ready UK SRS and internal control requirements.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Our climate strategy and resilience

Our climate strategy

In FY26, Carclo started to transition its climate strategy from a policy-led approach to a heavily structured, Board-governed operating system. Rather than treating climate risk in isolation, our climate-related risks and opportunities are being systematically integrated into our "Precision 2030" strategic growth framework.

Our plan for FY27 is to formalise a three-year ESG roadmap, the Board and the Executive Committee direct a cross-functional ESG Steering Group to identify, assess and quantify climate factors across varying time horizons. This structural upgrade ensures we are aggressively transitioning our data architecture and risk management controls to meet the rigorous, audit-ready standards required by the impending UK Sustainability Reporting Standards (UK SRS S2).

Our climate resilience

We recognise that climate change presents profound strategic risks and opportunities across our global value chain, from energy-intensive manufacturing to complex international logistics. Carclo is engineering climate resilience directly into its operational and commercial model to protect the delivery of critical applications.

Our resilience is actively driven by Project Zelda, our flagship sustainability programme, which embeds energy efficiency, renewable tariff transitions and waste reduction at site level. Recognising that our top-tier healthcare customers require rigorous supply chain decarbonisation, we initiated a Scope 3 emissions baselining programme in FY26, with initial results ready for our FY27 EcoVadis submission. While our current resilience is supported by these active mitigation programmes, we are committing to a formal 2°C climate scenario analysis in FY28 to explicitly validate our long-term financial planning resilience against UK SRS mandates.

Climate-related materiality reflects the broader financial implications and is as follows:

- L – Low: potential to be notified by regulatory notices.
- M – Moderate: potential to be reported, with damage to reputation.
- H – High: potential to impact customer confidence and cause significant reputational damage.

Material risks and opportunities

Transitional risks

01. Switching to renewable energy tariffs,

as part of the broader transition to a low-carbon economy, exposing the Group to volatile energy pricing and the financial impact of incoming carbon pricing regulations.

Expected time and materiality:

Short to medium term M

Financial:

The global transition away from fossil fuels exposes the Group to volatile energy pricing and potential future carbon pricing mechanisms (such as the UK ETS or CBAM) in our energy-intensive manufacturing operations. Direct increased costs for energy tariffs without efficiency offsets would compress operating margins.

Planning:

As a result of Project Zelda, we incorporated plans in our annual budget to enhance efficiency of our operations and transition to renewable energy.

Current and planned mitigation:

Through Project Zelda, our flagship operational excellence programme, we are actively driving material cost savings through energy efficiency and waste reduction. We are systematically transitioning our global footprint to green energy, with our UK and India sites already operating close to 100% renewable electricity, and transitions planned in the US and Czechia.

Opportunity:

Reduce our emissions to help meet our climate targets and remain competitive in the industry, while meeting the expectations of our stakeholders.

Metric:

Energy intensity ratio (tCO_2e per £1 million revenue) and percentage of renewable electricity procured by region.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Material risks and opportunities continued

Transitional risks continued

02. Reduced availability of high-demand key raw materials,

such as petrochemicals, may result in shortages and increase competition.

Expected time and materiality:

Medium to long term H

Financial:

We rely on key materials for production that are created through oil products. Reduced availability would increase the direct cost of the material and intensify competition for it.

Planning:

Research into the development of new and existing products that use alternative materials to help reduce the reliance on petrochemicals. The Executive Committee will discuss the investment required for using "edge of change" technology. For example, in production we use a material called polyethylene vinyl acetate ("PEVA") and we are reviewing alternative materials that can help reduce the need for this petrochemical.

Current and planned mitigation:

We are implementing operational efficiency initiatives aimed at reducing raw material waste in production. Through our Design & Engineering division, we are collaborating directly with customers on new product development, actively researching alternative, lower-carbon materials to reduce our long-term reliance on petrochemicals.

Opportunity:

Diversifying material options by developing alternatives to high-demand resources will enhance supply chain resilience, reduce operational risks, and ensure uninterrupted delivery of products to customers.

Metric:

We track water usage and product waste to evaluate material efficiency and identify opportunities to substitute with more sustainable alternatives.

03. A change in customer and stakeholder expectations and behaviour,

resulting in missed business opportunities and decline in existing revenue.

Expected time and materiality:

Short to medium term M

Financial:

Top-tier healthcare OEM customers now explicitly require suppliers to track emissions and commit to SBTi aligned targets by 2028. Operational ESG performance, via EcoVadis, acts as a strict procurement gate. Failure to mature our ESG performance risks the loss of competitive bids and significant revenue from our largest accounts.

Planning:

The Board has approved a comprehensive three-year ESG strategy shifting from a policy-led approach to a measurable, Board-governed operating system.

Current and planned mitigation:

We have launched a formal ESG Steering Group to oversee an immediate EcoVadis improvement sprint (targeting Silver/Gold) and has initiated a Scope 3 emissions baselining programme to meet customer decarbonisation mandates.

Opportunity:

By leading in transparent supply chain decarbonisation and securing top-tier EcoVadis medals, the Group achieves preferred-supplier status, fostering long-term strategic relationships and market share growth in the regulated healthcare sector.

Metric:

EcoVadis overall and theme scores, and percentage of priority suppliers covered by the Group Supplier Code of Conduct.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Material risks and opportunities continued

Transitional risks continued

04. Evolving regulatory and disclosure compliance,

resulting in failure to meet regulatory obligations.

Expected time and materiality:

Short to medium term L

Financial:

The transition from voluntary TCFD reporting to mandatory, audit-ready frameworks-specifically the UK Sustainability Reporting Standards (UK SRS S1 and S2) and the UK Corporate Governance Code Provision 29 internal control declarations – requires financial-grade ESG data architecture. Failure to accurately quantify and disclose climate-related financial impacts, including Scope 3 emissions, risks regulatory penalties, restricts access to capital, and causes significant reputational damage among investors and customers.

Planning:

Initiation of a comprehensive three-year ESG strategy designed to shift from a policy-led approach to a Board-governed operating system, explicitly structured to meet the incoming UK SRS implementation timeline starting in FY27.

Current and planned mitigation:

An ESG Steering Group to oversee the transition of our climate and non-financial data into an audit-ready state. We are actively upgrading our ESG data, formalising site-level KPI tracking, and treating ESG data controls with the same rigour as our financial reporting to ensure Provision 29 and UK SRS compliance.

Opportunity:

By proactively adopting UK SRS standards and treating ESG data with financial-grade rigour ahead of regulatory deadlines, the Group will enhance investor confidence and reinforce our "Precision 2030" competitive edge as a highly trusted partner in regulated markets.

Metric:

Progress against the three-year ESG roadmap milestones, UK SRS gap analysis completion, and the percentage of ESG metrics integrated into the formal internal controls testing framework.

Physical risks

05. Increase in global temperature,

resulting in reduced workforce productivity and disrupted production equipment.

Expected time and materiality:

Short, medium and long term H

Financial:

An increase in extreme heat events poses a direct threat to workforce safety and operational continuity. The financial impact includes increased utility costs for facility cooling and water consumption, alongside the risk of margin compression due to lower productivity or halted production shifts at high-risk sites.

Planning:

Working cross-functionally with the Health and Safety team, we actively monitor heat stress indices. We have elevated employee health and safety to a core operational metric, supported by the global rollout of our "Cares" digital hazard reporting platform to ensure real-time risk response.

Current and planned mitigation:

We are expanding Project Zelda across all regions to aggressively drive energy efficiency and offset increased cooling demands. To eliminate the associated carbon impact, we are actively transitioning to 100% renewable energy tariffs; our UK sites already operate on 98% renewable electricity, with transitions currently in motion for the US and Czechia.

Opportunity:

By embedding a proactive "Safety First" culture and highly resilient facility infrastructure, the Group protects its workforce and ensures uninterrupted production of critical healthcare components, reinforcing our status as a highly reliable partner for top-tier OEMs.

Metric:

Incident frequency rate ("IFR"), energy intensity ratio (tCO_2e per £1 million revenue), and percentage of renewable electricity procured by region.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Material risks and opportunities continued

Physical risks continued

06. Increased annual precipitation,

directly impacting sites, logistics and transport links.

Expected time and materiality:

Medium to long term H

Financial:

Severe precipitation and localised flooding threaten to render specific geographic sites (such as those in EMEA and India) temporarily inaccessible or unworkable. Beyond direct site impact, extreme weather threatens complex global supply chains, risking delayed raw material deliveries, emergency freight costs, and the inability to ship finished medical products to customers.

Planning:

Under our evolving ESG risk management framework, we maintain targeted flood risk assessments for exposed facilities in EMEA and India to protect our workforce and minimise asset damage.

Current and planned mitigation:

We are actively engineering supply chain resilience into our "Precision 2030" strategy by shifting towards "in-region" manufacturing and dual-site resilience (spanning the US, EMEA and APAC) to minimise reliance on vulnerable, long-distance global freight routes. At the site level, we also leverage extreme weather to our advantage where possible, such as utilising harvested rainwater for production at our India facility to reduce municipal water dependency.

Opportunity:

Global supply chain volatility has made regional resilience a non-negotiable procurement requirement for major healthcare customers. By standardising our manufacturing platforms across global regions and localising our material sourcing, we convert physical climate risk into a competitive advantage, offering our customers unmatched supply security.

Metric:

Supply chain on-time delivery rates, volume of harvested rainwater utilised in production, and capital expenditure allocated to site resilience.

07. Acute extreme weather events,

resulting in supply chain and logistics disruption.

Expected time and materiality:

Short term L

Financial:

Unlike gradual climate shifts, acute and unpredictable extreme weather events can cause sudden, catastrophic disruptions to global supply chains. Financial impacts include immediate shortages of critical raw materials, emergency "spot-buying" premiums, highly inflated expedited freight costs to bypass closed shipping routes, and the potential loss of revenue if we fail to meet strict customer Service Level Agreements.

Planning:

Given the current global macroeconomic and environmental volatility, the Board and Executive Committee monitor supply chain disruption as a top-tier operational risk. Our planning assumes that global supply volatility is the new normal, making regional resilience a non-negotiable customer expectation.

Current and planned mitigation:

We are mitigating acute global supply shocks through our "Precision 2030" growth strategy, which champions "in-region" manufacturing and optional dual-site resilience across our USA, EMEA and APAC hubs. Furthermore, by standardising our manufacturing platforms across our global footprint, we are actively increasing our flexibility to seamlessly transfer product manufacturing between sites if one specific region or supply route is compromised by an acute weather event.

Opportunity:

By successfully engineering a supply chain that can absorb and bypass acute weather shocks, the Group protects its margins from emergency freight costs and positions itself to win market share from competitors who rely on fragile, single-source global supply lines.

Metric:

Premium/emergency freight spend, supply chain on-time delivery rates.

Principal risks and uncertainties

The Group operates a dynamic risk management approach in which risks associated with strategic objectives are regularly evaluated, prioritised and considered within the assessment of principal risks. Principal risks are those that could have a material adverse effect on the Group's business model, future performance, solvency or liquidity, or the delivery of its strategic objectives.

The Board is committed to a culture of informed risk-taking, where risks are identified, assessed and managed in a systematic and proportionate manner. This enables the Group to pursue strategic opportunities with confidence, while protecting value for all stakeholders and maintaining the resilience of the business over the medium to longer term.

Principal risks have been identified through a structured top-down and bottom-up risk assessment process, the details of which are set out below. A more consistent approach to risk measurement and reporting has been embedded throughout the organisation during the year.

During the year, the Board undertook its annual review of the Group's principal risks, reaffirming the continued relevance of the nine principal risks identified in FY25 and identifying one new principal risk: IT transformation, reflecting the Group's programme to transition to new enterprise resource planning and quality management systems. As a result, the Board has identified ten Group principal risks for FY26.

The Board's assessment of the overall risk environment reflects both internal progress and heightened external pressures. Geopolitical and macroeconomic risk has increased, driven by the escalation of global trade tariffs, ongoing conflicts and heightened regional tensions. Technology and cybersecurity risk remains a sustained area of Board focus, reflecting the increasing sophistication, frequency and potential impact of cyber threats, including AI-enabled threats, across the Group's operations. The treasury risk has decreased, reflecting the successful refinancing of the Group's primary borrowing facility in April 2025, providing a stable funding platform through to April 2028.

No material changes in risk level have been identified for the remaining principal risks.

The Board is satisfied that the Group's principal risks remain aligned with its stated risk appetite and that appropriate mitigating actions are in place. Overall, while the external risk environment has become more volatile, the Board considers that the Group is well positioned to manage these risks and maintain resilience over the medium to longer term.

Emerging risks. In addition to the ten principal risks identified below, the Board maintains procedures for the identification and management of emerging risks, those that may be less certain in their likelihood or impact but carry the potential to become material over time. Emerging risks are identified through the Group's risk assessment process, horizon-scanning activities and regular management reporting, including consideration of developments in artificial intelligence, evolving sustainability regulation, geopolitical fragmentation and changes in the competitive environment. Where an emerging risk is assessed as having become sufficiently significant and certain in its potential impact, it is escalated to principal risk status. The addition of the IT transformation risk in FY26 is one example of this escalation process.

Scope of disclosure. The principal risks and uncertainties set out in this section do not comprise all risks and uncertainties that the Group may face and are not presented in order of priority. Additional risks not presently known to the Board, or those currently assessed as remote or less material, may also adversely affect the Group's business model, performance, solvency or liquidity.

Viability and going concern. In accordance with the provisions of the UK Corporate Governance Code, the Board has taken into consideration the principal risks and uncertainties in its assessment of the Group's prospects and longer-term viability, as set out in the viability statement on page 49. The Board has also considered these risks in the context of the going concern assessment for the purposes of preparing the financial statements.

Risk management framework

The Group operates a structured approach to risk assessment to support effective identification, evaluation and management of risks across the business.

When assessing risk, management considers a broad range of external factors, including legal, regulatory, geopolitical, economic and ESG considerations arising from the markets in which the Group operates, as well as internal factors relating to the nature of the Group's activities, its operational processes, organisational structure and internal control environment. Risks are evaluated on both a gross and net basis, enabling a consistent assessment of residual risk exposure after mitigation and supporting prioritisation and management focus.

Business units and functional teams are responsible for the day-to-day identification, management and reporting of risks within their areas of responsibility. This includes the identification of new and emerging risks, with matters escalated where appropriate to senior management, the Executive Committee and the Board. Risks are documented within risk registers, together with their underlying causes, existing controls and key mitigating actions. Each risk is assessed on the basis of its likelihood of occurrence and potential severity, having regard to the Group's strategic objectives, operational performance, financial position, regulatory compliance, reputation and people.

The Audit & Risk Committee formally reviews the effectiveness of the Group's risk management framework and internal control systems on an annual basis and reports its findings to the Board. The Board's confirmation that it has carried out a robust assessment of the Group's principal and emerging risks is set out in the corporate governance section on page 50.

Principal risks and uncertainties continued

Risk management framework continued

Three lines of defence

The Group operates a three lines of defence model to support effective risk management, internal control and governance across the organisation.

First line of defence. Business management and operational teams are responsible for the identification, management and escalation of risks within their areas of responsibility. This includes compliance with financial, legal and ethical requirements, adherence to Group policies and procedures, and the effective operation of controls relating to security, quality, health and safety. Operational teams are accountable for following established risk management processes and maintaining day-to-day control effectiveness.

Second line of defence. The Executive Committee and senior management are responsible for designing and embedding the Group's risk management framework and internal control systems. They oversee risk exposures, monitor the effectiveness of controls, develop and maintain policies and control processes, and conduct annual assessments of Group-level risks to ensure risks are managed within the Board-approved risk appetite.

Third line of defence. The Board provides strategic oversight by approving the Group's strategy, setting risk appetite and identifying key strategic risks, and monitors risk management through established Board and Committee processes. The Audit & Risk Committee reviews and assesses the effectiveness of the Group's risk management framework and internal control systems on behalf of the Board.

Internal Audit provides independent assurance over the adequacy and effectiveness of risk management and internal controls across the first and second lines of defence, reporting its findings directly to the Audit & Risk Committee.

Risk categories and risk appetite

The Board determines the Group's appetite for risk, recognising that a prudent and robust approach to risk assessment and mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit and innovation that contribute to the Group's success are not inhibited. Risk appetite is categorised across four risk categories: Strategic, Operational, Financial and Compliance. This framework operates as a guide to management on the appetite applicable to each category and helps set priorities and levels of focus.

The Board has reviewed the Group's appetite for risk during the year and concluded that its overall risk appetite remains unchanged from the prior year. The Group is prepared to accept measured and considered levels of risk in support of its strategic objectives, including innovation, market expansion and meeting evolving customer needs. This is balanced by a disciplined and prudent approach, ensuring that risks are understood, appropriately controlled and aligned with long-term value creation. The Group maintains a zero appetite for risks to product quality and health and safety, as these are fundamental to the success of the Company's products and the safety of its people.

Risk management framework

Risk management process

Risk categories and risk appetite

Strategic

Moderate – We are prepared to accept a moderate level of risk in pursuit of innovation and market expansion, while maintaining a focus on strategic resilience and long-term stakeholder value.

Operational

Very low – We avoid risks that could put our customers, employees, contractors or visitors in danger. We seek to minimise operational disruptions and maintain the highest standards of quality, safety and delivery performance.

Financial

Low – We seek to maintain a solid financial position to provide stability and value to all our stakeholders. We accept limited financial risk where it is well understood, appropriately managed and consistent with our strategic objectives.

Compliance

Zero – We strive to comply with all applicable laws and regulations in every jurisdiction in which we operate, with particular focus on product safety, data protection, modern slavery and the requirements of the regulated markets we serve.

Principal risks and uncertainties continued

Principal risks

The Board has identified ten Group principal risks for FY26. In FY25 there were nine Group principal risks; the new IT transformation risk reflects the Group's programme to upgrade its core enterprise systems and has been identified as a standalone principal risk given its scale, complexity and potential operational impact during the transition period. The following pages set out each principal risk together with the potential impact, Board assessment and key mitigation measures in place. Each risk is categorised and a direction of travel indicator reflects the Board's assessment of movement compared to the prior year.

01.
Treasury risk

Risk category: £ **Change:** ↓

Risk

Failure to effectively manage the Group's liquidity, including cash generation and repatriation to Head Office, resulting in an inability to meet financial obligations or maintain access to adequate funding facilities.

Impact

- Inability to meet debt servicing, pension and other liabilities as they fall due
- Risk of covenant breach or default under the Group's primary borrowing facility
- Reduced access to funding facilities and constrained financial flexibility
- Increased financing costs adversely affecting profitability
- Constrained investment capacity, limiting the Group's ability to pursue growth opportunities
- Failure of assessments demonstrating that the Group remains a going concern

Board assessment

The risk has decreased during the year following the successful refinancing of the Group's primary borrowing facilities in April 2025, which strengthened liquidity headroom and extended the maturity profile through to April 2028. Enhanced cash flow forecasting, improved visibility over short-term and medium-term liquidity, and continued proactive management of covenant compliance have increased the Board's confidence in the Group's ability to manage its funding requirements under both base case and downside scenarios. The Board is satisfied that the Group's liquidity position and covenant headroom remain appropriate and that the risk of financial distress has reduced materially compared to the prior year.

Mitigation

- Regular cash flow forecasting and liquidity monitoring through a rolling 13-week cash flow forecast covering all regions
- Integration of cash flow forecasting into the annual budgeting and medium-term planning processes
- Active management of covenant compliance and headroom, with monthly lender reporting and regular senior management engagement
- Centralised treasury and cash repatriation processes to optimise Group-wide liquidity management
- Ongoing management of banking relationships and funding sources, including proactive refinancing activity
- Downside scenarios and stress tests incorporated into going concern assessments and budget modelling
- Foreign exchange risk managed through Group hedging policies and, where appropriate, forward contracts

02.
Operational execution

Risk category: ⚙ **Change:** →

Risk

Inadequate operational execution, including deficiencies in process discipline, controls, capability or performance management across manufacturing and supply-chain operations, resulting in failure to meet customer requirements or deliver sustainable improvements in operational performance.

Impact

- Manufacture and supply of non-conforming products that fail to meet customer or regulatory quality requirements
- Manufacturing cost escalation and reduced operational efficiency
- Reputational damage and loss of customer confidence
- Increased customer complaints, returns or remediation costs
- Deterioration in profitability and cash flow performance
- Risk to ISO 13485 certification and other quality accreditations critical to serving regulated end markets

Board assessment

The Board's assessment of operational execution risk is unchanged from the prior year. While the Group has made measurable progress in strengthening execution capabilities through strategic hires, targeted investment in operational systems and the ongoing focus on manufacturing excellence, the inherent complexity of managing a multi-site global manufacturing business means that this risk remains a sustained area of management attention. The Board monitors operational KPIs and improvement initiatives closely, and considers that continued investment in people, systems and process discipline will deliver further tangible improvements in operational performance during FY27.

Mitigation

- Continued focus on operational excellence, supported by targeted investment in people, systems and manufacturing capability
- Key investment projects regularly monitored by the Board, with oversight of progress, timing, cost and expected benefit
- Business units drive execution, preventative maintenance and local risk management, supported by operational KPI reporting and regular risk management reviews
- Strategic hires in operational leadership and capability development roles to strengthen execution and succession planning
- Quality management systems maintained in compliance with ISO 13485 requirements, supporting the Group's position in regulated medical and healthcare end markets
- Regular ISO audits of key operational processes, with findings reported to the Audit & Risk Committee

↑ Increased ↓ Decreased → No change ✳ New ↗ Strategic ⚙ Operational £ Financial ✓ Compliance

Principal risks and uncertainties continued

03.
Geopolitical and macroeconomic uncertainty

Risk category: ↗ **Change:** ↑

Risk

The Group is exposed to geopolitical and macroeconomic uncertainty arising from conflict, political instability, trade restrictions, inflationary pressures and changes in government and monetary policy across the markets in which it operates. These factors may result in raw material cost volatility, supply chain disruption, extended lead times and margin erosion.

Impact

- Disruption to supply chains, logistics and customer deliveries
- Increased input costs, including materials, energy, labour and import tariffs, and higher working capital requirements from elevated inventory levels
- Service level degradation due to extended lead times and customer relationship strain arising from pricing actions
- Margin and profitability pressure from sustained cost inflation and tariff-related headwinds
- Increased geographic or customer concentration risk as a consequence of market disruption
- Currency volatility adversely impacting reported financial performance

Board assessment

Escalating geopolitical instability, driven by the introduction and escalation of global trade tariffs (including US tariff measures), ongoing conflicts in Ukraine and the Middle East, and heightened regional tensions across multiple geographies, has led the Board to assess this risk as increased compared to the prior year. The potential for further tariff escalation and supply chain fragmentation represents the most material near-term concern, particularly given the Group's exposure to globally traded materials and its manufacturing presence across multiple jurisdictions. The Board continues to monitor developments closely and has taken a number of actions to strengthen the Group's resilience to these risks.

Mitigation

- Ongoing assessment of geopolitical, macroeconomic and trade developments, supported by internal analysis and external advisory input
- Active monitoring of political, trade and regulatory developments across key markets, with contingency plans in place including the use of alternative shipping routes and supply markets
- Continued focus on operational effectiveness and efficiency to offset inflationary and tariff-related cost pressures
- Cash flow modelling and stress testing to assess liquidity resilience under adverse macroeconomic scenarios
- Commercial dialogue with major suppliers to support continuity of supply and flexible contractual arrangements, including tariff-related provisions
- Geographic and customer diversity provides a natural hedge against localised disruption
- Implementation and enforcement of customer surcharges and price increases, where appropriate, to mitigate input cost pressures
- Foreign exchange exposures managed through Group hedging policies

04.
Technology and cybersecurity

Risk category: ⚙ **Change:** →

Risk

Inadequate operation and maintenance of resilient IT systems and infrastructure, coupled with insufficient security measures, may result in loss of operational capability and increased vulnerability to unauthorised access to systems or data. Such incidents could compromise operations, resulting in significant financial loss, regulatory sanction and reputational damage.

Impact

- Disruption to operations and business-as-usual activities, including delays during system outages or transitions
- Loss, corruption or unauthorised access to data, including financial and regulated quality data
- Reduced accuracy and reliability of financial reporting
- Regulatory non-compliance, including adverse audit findings and risk to ISO 13485 certification
- Increased remediation, recovery and operational costs, alongside productivity losses
- Damage to the Group's reputation and stakeholder confidence
- Exposure to AI-enabled cyber threats, including sophisticated phishing, social engineering and automated attack vectors

Board assessment

The Board's assessment of technology and cybersecurity risk is unchanged from the prior year, although it remains an elevated and sustained area of Board focus. The Group has made meaningful progress during the year in strengthening its cyber defences and governance framework, including enhanced multi-factor authentication, improved incident response procedures and increased Board-level visibility of cyber risks. However, the growing sophistication of cyber threats, including the increasing use of artificial intelligence by malicious actors, means this risk requires continuous investment and vigilance. The parallel IT transformation programme (Risk 10) introduces an additional layer of technology risk during the transition period, which is managed as a standalone principal risk.

Mitigation

- Implementation and maintenance of robust Disaster Recovery plans, with regular testing
- Increased system resilience through proactive monitoring and timely security patching
- Regular failover testing to validate recovery capabilities
- Strengthening of identity and access management controls, including multi-factor authentication ("MFA"), least-privilege access and role-based access controls
- Deployment of endpoint protection, data loss prevention ("DLP") and encryption controls
- Regular backup validation and secure recovery procedures
- Alignment of cybersecurity framework to NIST CSF requirements
- Regular reviews of IT security controls
- Maintained and up-to-date incident management and crisis management plans
- Strengthened governance, Board-level reporting and Audit & Risk Committee oversight of cyber risks
- Compliance with industry best practice recommendations

↑ Increased ↓ Decreased → No change ✳ New ↗ Strategic ⚙ Operational £ Financial ✓ Compliance

Principal risks and uncertainties continued

05.

Customer concentration

Risk category: ↗ **Change:** →

Risk

The Group generates a significant proportion of its revenues from a limited number of large customers. The loss of, or a material reduction in business from, one or more of these customers could have a significant adverse effect on the Group's financial performance and strategic delivery.

Impact

- Significant revenue impact from the loss or reduction of business with a major customer
- Cash flow volatility if a key customer underperforms, restructures or changes its sourcing strategy
- Reduced bargaining power, leading to pricing or commercial pressure
- Increased earnings volatility attributable to reliance on a limited customer base
- Greater exposure to customer-specific strategic decisions, including programme changes, insourcing or new supplier relationships

Board assessment

The Board's assessment of customer concentration risk is unchanged from the prior year. Revenue concentration among a limited number of major customers remains a structural feature of the Group's business model and continues to be actively managed through operational excellence, strong relationship management and a targeted diversification strategy. The Board monitors customer concentration levels closely and is encouraged by the progress made in deepening relationships with key accounts and the medium-term diversification strategy, particularly in higher-growth regions such as APAC.

Mitigation

- Operational excellence in cost, quality and delivery, supported by strong customer care and senior relationship management, aimed at retaining key customers
- Focused engagement with blue-chip multinational customers in the medical, electronics and aerospace markets, providing credit quality and demand resilience
- Medium-term diversification strategy, with particular focus on regions with higher concentration, including APAC
- Strategic focus on lower-attrition end-market segments, including healthcare, drug-delivery devices and point-of-care technologies
- Continued investment in production capability, tooling and process expertise to support long-term customer programmes and increase switching costs
- Structured senior-level customer relationship management, including regular formal engagement with key accounts

06.

Pensions

Risk category: £ **Change:** →

Risk

Adverse movements in trading performance, cash generation or market conditions may reduce the Group's ability to meet funding commitments to its UK defined benefit pension scheme. Deficit volatility is driven by changes in interest rates, inflation and asset values, with the potential to generate material additional funding obligations.

Impact

- Increased cash funding requirements or the need for accelerated contributions to the pension scheme
- Additional regulatory conditions or restrictions imposed by the Pensions Regulator
- Constraints on capital allocation, financing flexibility and strategic activity
- Adverse effect on the Group's financial position and stakeholder confidence
- Increased external support costs and management time associated with regulatory engagement

Board assessment

The Board's assessment of pensions risk is unchanged from the prior year. The successful completion of the triennial actuarial valuation and the agreement of a revised deficit recovery plan with the Scheme trustees provides greater clarity over the Group's long-term funding obligations. The deficit recovery plan, incorporating fixed annual contributions through to 2037, provides a stable and manageable framework for addressing the scheme deficit. The Board is satisfied that these obligations are sustainable and appropriately reflected within the Group's financial planning. Market volatility in interest rates and asset values continues to be monitored, and the trustees' investment strategy is managed with a view to reducing long-term funding volatility.

Mitigation

- Triennial actuarial valuation completed, with a deficit recovery plan developed through active engagement with Scheme trustees and professional advisors
- Deficit recovery plan in place, incorporating a lump-sum payment and fixed long-term annual contributions through to 2037
- Ongoing engagement with Scheme trustees on funding strategy, investment and liability management initiatives to reduce long-term funding volatility
- Budget and long-term plans shared with trustees and lenders at regular meetings to support transparent governance
- Regular monitoring of Scheme funding position, investment performance and actuarial assumptions

↑ Increased ↓ Decreased → No change ✳ New ↗ Strategic ⚙ Operational £ Financial ✓ Compliance

Principal risks and uncertainties continued

07. Climate change

Risk category: ↗ **Change:** →

Risk

Climate change and the global transition to a lower-carbon economy create uncertainty for the Group's internationally operating, energy-intensive manufacturing operations, including exposure to physical climate impacts, evolving regulatory requirements and increasing customer and stakeholder expectations for sustainability performance.

Impact

- Increased operating costs driven by rising energy prices, carbon charges and the need for capital investment in low-carbon infrastructure
- Operational disruption and supply chain interruptions arising from extreme weather and climate-related events, including impacts on workforce productivity, site availability and logistics
- Reduced customer demand or margin pressure where products or operations do not meet sustainability or regulatory expectations
- Adverse effects on the Group's reputation and stakeholder confidence, including potential loss of new or existing business opportunities
- Regulatory and disclosure compliance risk arising from evolving sustainability reporting requirements, including UK Sustainability Reporting Standards and the CSRD

Board assessment

The Board's assessment of climate change risk is unchanged from the prior year. The Group continues to develop its approach to climate-related risk management, supported by a TCFD-aligned assessment process and external climate consultancy support. The anticipated introduction of UK Sustainability Reporting Standards and potential obligations under CSRD represent areas of active monitoring and early preparation. The Board recognises that physical and transition climate risks are relevant to the Group's globally operating, energy-intensive manufacturing business and is committed to strengthening the Group's climate resilience and disclosure framework over time. Further information is set out in the TCFD statement on page 33.

Mitigation

- Climate-related risks and opportunities are assessed through a TCFD-aligned process covering both physical and transition risks, with external climate consultancy support to ensure regulatory alignment and market best practice
- Climate risks are identified locally and reviewed centrally to ensure a consistent Group-wide response, with Board oversight of climate matters and progress against agreed actions
- Sustainability embedded through the Group's Environmental Policy and Project Zelda, including initiatives to improve energy efficiency and increase the use of renewable energy tariffs
- Targeted measures in place to manage physical climate risks, including heat stress monitoring and flood risk assessments at key sites, alongside actions to improve supply chain resilience
- Ongoing development of climate metrics and targets, enhanced supplier ESG assessment, improved EcoVadis performance and preparation for evolving regulatory and disclosure requirements, including UK Sustainability Reporting Standards and CSRD
- Further information on the Group's approach is set out in the TCFD statement on page 38

08. Compliance

Risk category: ✓ **Change:** →

Risk

The Group is exposed to the risk of non-compliance with applicable national and international laws and regulations across the multiple jurisdictions in which it operates, including in the areas of anti-bribery and corruption, competition law, data protection, modern slavery and labour law.

Impact

- Financial penalties, fines, litigation and remediation costs
- Potential loss of revenue, contracts or regulatory approvals
- Reputational damage and loss of stakeholder trust
- Inability to deliver the business strategy or enter new markets
- Difficulty in attracting and retaining talent
- Criminal liability exposure for Directors and senior management in the most serious cases

Board assessment

The Board's assessment of compliance risk is unchanged from the prior year. The Group operates across multiple jurisdictions and is subject to a broad and evolving range of legal and regulatory requirements. The Board maintains a zero-tolerance approach to non-compliance, and the Group's compliance framework continues to be reviewed and strengthened to reflect legislative developments. Evolving data protection obligations, modern slavery reporting requirements and developments in competition law across the Group's key markets represent areas of ongoing active management. The Board is satisfied that appropriate controls and policies are in place, underpinned by a strong culture of integrity across the business.

Mitigation

- The Board maintains oversight of Group-wide controls to ensure compliance with all applicable legal and regulatory requirements, supporting the business's growth and transformation programme
- Whistleblowing procedures promote a strong culture of integrity and encourage employees to raise concerns freely and without fear of reprisal
- Scheduled risk management assessments to identify emerging regulatory and compliance risks, with actionable mitigation plans developed as issues arise
- Ongoing review of relevant legislative developments across all jurisdictions, with appropriate controls and safeguards implemented in a timely manner
- Use of experienced local management and, where appropriate, specialist external professional advisors to manage jurisdiction-specific legal and regulatory requirements
- Employment of qualified and experienced professionals in relevant compliance functions, including legal and HR

↑ Increased ↓ Decreased → No change ✳ New ↗ Strategic ⚙ Operational £ Financial ✓ Compliance

Principal risks and uncertainties continued

09.
People

Risk category: ⚙ **Change:** →

Risk
The Group's ability to deliver its strategy and operate effectively depends on attracting, retaining and developing appropriately skilled colleagues, as well as embedding the Group's values and culture consistently across all operations. Failure to secure and sustain the required talent and capabilities could reduce operational effectiveness, increase compliance risk and adversely affect financial performance and reputation.

Impact
- Skills gaps or loss of key talent in critical roles
- Higher employee turnover and associated recruitment, onboarding and training costs
- Reduced operational effectiveness and productivity
- Increased risk of non-compliance with employment or regulatory requirements
- Adverse impact on employee engagement, culture and the Group's ability to attract future talent
- Delays to strategic programmes requiring specialist expertise

Board assessment
The Board's assessment of people risk is unchanged from the prior year. The appointment of a People & Transformation Director and a Talent Acquisition Business Partner during the year represents a meaningful strengthening of the Group's HR and talent management capabilities. While labour markets remain competitive, particularly for specialist manufacturing and technical skills, the Group has taken targeted action to improve its talent attraction, retention and development capabilities. The ongoing review of the total reward offering and the rollout of wellbeing initiatives demonstrate the Group's commitment to being an employer of choice. The Board continues to monitor people risk closely, recognising that the successful delivery of the Group's strategy depends fundamentally on its people.

Mitigation
- Appointment of a People & Transformation Director and a Talent Acquisition Business Partner, strengthening HR and recruitment capability across the Group
- Ongoing review of the total reward offering across all countries, with identified improvements being implemented where appropriate during FY26
- Continued rollout of Employee Assistance Programmes and wellbeing initiatives across the Group
- Ongoing review and development of the Group People strategy, defining key HR priorities for FY26 and beyond
- Embedding of Group values within recruitment and people processes to support a consistent, inclusive and high-performance culture
- Succession planning and development pathways maintained for critical roles across the Group
- Further information can be found in the people section of responsible operations on page 28

The principal risks and uncertainties described in this section should be read in conjunction with the viability statement (page 49), the going concern disclosure in the financial statements, and the TCFD statement (pages 148 to 149 and page 33).

10.
IT transformation

Risk category: ⚙ **Change:** ✳

Risk
The Group is undertaking an upgrade of its Navision ERP system to Microsoft Dynamics 365 Business Central to replace legacy platforms and improve integration across global operations. The scale and complexity of the programme create a risk that technical issues, integration challenges, delivery delays or cost overruns could disrupt business-as-usual activities and adversely affect operational performance. Effective programme governance and execution will be required to ensure the programme delivers its intended benefits within expected timelines and budget.

Impact
- Disruption to business-as-usual operations during system implementation, particularly around go-live periods
- Operational inefficiencies or service level impacts caused by technical or integration issues
- Reduced quality of management information affecting timely and informed decision-making
- Programme delays or cost overruns, increasing project expenditure above budget
- Increased vulnerability to data migration errors or data integrity issues

Board assessment
This is a new principal risk for FY26, reflecting the Board's decision to elevate the ERP transformation programme to standalone principal risk status, given its scale, complexity and potential operational impact during the implementation period. The Board and Audit & Risk Committee receive regular updates on programme progress, including budget performance, delivery milestones and risk exposure. While the phased deployment approach and comprehensive mitigation measures in place are designed to manage implementation risk carefully, the Board recognises the inherent execution risk associated with a programme of this nature and will maintain close oversight throughout the implementation period.

Mitigation
- Phased, site-by-site deployment approach adopted to minimise operational disruption and enable learning between deployments
- Detailed cutover planning for each site, with defined fallback and rollback scenarios tested and rehearsed
- Business subject matter expert availability and structured hypercare support in place post go-live
- End-to-end process design validated with business owners before build, applying a fit-to-standard principle to reduce customisation risk
- Robust testing regime including system, integration and user acceptance testing scenarios
- Data migration strategy incorporating multiple validation cycles and reconciliation checkpoints to protect data integrity
- Dedicated Business Central Consultant supporting throughout the project and post go-live
- Standardised reporting model developed using Power BI and ERP-native reporting capabilities
- Regular programme financial tracking against budget, with early review of cost variances and formal escalation processes
- Programme governance structure with defined Board and Audit & Risk Committee reporting cadence

↑ Increased ↓ Decreased → No change ✳ New ↗ Strategic ⚙ Operational £ Financial ✓ Compliance

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board has assessed the prospects and viability of the Group over a three-year period to 31 March 2029. They selected this period because it corresponds to the Group's detailed planning horizon and to the period over which customer programmes, capital plans and pension funding can be forecast with reasonable confidence.

In making their assessment, the Directors considered the Group's current financial position, liquidity, financing arrangements and pension funding obligations, together with the principal risks and uncertainties set out on page 42. Further detail on the Group's financing arrangements, covenant framework and pension funding commitments is provided in the going concern statement on pages 148 to 149. The assessment was based on the Board-approved medium-term plan and used the same financial forecasts as the going concern review, extended across the full three-year period.

The Directors modelled a series of severe but plausible downside scenarios, each derived from the principal risks. These covered the loss of a major customer programme, sustained margin compression, a broad downturn in demand combined with adverse currency and input cost movements, and a significant operational interruption. The scenarios were tested individually and in combination. The Directors also carried out a reverse stress test to identify the deterioration in performance that would be required before the Group's banking covenants were breached or its available liquidity exhausted. The reverse stress testing indicated that a materially greater deterioration in performance than that assumed in the severe but plausible downside scenarios would be required before covenant compliance was threatened or available liquidity exhausted. The Directors concluded that a deterioration of that scale was not plausible over the assessment period.

In each scenario the Directors took account of the mitigating actions available to management, which include the deferral of discretionary capital expenditure and flexing of the cost base.

The Group's committed borrowing facility matures in April 2028, within the assessment period. The Directors' assessment assumes that this facility is refinanced on broadly comparable terms ahead of maturity. The Directors consider this assumption to be reasonable, having regard to the Group's financial position, its relationship with its lender and the improvement in financial performance over recent years.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 March 2029.

The strategic report was approved by the Board on 30 June 2026 and signed on its behalf by:

Frank Doorenbosch
Chief Executive Officer

Ian Tichias
Chief Financial Officer

Chair's introduction to governance

The statement of corporate governance practices set out on the following pages, including the reports of Board Committees and any information incorporated by reference, constitutes the corporate governance report of Carclo plc.

Dear shareholder

On behalf of the Board, I am pleased to present Carclo plc's corporate governance report for the year ended 31 March 2026. The Board continues to drive high standards of governance across the Group, and this report explains how we discharge our governance responsibilities and apply the principles of the UK Corporate Governance Code 2024 (the "2024 Code"), with which the Company now fully complies. Our statement of compliance with the 2024 Code is set out on this page.

The Board's main role is to provide oversight and leadership of the Group, to determine and ensure the implementation of the Group's strategy, and to maintain the highest standards of corporate governance. Underpinning these aspects of the Board's responsibilities lies the principal aim of ensuring the sustainable, long-term success of the Company. The Board understands the relationship between the Company's purpose, strategy and values and their importance to the long-term success of the Group. The Board oversees and monitors our culture to enable the Board to be satisfied that it aligns with the Group's purpose, values and strategy and is reflected consistently in our workplace policies and practices.

The Board and its Committees acknowledge the benefits of diversity, including that of gender and ethnicity. The Senior Independent Director and Audit & Risk Committee Chair is Rachel Amey, and Natalia Kozmina continues to lead the Remuneration Committee. They both bring broad cross-functional expertise. With Ian Tichias having completed his first full year as CFO, the Board is well constituted, and I am confident the Board has the experience and capability to guide the Group forward.

The structure, diversity and composition of the Board remains under review to ensure that we have the appropriate mix of skills and experience to best serve a dynamic, growing international company.

During the year, the Board engaged a reputable external advisor with expertise in leadership, board effectiveness, governance, culture and strategy to facilitate a comprehensive review. The review found that the Board and its Committees are operating effectively, while also highlighting opportunities for improvement. An action plan is in progress to address the issues raised.

The Directors consider various factors when making decisions, considering the interests of our stakeholders. The Board undertakes stakeholder engagement directly with the workforce and with shareholders and advisors. This takes place through face-to-face sessions conducted by the NEDs throughout the year with employees to discuss business dynamics and operational challenges. Face-to-face dialogue was also held with key advisors together with targeted engagement with investors involving (at separate times) the Chair, CEO and CFO.

The Board believes that these meetings have been important in setting the Group's strategic direction, across various regions (with different cultural approaches), reflecting factors such as cost inflation pressures, geopolitical challenges and staff retention/hiring considerations.

The Board is well placed to guide the Group through its next phase of growth, with Directors bringing the depth of experience and capability the business demands.

Joe Oatley
Non-Executive Chair

30 June 2026

Statement of corporate governance

The Company remains committed to the highest standards of corporate governance, for which the Board is collectively accountable. Throughout the year, the Company complied with the main principles and provisions of the 2024 Code[1].

We are pleased to report that each of the non-compliances identified in last year's report under Provisions 11, 24 and 32 have now been fully resolved. Natalia Kozmina has served as Chair of the Remuneration Committee since 1 May 2024 and, having now completed more than twelve months in that role, the Company is compliant with Provision 32. The Audit & Risk Committee is now comprised of solely our two independent Non-Executive Directors, Rachel Amey and Natalia Kozmina, while fellow Board members are in attendance at each Committee meeting, satisfying Provision 24 for a smaller company[2]. The Board now consists of two Executive Directors and two independent Non-Executive Directors, and the independent Non-Executive Chair, ensuring full compliance with Provision 11.

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1. Save for Provision 29 as the application would take effect in the 2027 annual report and accounts.
2. A smaller company, as defined under the UK Corporate Governance Code 2024, is one that remains below the FTSE 350 throughout the year immediately prior to the reporting year.

Our Board

The Board

The Board is collectively responsible for the management of the Company. The Board's main role is to create long-term value for shareholders by providing entrepreneurial and prudent leadership of the Company. It does this by setting the Company's strategic aims and overseeing their delivery, ensuring that the necessary financial and other resources are available, and by maintaining a balanced approach to risk within a framework of effective controls.

Audit & Risk Committee

Oversees financial reporting to ensure the Group's systems provide accurate information for published accounts.

Assesses the effectiveness of internal controls, risk management, the need for internal audit, and the work of the external auditor.

Reviews whistleblowing arrangements.

Nomination Committee

Reviews the composition and balance of the Board and its Committees to ensure Carclo has the necessary structure, skills, diversity and experience for effective management. When a new appointment is needed, the Committee defines the required role and capabilities and proposes candidates to the Board.

Manages Board effectiveness reviews.

Reviews management training and succession planning for senior executives.

Remuneration Committee

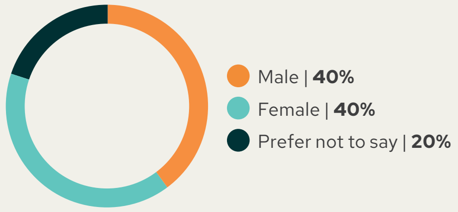
Oversees and, where appropriate, recommends Carclo's overall Remuneration Policy and strategy to the Board, ensuring incentives align with the Company's growth strategy, reward, culture and employee pay when setting Directors' remuneration.

Determines remuneration for Executive Directors and certain senior executives.

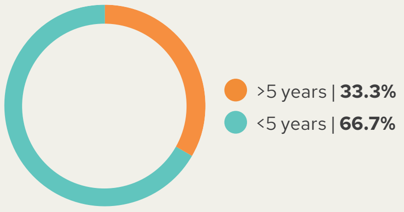
Each Committee plays a key role in supporting the Board to maintain high standards of corporate governance across the Group. Only Committee Chairs and members are entitled to attend Committee meetings, though others may be invited as required.

The authorities and duties of the Board and its Committees, along with the roles and responsibilities of key Board members, are clearly documented, reviewed and approved annually by the Board, and are available on the Company's website **carclo.co.uk**

Board gender diversity



Non-Executive Board tenure



Board membership

As at 31 March 2026, the Board comprised the Non-Executive Chair, the CEO, the CFO and two independent Non-Executive Directors.

The Chair and each Non-Executive Director were independent on appointment and the Board considers the Non-Executive Directors to be independent in accordance with the 2024 Code.

Roles and responsibilities

The Chair has primary responsibility for leading the Board and ensuring its effectiveness. He sets the Board's agenda and ensures, together with the Senior Independent Non-Executive Director, that all Directors can make an effective contribution.

The CEO has responsibility for all operational matters and the development and implementation of Group strategy approved by the Board.

Board and Committee changes

There were no changes in the past financial year.

Conflicts of interest

In accordance with the Companies Act 2006, Directors must seek authorisation before accepting any position that could conflict with the Company's interests. The Board regularly reviews actual and potential conflicts, and the Company Secretary maintains a register that is reviewed annually.

Our Directors

Key to Committee membership: Ⓐ Audit & Risk Ⓝ Nomination Ⓡ Remuneration ● Committee Chair

Joe Oatley 🅝 Ⓡ

Non-Executive Chair

Joe was appointed a Non-Executive Director of the Company from July 2018 and served as Chair of the Remuneration Committee from that date until April 2020. He served as interim Non-Executive Chair from April to September 2020 and was appointed as the Senior Independent Director on 30 September 2020. He was appointed Non-Executive Chair on 6 November 2022.

Skills and experience

Joe recently stepped down from his position as Deputy Chair of Wates Group Limited following nine years on that Board and has been a Non-Executive Director at Centurion Group Limited since 2019. From 2012 to 2018 he was Group Chief Executive of Cape plc, a global FTSE-listed company specialising in the provision of critical industrial services. Prior to joining Cape he was Chief Executive of Hamworthy plc, a global oil and gas engineering business, from 2007 until its takeover by Wärtsilä in 2012. Joe spent the early part of his career in the engineering sector in a broad range of roles, including Managing Director of a number of different businesses, strategy development and M&A.

External appointments

- Centurion Group Limited – Non-Executive Director

Frank Doorenbosch

Chief Executive Officer

Frank was appointed a Non-Executive Director of the Company on 1 February 2021 and Chair of the Remuneration Committee from 30 April 2021.

After a short period acting as a consultant to the CTP Division, Frank was appointed as CEO of Carclo plc on 6 October 2022.

Skills and experience

Frank worked in senior positions at RPC Group plc, a leading supplier of film and packaging solutions. His comprehensive experience encompasses operations, finance, sales and marketing, along with managing operations throughout the EMEA and APAC regions. From 2016 to 2019, he held the position of CEO at RPC bpi group, where he was instrumental in driving significant turnarounds and strategic reorientations in the plastic packaging sector. Frank has consistently championed environmental sustainability and the adoption of alternative processes and materials that minimise ecological footprints.

External appointments

- Thingtrax Limited – Non-Executive Director
- Impact Recycling Limited – Non-Executive Director
- Plastic Science by Design – Managing Partner

Rachel Amey 🅐 Ⓝ Ⓡ

Independent Non-Executive and Senior Independent Director

Rachel was appointed a Non-Executive Director of the Company on 1 March 2023 and was appointed Chair of the Audit & Risk Committee on 21 August 2023. She was appointed as interim Senior Independent Director from 21 August 2023 to 31 January 2024 and was re-appointed to this position permanently on 28 February 2024.

Skills and experience

Rachel trained as a chemical engineer and subsequently qualified as a Chartered Management Accountant. Rachel currently works as Chief Operating Officer at British Engines, a global engineering group based in Newcastle upon Tyne, and previously held a variety of financial positions with Smiths Group plc from 2000 to 2008 and Cape plc from 2008 to 2015, including interim Chief Finance Officer from September 2012 to December 2012. Rachel was Group Financial Controller for LSL Property Services plc from 2016 to 2020 and Director of Finance & Operations at the Newcastle upon Tyne Royal Grammar School from October 2020 to April 2025. She has substantial listed company experience as well as having IPO and M&A experience both in the UK and internationally.

External appointments

- British Engines Limited – COO
- Director of various subsidiaries with the British Engines Group

Natalia Kozmina Ⓐ Ⓝ 🅡

Independent Non-Executive Director

Natalia was appointed a Non-Executive Director of the Company on 22 April 2024. She was appointed Chair of the Remuneration Committee from 1 May 2024.

Skills and experience

Natalia is a global business executive with a proven track record of leadership across medical devices, life sciences and technology sectors with a particular focus on HR and remuneration matters. She brings extensive US, UK and international operational and strategic experience, which she gained from a range of FTSE and Fortune 100 companies. Currently, Natalia is Chief Human Resources Officer for LivaNova plc, a global medical devices business that focuses on neuromodulation and cardiac surgery technologies. Prior to this role Natalia was Executive Vice President and Chief Human Resources Officer for Convatec Group, a FTSE 100 global medical technologies business, where she also led the ESG strategy. Natalia's executive career also includes significant tenure across general management, sales and marketing roles leading global customer-centric businesses through rapid scale-up, large-scale M&A and spin-offs, and operating in complex, highly regulated industries.

External appointments

- Chief Human Resources and Corporate Communications Officer – LivaNova plc

Ian Tichias

Chief Financial Officer

Ian was appointed Chief Financial Officer on 1 April 2025.

Skills and experience

Ian was previously the Chief Financial Officer at Xaar plc where he drove a financial turnaround and significant systems and controls improvements over a period of more than four years. He brings strong experience as a finance leader in both listed and private businesses. His experience spans both small, agile, international multi-site manufacturing operations and larger companies with best-in-class systems and processes. Ian is a fellow of the Institute of Chartered Accountants in England and Wales having qualified with MacIntyre Hudson in 1996.

External appointments

- None

Board and Committee activities

The Board meets at least seven times a year, with additional contact between meetings to progress Company business. Senior executives below Board level are invited as needed to present and discuss matters relevant to their areas.

The Board aims to hold at least one meeting each year at a manufacturing facility, including staff interactions and management presentations to focus on regional aspects of the Group's strategy. This year, a Board meeting was held at the Jacottet Industrie site in Chartres, France.

The Board has a formal schedule of matters reserved for its decision, such as corporate strategy, annual budgets, major capital expenditure, acquisitions and disposals. Directors receive briefing papers in advance of meetings. New Directors complete a full induction and receive ongoing training and briefings as needed. Directors may seek independent advice, and the Board evaluation process reviews specific training or development needs.

During the year, attendance by Directors at scheduled meetings of the Board and its various Committees was as follows:

	Board meetings	Audit & Risk Committee	Nomination Committee	Remuneration Committee
	Scheduled meetings attended	Scheduled meetings attended	Scheduled meetings attended	Scheduled meetings attended
J Oatley	8/8	5/5	1/1	3/3
F Doorenbosch	8/8	5/5	–	3/3
I Tichias	8/8	5/5	–	3/3
R Amey	7/8	5/5	1/1	3/3
N Kozmina	8/8	5/5	1/1	3/3

In the year ended 31 March 2026, the Nomination Committee met formally on one occasion. A standing agenda item at every Board meeting is time for the Non-Executive Directors to meet without executive management present. Since the three Non-Executive Directors represent the full membership of the Nomination Committee, matters falling within the Committee's remit were also considered during these meetings. The Board is satisfied that this approach ensured appropriate oversight of nomination and succession matters without duplication, and that the substance of the Committee's responsibilities was fully discharged across the year.

In addition to the formal Nomination Committee meeting, the Board held a further seven ad hoc Board meetings during the year at which not all Directors were required to be present. Two ad hoc Audit & Risk Committee meetings were also held.

In addition, the Non-Executive Directors met once without the Chair present, mainly to discuss the Chair's performance and remuneration.

The Board and its Committees: FY26 activities

Board evaluation & effectiveness

- The Board conducted externally facilitated evaluations continuously in the past two years. Although not required for companies outside the FTSE 350, it sees value in undertaking these independent reviews.
- Invited an external advisor to assess the culture of the Board and the wider organisation through open, interactive discussion.
- Recognised strong relationships, open debate, effective independent challenge and high Director engagement.
- Identified development themes – talent and culture, operating model and Committee effectiveness – now being progressed with the advisor's continued support.

Principal risks
8 9

Stakeholders considered
Employees | Shareholders

Engagement with the workforce

- Natalia Kozmina, the designated Non-Executive Director for workforce engagement, hosted a virtual roundtable in February 2026.
- Roundtable engagement with 16 employees from sites across four countries, spanning warehouse, production, quality, engineering, logistics, finance and customer services.
- Discussion covered strategy and communication, personal development and feedback, engagement and collaboration.
- Committed to reflecting the themes raised in the Group's employee engagement strategy.

Principal risks
2 9

Stakeholders considered
Employees | Communities

People & culture

- Recognised the workforce as central to the Group's long-term success.
- Deepened its understanding of workforce experience through direct engagement.
- Identified clear opportunities to strengthen communication, personal development and cross-Group collaboration.
- Findings are shaping the people strategy – building a culture of ownership, accountability and opportunity at every level.
- Engagement with employees through on-site Board meetings.

Principal risks
2 9

Stakeholders considered
Employees | Communities

Accountability & audit

- Reviewed the effectiveness of the Group's system of internal control and risk management for the year ended 31 March 2026.
- Confirmed risk identification, evaluation and management processes operated throughout the year and to the date of approval.
- Through the Audit & Risk Committee, oversaw internal controls, the scope of internal control activity and the external auditor's work.
- Planned wider control-environment reviews in FY27 ahead of Provision 29 attestation.

Principal risks
2 4 8

Stakeholders considered
Shareholders | Investors

Relationship with shareholders

- Met regularly with major institutional shareholders, including post-results presentations on performance, strategy and outlook.
- Made the Chair and Non-Executive Directors available for separate discussions at any time.
- Confirmed the 2026 AGM will be held in Musselburgh – home of Bruntons – marking its 150th anniversary.
- Broadcast the AGM and key presentations live via LSEG Sparklive for remote participation.

Principal risks
1 3 5

Stakeholders considered
Shareholders | Investors

Key to principal risk

1	Treasury risk
2	Operational Execution
3	Geopolitical and Macroeconomic Uncertainty
4	Technology and Cybersecurity
5	Customer Concentration
6	Pensions
7	Climate Change
8	Compliance
9	People
10	IT Transformation

↗ See our principal risks, on page 42
↗ See our stakeholders, on page 27

Board visit

Jacottet in Chartres, France

During the year, the Board visited Jacottet in Chartres, France, combining a Board engagement with a site tour and time with local management and employees. The visit gave Directors first-hand insight into the operation's capability, people and customer relationships, and strengthened the Board's oversight of strategy, culture and performance across the Group's international footprint.

Audit & Risk Committee report

Rachel Amey
Chair of the Audit & Risk Committee

During the year, the Committee was chaired by Rachel Amey. Rachel is a Chartered Management Accountant and is currently Chief Operating Officer at British Engines Limited, having previously held a variety of senior financial positions with Smiths Group plc, Cape plc, LSL Property Services plc and the Newcastle upon Tyne Royal Grammar School. As such, the Board considers that Rachel has recent and relevant financial experience. The Board is also satisfied that the Committee, as a whole, has relevant sectoral competence as required by the 2024 Code.

Dear shareholder

I am pleased to present the Audit & Risk Committee report for the year ended 31 March 2026. This report provides an overview of the Committee's role and shows how our work contributes to the success of the Group.

Annual statement by the Chair of the Audit & Risk Committee

The Committee continued to scrutinise the Group's system of risk management and internal controls, the robustness and integrity of the Group's financial reporting, and the scope, effectiveness and outcomes of both the internal and external audit processes.

The key responsibilities of the Committee are to:

- review the appropriateness and application of accounting policies and practices;
- review financial statements, taking account of accounting policies adopted and applicable reporting requirements;
- monitor the integrity, clarity and completeness of the financial statements (half-yearly and annual);
- advise the Board on whether the content of the annual report and accounts give a fair, balanced and understandable explanation of the Group's performance, business model and strategy over the relevant period;
- oversee the internal controls of the Group and the effectiveness of those controls;
- monitor and review the effectiveness of any internal audit function;
- oversee and review the Company's risk management systems and the effectiveness of those systems;
- review and challenge judgements of management in relation to the financial statements;
- review all matters associated with the appointment, terms, remuneration, independence, objectivity and effectiveness of the external auditor, including the provision of non-audit services, and review the scope and results of the audit;
- review the Group's systems and controls for the prevention of bribery;
- review whistleblowing arrangements;
- review the Committee's terms of reference and carry out an annual review of the performance of the Committee; and
- report to the Board on how the Committee has discharged the aforementioned responsibilities.

The Committee will continue to keep its activities under review in the light of developing regulations and best practice.

Composition

The Committee comprises all the Non-Executive Directors excluding the Non-Executive Chair and meets at least four times annually.

Meetings

Only Committee members are entitled to attend a meeting. However, the Non-Executive Chair, CEO and CFO are routinely invited to attend meetings.

Five meetings were held during the year, four of which were scheduled and one was ad hoc.

Committee effectiveness

The Committee's effectiveness was considered as part of the Board evaluation process, described on page 59.

Internal control and risk management

The Board has ultimate responsibility for the Group's risk management and internal control framework to identify, manage and monitor risks. The Board has delegated the responsibility for overseeing management's implementation of these systems to the Audit & Risk Committee. In order to support the growth of the business and the implementation of Company strategies, the Committee recognises the need to continue to review the adequacy and effectiveness of our control framework.

The drive for continuous improvement has seen internal control procedures strengthened, ensuring segregation of duties and implementation of additional internal checks and reviews. We continue to enhance our approach to cyber security, which is identified as a key risk; this includes active 24/7 international monitoring by external expert providers, penetration testing and updating our networks. The frequency of cyber awareness training has been increased and enhanced with completeness of training monitored by the Executive Committee to ensure coverage across the Group.

This approach of driving culture change sits alongside existing legislation as issued by the FRC.

Details of the Group's emerging and principal risks and uncertainties, together with the mitigating actions, are set out on pages 42 to 48 of the annual report and accounts.

Internal audit

In line with the provisions of the UK Corporate Governance Code, the Committee monitors the need for an internal audit function. During the year under review, reflecting the programme of internal control improvement described above and the developing assurance framework, it was decided to have an increased internal audit testing programme. This will ensure that internal controls are firmly embedded throughout the Group to drive positive progress.

This decision remains under review, including the potential establishment of a permanent internal audit function.

Audit & Risk Committee report continued

External audit

The Committee has responsibility for recommending the appointment, re-appointment and removal of the external auditor. The external auditor's appointment is reviewed periodically, and the lead audit partner is rotated at least once every five years.

Following Forvis Mazars LLP's decision to step down as external auditor for commercial reasons after the year-end audit, the Audit & Risk Committee commenced a competitive tender process in accordance with Provision 25 of the UK Corporate Governance Code 2024. A number of firms were approached to ascertain their interest in the appointment and their independence. In July 2025, a shortlist of four firms actively participated in the tender process, Forvis Mazars LLP did not participate. Each firm submitted a formal proposal and presented to the Committee and the senior management team, taking advantage of the opportunity to meet individually with key personnel as well as visiting the manufacturing sites at Mitcham, UK and Pennsylvania, US. Proposals were evaluated against pre-defined criteria, including audit quality, independence, technical competence and sector expertise. HaysMac LLP was selected as the preferred firm.

The Committee recommended the appointment of HaysMac LLP to the Board, who accepted the recommendation. The Committee confirms that its recommendation was made independently, without influence from any third party, and that no contractual term of the kind referred to in Section 489 of the Companies Act 2006 was imposed on the Company. Shareholders subsequently approved the appointment at the 2025 Annual General Meeting.

In November, the Committee noted that HaysMac LLP raised no concerns, confirmed the appropriateness of the going concern basis, and commended management's engagement. Audit planning for the year ending 31 March 2026 progressed, with key workstreams and the timetable established.

The Committee has an established policy for determining the non-audit services that the external auditor can provide where justified on grounds of cost and related expertise and where not impacted by potential conflicts of interest. This prohibits the engagement of the external auditor for certain non-audit services and requires the approval of the Committee for any permitted non-audit services. No approval shall be given to any non-audit services prohibited under the amendments to the Companies Act 2006 and the FRC Revised Ethical Standard 2019. The Committee has also adopted a policy regarding the employment of former employees of the external auditor. This allows the Committee to satisfy itself that auditor objectivity and independence are safeguarded.

The analysis of audit and non-audit fees for the year ended 31 March 2026, and the nature of the non-audit services provided, appear in note 6 to the accounts. Non-audit fees totalled £35,000 (FY25: £46,000).

Significant issues related to the financial statements

The Committee reviews accounting papers prepared by management that provide details of significant financial reporting issues, together with reports from the external auditor prepared in conjunction with the interim and full-year results. In this context, the Committee assesses the following, among other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements or estimates have been applied or there has been discussion with the external auditor;
- whether the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to our financial reporting.

These matters are also discussed with the external auditor together with any other matters that the auditor brings to the Committee's attention which, in the year to 31 March 2026, included the impact of changes in accounting standards and other financial reporting disclosures, impairment, goodwill, going concern and reviewing the appropriateness of accounting policies.

In addition, the Committee supports the Board in completing its assessment of the adoption of the going concern basis of preparing the financial statements. The Directors prepare a viability statement concerning the prospects of the Company, as required by the 2024 Code. During the financial year, the Committee reviewed the approach taken by the Directors in preparing the viability statement with due regard for wider market practice and developing guidance. As a result of that review, the Committee was satisfied that the approach adopted was appropriate. The viability statement for the financial year is included on page 49.

The significant judgements considered by the Committee where there was potential risk of material misstatement were:

- **IAS 19 pensions liability.** The Company has a defined benefit pension scheme with liabilities of £129.7 million and assets of £82.9 million as at 31 March 2026, resulting in a net retirement benefit obligation of £46.8 million. These numbers are sensitive to the main assumptions used to calculate the deficit or surplus on the scheme and the Committee seeks confirmation that these assumptions are appropriate.
- **Carrying value of goodwill.** The balance of goodwill on the Group balance sheet as at 31 March 2026 is £22.0 million. The Committee seeks to gain assurance through management's review of "recoverable amount" being the higher of "value in use" and "fair value less costs of disposal" as the approved and selected method in testing goodwill valuation for impairment and that there are no potential impairment or recoverability issues.
- **Asset impairment.** Where there has been an "indicator" of impairment, the Committee seeks to gain assurance through the work undertaken by Group management when determining the level of impairment and estimates therein.
- **Revenue recognition.** The Committee has supported management's methodology and application of revenue recognition applying IFRS 15 guidelines across its portfolio of contracts.

Audit & Risk Committee report continued

Significant issues related to the financial statements continued

- **Parent company investment carrying values.** Investments in subsidiary undertakings total £23.6 million in the Company balance sheet. The Committee sought assurance through management's review of "recoverable amount" being the higher of "value in use" and "fair value less costs to sell" as the approved method for testing investments in subsidiary undertakings for impairment.
- **Going concern.** The Committee supported the Board in its assessment of the adoption of the going concern basis of preparing the financial statements. As a result of that review, the Board was satisfied that the approach adopted was appropriate. A summary of the approach and work undertaken by management is disclosed in note 1.
- **Non-underlying items.** Certain items during the period have been presented as non-underlying as defined in the Group accounting policy. Alternative performance measures such as "underlying operating profit" have been defined and applied to identify a clear distinction between underlying performance and financial performance after accounting for non-underlying items.
- **Lease accounting.** Judgement has been applied by management when determining the level of expected certainty that a break option within a lease will, or will not, be exercised and when determining the imputed interest rate in the calculation of lease liability at inception. The Committee seeks to gain assurance from management's review and agrees with the judgement applied.
- **Intercompany debt waiver and distribution income.** The Committee considered management's assessment of the accounting treatment of the waiver of the intercompany balance owing to CTP Finance NV. Significant judgement was required in determining whether the transaction should be recognised as a gain on extinguishment of a financial liability under IFRS 9 or, having regard to its substance, as distribution income received from a subsidiary. The Committee reviewed work performed by management to review the supporting legal documentation, the historical financing arrangements within the Group, relevant accounting standards and technical guidance, together with the views of management and the external auditor. Following this review, the Committee was satisfied that the accounting treatment adopted appropriately reflected the substance of the transaction and the related disclosures in the Company financial statements.

Other areas of judgement reviewed and agreed by the Committee, where it concluded there was not a risk of material misstatement, included:

- **Recognition of deferred tax assets.** Deferred tax assets are only recognised to the extent that it is considered there are sufficient taxable profits against which to offset future tax deductions. No deferred tax assets have been recognised in the UK entities due to insufficient future profitability in the short term. The Committee agreed with this approach.
- **Effective interest rate.** Judgement has been applied by management to determine that interest payable on borrowings using an approximation of the effective interest rate was not materially different from that if the effective interest rate had been applied. This view is supported by the Committee.

The Committee considered whether the FY26 annual report, taken as a whole, was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's position, performance, business model and strategy. The Committee is satisfied that, taken as a whole, the annual report is fair, balanced and understandable.

Rachel Amey
Chair of the Audit & Risk Committee

30 June 2026

Nomination Committee report

Joe Oatley
Chair of the Nomination Committee

Dear shareholder

I am pleased to present our Nomination Committee report for the year ended 31 March 2026. The report provides an overview of the Committee's role and shows how our work contributes to the success of the Group.

Composition

The Committee is comprised of all the Non-Executive Directors. It is chaired by the Non-Executive Chair, Joe Oatley.

Role of the Committee

The Committee is responsible for reviewing the composition of the Board, including its structure, size and diversity. It also oversees succession planning for the Board and provides guidance to the executive team on succession planning for senior management positions. Additionally, the Committee identifies and recommends suitable candidates for Board membership when vacancies arise. The Committee has applied the 2024 UK Corporate Governance Code provisions in developing the Group's succession planning and appointment policies.

When considering an appointment, the Committee evaluates the balance of skills, knowledge, independence and experience within the Board and prepares a detailed description of the role and capabilities required. Internal candidates are considered where appropriate.

The Committee also reviews the time required from each Non-Executive Director and any other significant commitments they may have. The FY26 review confirmed that the Non-Executives' time commitments remain sufficient to discharge their responsibilities effectively. Based on the Committee's recommendations, Directors submit themselves for election at the AGM following appointment and thereafter annually for re-election, in line with good governance practice.

Nomination Committee activities in FY26

The Committee met once during the year. Although not recorded as formal meetings of the Nomination Committee, the members of the Committee also meet without other Board members present at the end of each Board meeting and frequently address topics within the Committee's remit during those sessions. Its key activities, which supported ongoing Board renewal and alignment with the Group's strategic priorities, included:

- a review of the Board's skills, knowledge and composition;
- oversight of the external Board evaluation process, including evaluation of all of the Committees' performance;
- a review of the Committee's terms of reference;
- Board succession planning; and
- review of the Nomination Committee report for inclusion in the annual report and accounts.

Board skills, composition and succession planning

A key responsibility of the Committee is to ensure that the Board maintains a balance of skills, knowledge and experience appropriate to the long-term operation of the business and delivery of the strategy. As in past years, the Committee has kept under review the composition of the Board, including considering whether:

- the Board contains the right mix of skills, experience and diversity;
- the Board has an appropriate balance of Executive Directors and Non-Executive Directors;
- the composition of each Board Committee is appropriate in terms of skills, experience and applicable governance requirements;
- the skills and experience which may be lost when a Non-Executive Director retires from the Board; and
- the Non-Executive Directors are able to commit sufficient time to the Company to discharge their responsibilities effectively.

All the Directors have many years of experience gained from a broad range of organisations. They collectively bring a range of expertise and knowledge of different business sectors to the Board discussion and decisions which encourages constructive, challenging deliberations.

Selection and induction of new Directors

The Committee follows a formal process for the recruitment of new Directors, both Executive and Non-Executive. The Committee, in conjunction with the Board, drafts a detailed job specification and candidate profile. In drafting this, consideration is given to the existing skills, experience and knowledge of the Board along with background. The strategic and business objectives are a key consideration.

Upon appointment, new Directors participate in a tailored induction programme, customised to their experience and role. Co-ordinated by the Company Secretarial team, the programme will cover Directors' duties, business operations, risk management, governance, strategy, and include site visits. Briefings from senior management and external advisors, as well as access to key Board materials and policies, will also be provided.

The search for a new Non-Executive Director

As identified through our ongoing succession planning, the Committee concluded during the year that the time was right to appoint an additional Non-Executive Director. In line with our duties under Provision 17 of the 2024 Code, the search has been undertaken and is guided by two key priorities:

Diversity, skills and experience

The Board remains focused on ensuring that its composition continues to evolve in step with the business and the wider Group. In line with the Board Diversity Policy, the Committee places emphasis on ensuring there is diversity of thought across the Board and therefore is seeking an individual with a complementary range of skills, experience, background and perspectives, while also supporting diversity and inclusion more widely.

Succession

With my total Board tenure approaching nine years in July 2027, we are planning for Chair succession well ahead of that date to ensure continuity and a smooth transition when the time comes.

Nomination Committee report continued

Renewal and re-election

If the Board appoints a Director, that Director must retire at the first AGM following their appointment. That Director may, if they so wish, put themselves forward for election. In accordance with the 2024 Code and the Company's articles of association, the Company will continue its practice to propose all Directors for annual re-election. Accordingly, all Directors will retire at the forthcoming AGM and, being eligible, will offer themselves up for re-election.

The Committee is satisfied that, following the evaluation and review of the Board described above, the Directors offering themselves for re-election continue to demonstrate commitment, management and business expertise in their role and continue to perform effectively.

The re-election of each Director is recommended by the Board. Further information on the service contracts for the Executive Directors and letters of appointment for the Non-Executive Directors is set out in the Directors' remuneration report from page 68 to 75.

Diversity

The Board recognises the value of diversity in its broadest sense as an important element in maintaining both the effectiveness of the Board and its Committees and a competitive advantage. Diversity of skills, background, knowledge and experience, alongside other characteristics, will be taken into consideration when seeking to make new appointments to the Board and its Committees.

All appointments are made on merit. The Committee considers suitably qualified candidates from as wide a range as possible, assessing each against the skills, experience, independence and knowledge needed to enhance the Board and maintain the right balance across its committees.

Characteristics such as age, gender, ethnicity, religion, sexual orientation, disability and socio-economic background are not determining factors in our selection decisions. Appointments are made based on suitability for the role and the need to maintain the right composition and balance of skills, experience, independence and knowledge on the Board and its Committees. The Board is committed to considering suitably qualified applicants from the widest possible pool, with no restrictions on any personal or professional background, provided their competencies and knowledge will enhance the Board.

The link between diversity and performance will always be proactively considered when taking decisions regarding appointments and in succession planning. The approach to diversity demonstrated by the Board in relation to Board and Committee appointments applies equally to the wider workforce.

The Nomination Committee and the Board carefully considered the diversity-related reporting requirements set out in the Listing Rules and recommended by the FTSE Women Leaders Review. In relation to the Listing Rules targets set out under UKLR 6.6.6R (9), the position for the Company as at 31 March 2026 was as follows:

Target	Met?	Company position
At least 40% of the individuals on the Board are women	Yes	40%
At least one of the following senior positions on the Board is held by a woman: • Chair • Chief Executive Officer • Senior Independent Director • Chief Financial Officer	Yes	Senior Independent Director
At least one individual on the Board is from a minority ethnic background	No	0

The Directors remain committed to diversity across the organisation, including at Board level, and will continue to make appointments based on merit, skills, experience and independence. All forms of diversity are considered in recruitment and succession planning, and increasing minority ethnic representation remains a priority, and search firms are expected to present a diverse pool of candidates for all Board appointments.

Committee priorities for FY27

Looking to the year ahead, the Committee will:

- continue to oversee the annual Board evaluation process;
- provide guidance to the executive on succession planning for the Executive Committee members;
- appoint and onboard a new Non-Executive Director; and
- ensure Executive management and Board put a renewed focus on succession planning for the Executive Committee members.

Nomination Committee report continued

Board, management and employee gender representation (as at 31 March 2026)[1]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[2]	Percentage of executive management	Number in senior management[3]	Percentage of senior management	Number of employees	Percentage of employees
Men	2	40	2	6	67	8	67	632	70
Women	2	40	1	3	33	3	25	275	30
Other categories	–	–	–	–	–	–	–	–	–
Not specified/prefer not to say	1	20	1	–	–	1	8	–	–

1. Gender data is collected from the Board and the Executive Committee through annual declaration forms. Gender data for employees is collected through the Group's payroll system.
2. Executive management comprises members of the Executive Committee but does not include the CEO or CFO, as they are included as Board members.
3. Senior management comprises members of the Executive Committee including the CEO and CFO.

Ethnicity representation (as at 31 March 2026)[1]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[2]	Percentage of executive management
White British or other White (including minority-white groups)	2	40	1	7	78
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	2	22
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	3	60	3	–	–

1. Ethnicity data is collected from the Board and the Executive Committee through annual declaration forms.
2. Executive management relates to members of the Executive Committee but does not include the CEO or CFO, as they are included as Board members.

Joe Oatley

Chair of the Nomination Committee

30 June 2026

Directors' remuneration report

Natalia Kozmina
Chair of the Remuneration Committee

Annual Statement

Dear shareholder

I am pleased to present the Directors' remuneration report (the "Report") for the year ended 31 March 2026.

The Report has three sections:

- the Annual Statement, which summarises and explains the major decisions and changes in respect of Directors' remuneration;
- Directors' Remuneration Policy; and
- the Annual Report on Remuneration, providing details of the remuneration earned by the Company's Directors in relation to the year ended 31 March 2026 and how the Policy will be operated for the year to 31 March 2027.

Composition

The Committee is comprised of all the Non-Executive Directors. Each of the current serving Non-Executive Directors was a member of the Committee when Directors' remuneration was considered.

FY26 – performance and pay

Remuneration alignment to strategy

The remuneration framework implemented by the Remuneration Committee is aligned to Group strategy and aims to reward Carclo's executives based on performance, including the value created for the Group's shareholders.

Annual bonus

Frank Doorenbosch and Ian Tichias participated in the FY26 annual bonus scheme, which was based primarily on Group underlying EBIT performance. Performance for the financial year resulted in a total bonus pool of £1.2 million split between all short-term incentive scheme ("STI") participants. There was a formulaic reduction (10%) applied in respect of secondary metrics on safety based on the safety trends. Both Frank Doorenbosch and Ian Tichias received an annual bonus amounting to 90.0% of their target bonus opportunities for the year after the 10% reduction, equivalent to 45.0% and 36.0% of salary respectively. The Committee satisfied itself that these outcomes were a fair reflection of the Group's overall performance for the year and, accordingly, did not apply any discretion to these outcomes. Further details are set out on pages 70 to 73.

Long-Term Incentive Plan ("LTIP")

As explained in prior years, the current LTIP scheme, the Carclo plc Performance Share Plan ("PSP"), was reviewed in 2021 and it was determined that it continued to meet the current needs of the Company.

The PSP is designed to reward delivery of the Company's strategy and long-term goals, and to help align the interests of executives and shareholders. Awards were granted in FY24 to the CEO and other senior management which are intended to motivate and reward the leadership team for the execution of a successful turnaround for the Group; these awards were intended to cover a three-year period and, accordingly, no further awards were made in FY26 to those who received awards in FY24. As a new joiner to Carclo, Ian Tichias was granted in FY26 an LTIP award of 750,000 shares which will vest subject to performance conditions based on three-year absolute TSR and FY28 EPS.

Operation of the Remuneration Policy in FY27

The current Directors' Remuneration Policy, approved by shareholders at the 2025 AGM, remains in effect. The Committee considers the Policy appropriate, and no changes were made during FY26 the Committee does not propose any amendments to the Remuneration Policy for FY27.

Salary increases for Executive Directors were reviewed alongside pay rises for the wider workforce and the Group's overall performance. As a result, the Chief Executive Officer's base salary was raised from £400,000 to £412,000, and the Chief Financial Officer's salary increased from £280,000 to £288,400. Both represent a 3% increase, in line with the UK inflation rate and consistent with the overall workforce's pay adjustments for FY27.

Fees for Non-Executive Directors were also reviewed; with the conclusion that there will not be an increase in the base fees for the Non-Executive Directors nor the Chair of the Board. There will be no change to the Senior Independent Director ("SID") or Committee Chair fees.

The maximum annual bonus for the CEO will remain 100% of salary and for the CFO will remain 75% of salary as per the approved Remuneration Policy. For FY27 the annual bonus will evolve to include stretching non-financial strategic objectives in addition to demanding financial targets and will be subject to formulaic reductions based on in-year safety and cash conversion performance.

PSP awards in FY2027

The Committee intends to grant PSP awards to the Executive Directors for FY27 in line with the Directors' Remuneration Policy. The detailed terms of these awards, including the award levels and the applicable performance conditions and targets, had not been determined as at the date of this report. Full details of the awards will be published via RNS market announcement at the time of grant.

Under the Plan rules, awards are normally granted within the period of 42 days following the announcement of the Company's results. Awards to Executive Directors will, as required by the Plan, be subject to stretching performance conditions measured over three financial years, a two year post vesting holding period and the malus and clawback provisions of the Plan.

Directors’ remuneration report continued

Alignment with shareholders

The Remuneration Committee is mindful of the interests of the Group’s shareholders and is keen to ensure a demonstrable link between reward and value creation. In addition to the matters set out in this Report, alignment with shareholder interests is further demonstrated by the operation of share ownership guidelines and the inclusion of malus and clawback provisions for both annual bonus and LTIP awards.

Most important, however, is the clear link between executive remuneration and the performance of the business as a whole. The Committee seeks to ensure the executive remuneration “mix” is in line with the Policy and in the best interests of the shareholders and the Company.

The Group values the support it has received from its shareholders to date and looks forward to maintaining this constructive relationship going forward.

Compliance statement

This Report has been prepared in accordance with the requirements of the Companies Act 2006 (as amended), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the UK Listing Rules and applies the principles set out in the 2024 Code. The Group’s external auditor, HaysMac LLP, has audited the parts of this Report identified as audited.

The following parts of the Annual Report on Remuneration are audited: the single total figure of remuneration for Directors, including annual bonus and LTIP outcomes for FY26; scheme interests awarded during the year; and Directors’ shareholdings and share interests.

Remuneration payments and payments for loss of office can only be made to Directors if they are consistent with the approved Policy or otherwise approved by ordinary resolution of the Company’s shareholders.

Natalia Kozmina
Chair of the Remuneration Committee

30 June 2026

Directors' remuneration report continued

Directors' Remuneration Policy

The Remuneration Policy for Directors is detailed below and was approved by shareholders at the 2025 AGM.

In developing the Policy, the Committee kept in mind the requirements of the UK Corporate Governance Code 2024 for clarity, simplicity, risk, predictability, proportionality and alignment to culture.

Policy table

Element of remuneration	Summary
Salary	
Purpose and link to strategy	To provide an appropriate, competitive level of basic fixed income avoiding excessive risk arising from over-reliance on variable income. To attract and retain Executive Directors of suitable calibre to deliver business performance. Reflects individual skills and experience and role.
Operation	Reviewed annually by the Committee, normally effective 1 April. The review is informed by individual experience and performance, Company performance, wider pay levels and salary increases across the Group, and relevant pay data for similar roles at companies with similar characteristics and at sector comparators.
Maximum	No prescribed maximum annual increase, but will normally be no higher than the general increase for the wider workforce. In exceptional circumstances, the Committee may decide to award a higher increase for Executive Directors, for example, an increase in the scale, scope or responsibility of the role, development of the individual within the role, to take account of relevant market movements, and/or on the appointment of new Executive Directors.
Performance targets	N/A
Other benefits	
Purpose and link to strategy	Provides market-competitive benefits as part of the overall remuneration package, supporting the attraction and retention of Executive Directors of suitable calibre to deliver business performance. Provides insured benefits to support the individual and their family during periods of ill health, accident or death.
Operation	Benefits provided through third-party providers on a market-related basis. May include car allowance, life insurance, private medical insurance and permanent disability insurance. Other benefits may be provided where appropriate, for example, in line with local market practice where an Executive Director is outside the UK.
Maximum	Benefits may vary by role and individual circumstance and are reviewed periodically. However, the maximum level of benefits is not expected to deviate from the approved Remuneration Policy. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of the Company's control have materially changed (e.g. increases in medical premiums).
Performance targets	N/A
Pension	
Purpose and link to strategy	Provides market-competitive post-retirement benefits.
Operation	Executive Directors may receive a contribution to an HMRC-approved personal pension arrangement or a payment in lieu of pension contributions.
Maximum	Executive Directors may receive a maximum employer contribution to pension in line with that offered to the UK general workforce.
Performance targets	N/A

Directors' remuneration report continued

Element of remuneration	Summary
Bonus	
Purpose and link to strategy	Incentivises annual delivery of short-term financial and strategic business goals and business strategy. Maximum bonus is payable only for achieving demanding targets.
Operation	Performance measures, targets and weightings are set for the financial year. Payments are calculated based on an assessment of performance against those targets by the Committee. At least 33% of any bonus earned will be deferred for two years. Where bonus deferral is in the form of Company shares (under the Deferred Bonus Plan ("DBP")), the Committee has flexibility to allow dividends to accrue on such shares and for these amounts to be paid at the time the shares are released to the Executive Director. Not pensionable. Clawback and malus provisions apply. Details of when these may be applied are set out in the notes below.
Maximum	100% of salary
Performance targets	Performance is assessed on an annual basis against relevant financial and, where relevant, personal or strategic objectives. The Committee sets the performance measures and weightings each year according to strategic priorities, although the weighting on financial measures will be at least 75%. Any bonus for personal or strategic performance is payable only if, in the opinion of the Committee, there was an improvement in the underlying financial and operational performance of the Group during that financial year. The Committee has discretion to adjust the performance conditions to ensure that payments accurately reflect business conditions over the performance period. However, such discretion may be used only in circumstances where the Committee considers the amended performance conditions to be: • fair and reasonable in the circumstances; and • a more appropriate measure of performance and not materially less challenging than the original condition would have been. The Committee also has discretion to adjust (including to nil) the formulaic outcome where it considers that: • the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period; • the outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the award date; • there exists any other reason why an adjustment is appropriate; and/or • it is appropriate to do so, taking into account a range of factors, including the management of risk and good governance and, in all cases, the experience of shareholders.

Directors' remuneration report continued

Element of remuneration	Summary
Long-Term Incentive Plan ("LTIP")	
Purpose and link to strategy	Incentivises delivery of longer-term financial and strategic objectives. To reward and retain successful leadership, reward delivery of the Company strategy and long-term goals, and to align executive and shareholder interests.
Operation	Nil cost options or conditional awards usually granted annually, which normally vest after three years subject to continued service and performance targets. The Committee sets performance targets for each performance cycle that it considers to be appropriately stretching. Awards made to Executive Directors will be subject to a "holding period", which prohibits them from selling the shares subject to the awards (other than to fund any exercise price payable or pay any tax liability arising on vesting and limited exceptional circumstances, such as death) for five years following the date of grant. Clawback and malus provisions apply. Details of when these may be applied are set out in the notes below.
Maximum	100% of salary normal limit and 200% of salary exceptional limit - e.g. recruitment, "buyout" awards
Performance targets	Performance is measured over three years. The Committee sets the performance measures and weightings for each grant to ensure they are linked to the delivery of Company strategy. The Committee has discretion to adjust the performance conditions to ensure that payments accurately reflect business conditions over the performance period. However, such discretion may only be used in circumstances where the Committee considers the amended performance conditions to be: • fair and reasonable in the circumstances; and • a more appropriate measure of performance and not materially less challenging than the original condition would have been. The Committee also has discretion to adjust (including to nil) the formulaic outcome where it considers that: • the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period; • the outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the award date; • there exists any other reason why an adjustment is appropriate; and/or • it is appropriate to do so, taking into account a range of factors, including the management of risk and good governance and, in all cases, the experience of shareholders.
Share ownership guidelines	
Purpose and link to strategy	To align the interests of executives with those of shareholders.
Operation	Executive Directors are required to build and maintain a shareholding equivalent to one year's base salary through the retention of vested share awards or through open market purchases until the guideline is met. The Committee will monitor progress against this requirement on an annual basis. A reasonable time limit to achieve the required shareholding is normally considered to be five years from appointment as an Executive Director (subject to the Committee's discretion where personal circumstances dictate). Until such time as the shareholding guideline is met, Executive Directors will usually be required to retain: • 50% of any shares received (post-tax deductions) by them following the vesting of any equity-settled incentive for the first five years of their appointment; and • 75% of any shares received (post-tax deductions) by them following the vesting of any equity-settled incentive thereafter. Departing Executive Directors are required to hold shares received following vesting of any share-based incentive award up to 100% of salary, or their actual shareholding so arising if lower, for two years after leaving.
Performance targets	N/A

Directors’ remuneration report continued

Element of remuneration	Summary
Non-Executive Directors’ fees and expenses	
Purpose and link to strategy	To attract individuals with the required range of skills and experience. Reflects time commitments and responsibilities of each role. Reflects market-competitive fees.
Operation	Non-Executive Directors receive a basic fee for their respective roles. Additional fees are paid to Non-Executive Directors for chairing the Audit & Risk Committee and Remuneration Committee, as well as for performing the role of Senior Independent Director. Reviewed annually by the Board, normally effective 1 April. The review is informed by the required time commitment and responsibilities, and relevant fee data for sector comparators and FTSE-listed companies of similar size and complexity. Additional fees may be paid on an exceptional basis if the time commitment in any one year is significantly in excess of that normally expected. All fees are paid in cash. Non-Executive Directors are reimbursed for reasonable expenses, for example, travel and accommodation for business purposes. Any tax arising on those expenses is settled directly by the Company. To the extent that these are deemed taxable benefits, they will be included in the Annual Report on Remuneration, as required.
Maximum	No prescribed maximum annual increase, but it is expected that fee increases will normally be no higher than general salary increase for the wider workforce. However, in the event that there is a material misalignment with the market or change in complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level. The Company’s articles of association stipulate the maximum amount that may be paid in fees to Directors, specifically excluding any salary, remuneration or other amount payable pursuant to other provisions within the articles of association.
Performance targets	N/A

Notes to the Policy table

Remuneration policy for other employees

The following differences exist between the Policy for the remuneration of Executive Directors as set out above and the approach to the payment of employees generally:

i. benefits offered to other employees generally comprise provision of healthcare and company car benefits only where required for the role or to meet market norms;
ii. a lower level of maximum annual bonus opportunity generally applies to employees below Board level;
iii. participation in the LTIP is limited to the Executive Directors and certain selected senior managers; and
iv. only Executive Directors, and not other employees, are expected to build and maintain a sizeable share-ownership position.

In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals and for the diverse international employment settings in which we operate. This is of great importance given the highly cost competitive demands of the business sectors within which Carclo competes. They also reflect the fact that, in the case of the Executive Directors and senior executives, a greater emphasis tends to be placed on performance-related pay.

Policy for the Non-Executive Directors

The Board determines the Policy and level of fees for the Non-Executive Directors, within the limits set out in the articles of association. No individual is allowed to participate in discussions relating to their own remuneration.

The Policy table summarises the key components of remuneration for the Non-Executive Directors.

Non-Executive Directors do not participate in variable pay arrangements or receive any pension provision. They are not subject to any share ownership guideline.

Directors’ remuneration report continued

Service contracts

The Executive Directors are employed under contracts of employment with Carclo. The principal terms of the Executive Directors’ service contracts are as follows:

Term	Summary
Notice period	From the Company: six months. From the Executive Director: six months.
Termination payments	Pay in lieu of notice subject to normal tax and other statutory deductions. No notice or payment in lieu of notice where the Company terminates for cause. Any payment may be paid in one lump sum or in instalments. If paid in instalments, an Executive Director is required to mitigate their losses and any payments in lieu of notice may be reduced, potentially to zero, by any income received through such mitigation.
Remuneration and benefits	Operation of the annual bonus scheme and LTIP is at the Company’s discretion and is non-contractual.
Expenses	Reimbursement of expenses reasonably incurred in the proper performance of their duties.
Holiday entitlement	Chief Executive Officer: 25 working days plus public holidays. Chief Financial Officer: 25 working days plus public holidays.
Private medical insurance	Private medical insurance cover is at the Company’s discretion and is non-contractual.
Other benefits	Other benefits may include car allowance, life insurance and permanent disability insurance, all of which are non-contractual. Executive Directors are eligible for other paid leave including adoption leave, maternity/paternity leave (as applicable), parental leave, shared parental leave and bereavement leave in accordance with the Company’s then current policies.
Sickness	Payment for any period of sickness is at the Company’s discretion and subject to set-off in respect of any statutory sick pay/social security sickness benefit or other benefits to which the Executive Director may be entitled.
Restrictive covenants	Chief Executive Officer: six months. Chief Financial Officer: • six months in relation to the Group’s business; and • twelve months in relation to the Group’s customers, key employees and products.
Effective date of contract	Chief Executive Officer: Frank Doorenbosch, 6 October 2022. Chief Financial Officer: Ian Tichias, 1 April 2025.

Non-Executive Directors are appointed under arrangements that may generally be terminated at will by either party without compensation and their appointment is reviewed annually.

Letters of appointment are provided to the Non-Executive Directors, which are effective for a period of three years. Non-Executive Directors are subject to annual re-election at the AGM.

The principal terms of the Non-Executive Directors’ letters of appointment are as follows:

Term	Summary
Termination	At the end of their latest term of office unless (i) terminated earlier by and at the discretion of either party or (ii) not re-elected by shareholders at an AGM during their term of office.
Fees	As set out in the Annual Report on Remuneration on page 70.
Expenses	Reimbursement of expenses reasonably incurred in the proper performance of their duties.
Time commitment	Each Non-Executive Director must be able to devote sufficient time to the role to fulfil their duties.

Directors' remuneration report continued

Service contracts continued

Directors' letters of appointment and the unexpired period of their appointments (where appropriate after extension by re-election) at 30 June 2026 are set out below:

Non-Executive Director	Date of most recent letter	Unexpired term as at 31 March 2026[1]	Date of appointment	Last re-appointment at AGM
J Oatley	21 June 2024	To 19 July 2027	20 July 2018	26 September 2025
R Amey[2]	28 February 2026	To 28 February 2029	1 March 2023	26 September 2025
N Kozmina	15 April 2024	To 21 April 2027	22 April 2024	26 September 2025

1. Unless not elected/re-elected by shareholders at an AGM before this date.
2. Rachel Amey's formal letter of appointment expired on 28 February 2026. The Board has passed a resolution confirming her ongoing service and will propose her re-election at the 2026 AGM.

Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Malus and clawback

Awards granted under the Company's annual bonus and LTIP schemes are subject to malus and clawback provisions, enabling an adjustment to an employee's variable pay awards if warranted by the occurrence of a "trigger event". The type of events that may constitute a "trigger event" are as follows:

- circumstances justifying the summary dismissal of an employee from his office or employment with any member of the Group including, but not limited to, dishonesty, fraud, misrepresentation or breach of trust;
- circumstances where an employee has participated in or is responsible for conduct which resulted in significant losses to any member of the Group;
- the Company has become aware of any material wrongdoing on the part of an employee;
- an employee has acted in a manner which in the opinion of the Board has brought or is likely to bring any member of the Group into material dispute or is materially adverse to the interests of any member of the Group;
- any material breach of an employee's terms and conditions of employment, or material breach of a fiduciary duty owed to any member of the Group;
- any material violation of Company policy, rules or regulation, or a failure to meet appropriate standards of fitness and propriety;
- any material failure of risk management;
- any other conduct which is considered to be misconduct; or
- the inaccurate reporting of any accounts, financial data or such other information resulting in such accounts, financial data or other information being, in the opinion of the Committee (acting fairly and reasonably), either materially corrected and/or requiring any future accounts, financial data or information having to include write-downs, adjustments or other corrective items in order to address the inaccuracy.

The above list is not exhaustive and other circumstances may also lead to the application of malus or clawback.

The application of malus (i.e. partial or full lapse of an unvested incentive opportunity) will be possible during the relevant performance period and holding period. The application of clawback (i.e. the partial or full repayment of a vested-and-paid incentive award) will be possible for a period of 18 months from the end of the relevant performance period.

The Committee will consider the most appropriate method through which to apply an adjustment to pay at its absolute discretion. In most cases, the simplest approach would be in the following sequence:

- reduction of in-flight annual bonus and/or LTIP awards not yet performance-tested (i.e. malus);
- reduction of deferred bonus or vested but not yet exercised/transferred LTIP award (i.e. malus); and
- request for the repayment of an already-paid annual bonus and/or LTIP award (i.e. clawback).

An employee not in role at the time of the trigger event should normally be excluded from an adjustment except in the instance where the severity of the event warrants a collective adjustment across the entire business area or Company regardless of responsibility.

Directors’ remuneration report continued

Annual Report on Remuneration

The following section provides details of how the Policy was implemented during the financial year ended 31 March 2026.

Remuneration Committee membership in FY26

The Remuneration Committee currently comprises Natalia Kozmina (Committee Chair), Rachel Amey and Joe Oatley.

The Committee had three meetings during FY26 and all Committee members attended all meetings during the year under review.

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer, who attended Committee meetings by invitation from the Committee Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. The Chief Executive Officer and Chief Financial Officer were not involved in any decisions that related directly to their own remuneration.

Independent advice

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. During the year, the Committee engaged Ellason to provide such advice, having been originally appointed by the Committee in 2021. Ellason has no connection with any individual Director and provides no other services to the Company, so satisfying the Committee of its objectivity and independence. During the year, fees of £23,760 were paid to Ellason in respect of general advice around levels of executive remuneration.

Summary of shareholder voting on remuneration matters

The following table shows the results of the shareholder vote on the FY25 remuneration report at the 2025 AGM:

	Total number of votes	% of votes
For (including discretionary)	23,271,318	99.79%
Against	48,489	0.21%
Total votes cast (excluding withheld votes)	23,319,807	100.00
Votes withheld	790,711	
Total votes cast (including withheld votes)	24,110,518	

The following table shows the results of the shareholder vote on the Policy at the 2025 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	23,228,118	96.45%
Against	853,983	3.55%
Total votes cast (excluding withheld votes)	24,082,101	100.00
Votes withheld	28,417	
Total votes cast (including withheld votes)	24,110,518	

Directors' remuneration report continued

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration earned by each Executive Director for the year ended 31 March 2026 and the prior year:

Name		Salary £000	Benefits[1] £000	Annual bonus £000	LTIP and other share-based payments[2] £000	Pension £000	Total fixed £000	Total variable £000	Total £000
F Doorenbosch	**FY26**	**400**	**11**	**180**	**149**	**0**	**411**	**329**	**740**
	FY25	370	11	367	0	0	381	367	748
I Tichias	**FY26**	**280**	**12**	**101**	**0**	**16**	**308**	**101**	**409**
	FY25[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. Benefits comprise private medical cover, car allowance and business expenses chargeable to income tax in the UK.
2. Frank Doorenbosch was granted an LTIP award in September 2023 which vests 50% on FY26 EPS target and 50% on TSR over a 3-year period ending in September 2026. For the purposes of the EPS Performance Condition, EPS will be the Company's earnings per ordinary share as shown in the Company's accounts under the name of "underlying earnings per share", but excluding the IAS 19 Net Pension Finance charge/credit from the calculation of earnings, or any replacement of it. The value in the table above reflects an estimate of the overall vesting at end FY26 of 23% (45% EPS and 0% TSR) and valued using the average share price over the last quarter in FY26 (of 52.8p). The final vest-date value, reflecting the final vesting approved by the Committee in September 2026 and the share price at vest will be updated in next year's report.
3. Ian Tichias was appointed as a Director and Chief Financial Officer from 1 April 2025. There is therefore no remuneration information to disclose for him in relation to FY25.

Payments to former Directors

During the year, Eric Hutchinson received £119,260 in respect of the FY25 STI award. Eric's FY23 LTIP award is expected to vest in September 2026, full details to be announced via RNS at the time of vesting. An additional 30,797 LTIP awards vested for Phil White and Alan Hook. Of these, 17,574 shares awarded to Phil White remained subject to a two-year holding period.

Payments for loss of office

There were no payments to Directors for loss of office during FY26.

Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2026 and the prior year:

Name		Base fee £000	Additional fee £000	Total fee £000	Total fixed £000	Total variable £000	Total £000
J Oatley	**FY26**	**135**	**0**	**0**	**135**	**0**	**135**
	FY25	90	0	0	90	0	90
R Amey	**FY26**	**60**	**0**	**0**	**60**	**0**	**60**
	FY25	48	0	0	48	0	48
N Kozmina	**FY26**	**55**	**0**	**0**	**55**	**0**	**55**
	FY25	42	0	0	42	0	42

Directors’ remuneration report continued

Incentive outcomes for the year ended 31 March 2026 (audited)

Annual performance bonus outcome FY26

The FY26 annual bonus was based primarily on Group underlying EBIT. An overall bonus pool is calculated with reference to a share of the surplus generated above an underlying EBIT threshold, which for FY26 was set at £12.6 million (before Target bonus). Actual Group underlying EBIT (before Target bonus) for the year was £13.8 million which resulted in a total bonus pool of £1.2 million to be split between all STI participants.

Payments under the FY26 annual bonus were subject to two additional performance criteria relating to the Group’s operating cash conversion rate and the Group’s health and safety incident frequency rate. In both cases, payments under the annual bonus would have been reduced by 10% if the Group did not achieve a year-on-year improvement in outcomes. As the IFR was at the same level as FY25, a 10% reduction for this element was applied.

Based on actual performance, both Frank Doorenbosch and Ian Tichias received annual bonuses amounting to 90.0% of their target bonus opportunities for the year (equivalent to 45.0% and 36.0% of salary respectively). The Committee satisfied itself that the formulaic bonus outcomes were a fair reflection of the Group’s overall performance for the year and that an affordability underpin had been achieved, with no discretion applied to these outcomes.

Name	Maximum potential % of salary[1]	Outcome % of salary
F Doorenbosch	100	45.0
I Tichias	75	36.0

1. 33% of the bonus will be deferred in shares for two years.

Scheme interests awarded in the year ended 31 March 2026 (audited)

FY26 LTIP

Under the 2017 Carclo LTIP award, an award of 750,000 shares was granted to Ian Tichias in September 2025. No LTIP award was granted to the CEO in FY26, as the FY24 LTIP award is intended to cover a three-year period.

Implementation of Remuneration Policy for the year ending 31 March 2027

A summary of how the Policy will be applied during the year ending 31 March 2027 is set out below:

Basic salary

Executive Directors’ base salaries:

Name	**FY27**	FY26	% increase
F Doorenbosch	**£412,000**	£400,000	3%
I Tichias	**£288,400**	£280,000	3%

Below Executive Director level, base pay increases are limited to cost-of-living adjustments, typically in the range of 4% to 10%, apart from cases where local statutory requirements require a different approach, promotions, increases in scope or other exceptional reasons.

Pension arrangements

As agreed with Frank Doorenbosch, he does not receive employer pension contributions. Ian Tichias receives a pension contribution of 6% of base salary.

Annual bonus

The maximum bonus potential for the year ending 31 March 2027 will continue to be 100% of salary for the CEO and 75% of salary for the CFO. The bonus will operate on a consistent basis to FY26, with a bonus pool calculated with reference to Group underlying EBIT, underpinned by Group revenue performance and achievement of personal objectives.

In continued recognition of the importance of safety to the business, the bonus also includes an automatic reduction for any drop in safety performance compared with the prior financial year. An automatic reduction will also be applied for any drop in cash conversion performance compared with the prior financial year. Finally, an overall affordability underpin will be applied to all formulaic outcomes. Maximum bonus will be payable only when the financial results of the Group significantly exceed expectations and the Committee retains the discretion to adjust awards where appropriate to reflect underlying financial and operating performance of the Group. Clawback and malus provisions will apply for all Executive Directors. Payment of 33% of any bonus earned by an Executive Director is subject to deferral for two years.

Proposed target levels have been set to be challenging relative to the FY27 business plan, although specific targets are deemed to be commercially sensitive and will not be published until such time as the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time the Committee believes that the disclosure of targets in the year following the determination of bonuses is appropriate, as disclosed above.

Directors’ remuneration report continued

Implementation of Remuneration Policy for the year ending 31 March 2027 continued

Long-term incentives

As mentioned on page 63, the Committee intends to grant PSP awards to the Executive Directors for FY27 in line with the Directors’ Remuneration Policy. The detailed terms of these awards, including the award levels and the applicable performance conditions and targets, had not been determined as at the date of this report. Full details of the awards will be published via RNS market announcement at the time of grant.

Under the Plan rules, awards are normally granted within the period of 42 days following the announcement of the Company’s results. Awards to Executive Directors will, as required by the Plan, be subject to stretching performance conditions measured over three financial years, a two year post vesting holding period and the malus and clawback provisions of the Plan.

Awards granted to Ian Tichias will vest dependent on two performance conditions, with 50% determined by reference to the Company’s absolute TSR and 50% determined by reference to the Company’s EPS, as set out in the table below:

Measure	Performance period	Weighting	Vesting
Absolute TSR	The performance period is the period commencing on the grant date and ending on the vesting date, which will be the third anniversary of the grant date.	50%	0% vesting if TSR is at or below 65 pence 100% vesting if TSR is at or above 125 pence Straight-line vesting between 65 pence and 125 pence
EPS	The performance period is the period of three financial years of the Company between 1 April 2025 and 31 March 2028. The performance condition will be based on the Company’s EPS for the last financial year of the performance period (the financial year ending 31 March 2028).	50%	0% vesting if EPS is at or below 7.5 pence 100% vesting if EPS is at or above at 11.5 pence Straight-line vesting between 7.5 pence and 11.5 pence

Non-Executive Directors

The Company’s approach to Non-Executive Directors’ remuneration is set by the Board with account taken of the time and responsibility involved in each role, including, where applicable, the chairing of Board Committees. A summary of current fees is shown in the table below. The Chair is paid a single fee for all of their responsibilities. The Senior Independent Director is also not entitled to receive any remuneration for chairing any Committees.

Fee levels for FY27 can be summarised as follows:

Provision	**FY27**	FY26	% increase
Non-Executive Chair base fee	**£135,000**	£135,000	0%
Non-Executive Director base fee	**£50,000**	£50,000	0%
Senior Independent Director fee	**£10,000**	£10,000	0%
Committee Chair fees	**£7,000**	£7,000	0%

Directors’ remuneration report continued

Percentage change in Directors’ remuneration

The table below shows the percentage change in each Director’s salary/fees, bonus and benefits between the financial years ended 31 March 2025 and 31 March 2026 compared to that of the total amounts for all UK employees of the Group for each of these elements of pay. The figures used to calculate the percentage changes for Directors are annualised salary/fees, benefits and bonus on a comparable basis. Prior year figures have been restated to ensure all figures are presented on a consistent basis.

	FY25 to FY26			FY24 to FY25			FY23 to FY24			FY22 to FY23			FY21 to FY22		
	Base salary/fee %	**Benefits %**	**Bonus %**	Base salary/fee %	Benefits %	Bonus %	Base salary/fee %	Benefits %	Bonus %	Base salary/fee %	Benefits %	Bonus %	Base salary/ fee %	Benefits %	Bonus %
Chief Executive Officer															
F Doorenbosch[1]	**8.1**	**–**	**(48.6)**	–	37.5	100.0	–	(4.8)	–	–	–	–	–	–	–
Executive Director															
I Tichias[2]	**–**	**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–
Non-Executive Directors															
J Oatley[3]	**50.0**	**–**	**–**	–	–	–	–	–	–	–	–	–	22.2	–	–
R Amey[4]	**25.0**	**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–
N Kozmina[5]	**30.9**	**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–
Average percentage change for UK employees[6,7]	**5.2**	**(32.5)**	**(24.8)**	(4.4)	(0.7)	689.5	4.8	20.4	(42.5)	5.4	1.3	(19.3)	2.9	19.4	(54.1)

1. Non-Executive Director from 1 April 2022 to 6 June 2022. Appointed as an Executive Director from 7 June 2022. Appointed as CEO on 6 October 2022.
2. CFO from 1 April 2025.
3. Non-Executive Director to 5 November 2022. Appointed as Non-Executive Chair from 6 November 2022.
4. Non-Executive Director to 20 August 2023. Senior Independent Director from 21 August 2023 to 31 January 2024 and from 28 February 2024.
5. Non-Executive Director from 22 April 2024.
6. UK employees have been selected as the most appropriate comparator pool, given the largest number of Group employees and the Group’s headquarters are located in the UK.
7. Changes in benefits largely reflect changes in business expenses chargeable to income tax.

Directors' remuneration report continued

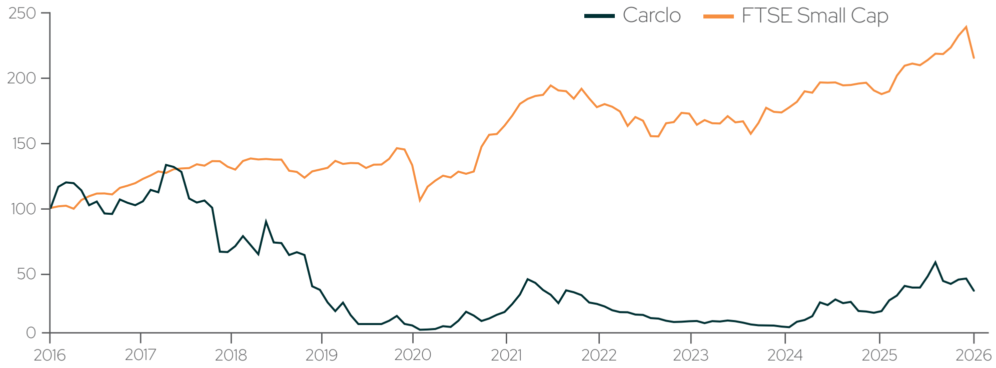
Relative importance of spend on pay

The table below shows the Group's actual expenditure on pay (for all employees) relative to the losses/profits for FY25 and FY26.

	FY26 £000	FY25 £000	% change
Staff costs	**34,833**	36,142	-3.6%
Profit/(loss) for the period	**2,695**	872	209%

Relative performance

The graph below compares the value of £100 invested in Carclo shares, including reinvested dividends, with the FTSE Small Cap index over the last ten years. This index was selected because it is considered to be the most appropriate against which the total shareholder return of Carclo plc should be measured.



CEO pay ratio reporting

Outlined below is the ratio of the CEO's single figure of total remuneration for FY26 expressed as a multiple of total remuneration for UK employees. The ratios provided for prior years use a combination of the CEO's and the Executive Chair's single figure of total remuneration, as explained above under the table of historical data (Chief Executive Officer/Executive Chair), reflecting the period each role undertook the role of CEO or its equivalent.

The three ratios referenced below are calculated by reference to the employees at the 25th, 50th and 75th percentile. We additionally disclose the total pay and benefits and base salary of the employees used to calculate the ratios.

Of the three options set out in the new legislation for calculating the Chief Executive/Executive Chair pay ratio, we have opted to use Option A to calculate the pay ratio. We have chosen to use Option A because we do not have to calculate gender pay gap information for our whole UK workforce and so do not have the required data available to use Options B or C.

In time, the table below will build to represent ten years of data:

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY26	**Option A**	**21 : 1**	**18 : 1**	**11 : 1**
FY25	Option A	28 : 1	22 : 1	15 : 1
FY24	Option A	18 : 1	13 : 1	9 : 1
FY23	Option A	19 : 1	15 : 1	11 : 1
FY22	Option A	7 : 1	6 : 1	4 : 1
FY21	Option A	15 : 1	13 : 1	8 : 1
FY20	Option A	12 : 1	10 : 1	7 : 1

Full-year pay data for the FY26 financial year has been used to calculate the ratios. The full-year pay data for part-time employees was adjusted by an appropriate multiple to include their data on a full-time equivalent basis.

The employee data used to calculate the ratios is as follows:

	25th percentile	Median	75th percentile
Total pay and benefits	£28,489	£33,855	£54,176
Base salary	£27,217	£32,192	£50,485

We confirm our belief that the median pay ratio for the year is consistent with the Company's wider pay, reward and progression policies affecting our employees. Our pay reflects the key market in which we operate.

Directors' interests (audited)

The interests of the Directors and their connected persons in the ordinary shares of the Company are shown below as at 31 March 2026. There have been no changes to these shareholdings between 31 March 2026 and the date of this report; the figures remained unchanged throughout this period:

	31 March 2026		31 March 2025	
	Ordinary shares	**Vested options**	Ordinary shares	Vested options
J Oatley	**400,000**	**N/A**	400,000	N/A
R Amey	**5,000**	**N/A**	5,000	N/A
N Kozmina	**36,111**	**N/A**	0	N/A
F Doorenbosch	**453,958**	**0**	403,958	0
I Tichias	**10,000**	**0**	N/A	N/A

Directors' remuneration report continued

Directors' shareholding requirement (audited)

The table below shows the shareholding of each Executive Director against their respective shareholding requirement as at 31 March 2026:

Director	Shares held Owned outright or vested	Shares held Vested but subject to holding period	Shares held Unvested and subject to vesting conditions	Shareholding requirement (% salary)	Current shareholding (% salary)[1]
F Doorenbosch	453,958	0	1,250,000	100	50
I Tichias	10,000	0	750,000	100	1.58

1. Based on a share price of 44.2 pence per share (being the closing price on 31 March 2026).

Ian Tichias was appointed as CFO from 1 April 2025. On appointment he owned no shares outright. On 18 September 2025, Ian Tichias purchased 10,000 ordinary shares in the Company on the open market, with a notification released on the same day.

Directors' interests in shares in Carclo Long-Term Incentive Plans (audited)

Director	Grant date	Award type	At 1 April 2025	**Granted during FY26**	**Vested during FY26**	**Lapsed during FY26**	**At 31 March 2026**	Market price per share at date of grant	Market price per share at vesting	Vesting date	Performance conditions
F Doorenbosch	21/09/2023	Conditional share award	1,250,000	**–**	**–**	**–**	**1,250,000**	12.725p	N/A	21/09/2026	50%: TSR 50%: EPS
I Tichias	11/09/2025	Conditional share award	–	**750,000**	**–**	**–**	**750,000**	63p	N/A	11/09/2028	50%: TSR 50%: EPS

Approval of the Directors' remuneration report

The Directors' remuneration report set out on pages 61 to 66 was approved by the Board of Directors on 30 June 2026 and signed on its behalf by Natalia Kozmina, Chair of the Remuneration Committee.

Natalia Kozmina
Chair of the Remuneration Committee

30 June 2026

Directors' report

Pages 76 to 78 inclusive (together with the sections of the annual report incorporated into these pages by reference) constitute the Directors' report that has been drawn up and presented in accordance with applicable law. The Directors' report also includes certain disclosures that the Company is required to make by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and Listing Rules.

Strategic report

The strategic report required by the Companies Act 2006 can be found on pages 1 to 49. This report sets out the Company's business model and strategy, contains a review of the business and describes the development and performance of the Group's business during the financial year and its position at the end of the year. It also contains, on pages 42 to 49, a description of the principal risks and uncertainties facing the Group.

The Directors who served during the year are set out below:

J Oatley

F Doorenbosch

I Tichias – appointed 1 April 2025

R Amey

N Kozmina

FCA's Disclosure Guidance and Transparency Rules

For the purposes of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 4.1.5R (2) and DTR 4.1.8R), this Directors' report and the strategic report on pages 1 to 49 together comprise the "management report".

Conflicts of interest

All Directors submit details to the Company Secretary of any new situations, or changes to existing ones, which may give rise to an actual or potential conflict of interest with those of the Company. Where an actual, or potential, conflict is approved by the Board, the Board will normally authorise the situation on the condition that the Director concerned abstains from participating in any discussion or decision affected by the conflicted matter. Authorisation of a conflict is only given to Directors who are not interested in the matter. No new conflicts of interest were noted during 2025 or 2026 or between the year end and the date of signing of the financial statements.

Going concern

As described in the viability statement on page 49, the Directors have assessed the prospects and viability of the Group and parent company over a three-year period to March 2029.

The Board has maintained its rigorous approach to cash forecasting and continued to manage both working capital and capital expenditure tightly to drive cash generation and reduce net debt. This has ensured that the Group is in a stronger position to achieve results that result in sufficient headroom on covenant tests. The Company has financing with BZ Commercial Finance DAC that provides sufficient funds to allow the Company to invest appropriately in the pursuit of its strategy. The Board has performed a robust assessment of the principal risks facing the Company, including those risks that would threaten the business model, future performance, solvency or liquidity. The Board is satisfied that it is appropriate to adopt the going concern basis in the preparation of this annual report and accounts.

Dividend

Under the BZ borrowing facility agreement, which replaced the previous HSBC facility and came into effect on 24 April 2025, dividend payments are permitted but require the prior approval of the lender.

The current focus is on cash flow generation to support strategic growth and, with the Company currently having insufficient distributable reserves, no dividend is proposed in respect of the year ended 31 March 2026. The Board will continue to review the Group financial performance, capital allocation and Company reserves regularly to determine the appropriate time for dividend payments.

Share capital

At 31 March 2026, the Company's issued share capital comprised 73,419,193 ordinary shares of 5 pence each.

Each share carries equal rights to dividends, voting and return of capital on the winding up of the Company as set out in the Company's articles of association.

There are no restrictions on the transfer of securities in the Company and there are no restrictions on voting rights or deadlines, other than those prescribed by law or by the articles of association, nor is the Company aware of any arrangement between holders of its shares which may result in restrictions on the transfer of securities or voting rights.

Share capital authorities

The Directors were granted a general authority at the 2025 AGM to allot shares in the capital of the Company up to an aggregate nominal value of £1,211,417 (representing approximately 33% of the issued share capital prior to the 2025 AGM). This authority is due to lapse at the 2026 AGM.

At the 2025 AGM, the Directors also requested authority to allot shares for cash on a non-pre-emptive basis in any circumstances up to a maximum aggregate nominal amount of £183,548 (representing approximately 5% of the issued share capital prior to the 2025 AGM) and to purchase up to 10% of the Company's issued ordinary shares in the market. This authority is also due to lapse at the 2026 AGM.

We intend to seek renewal of the authorities described above at the 2026 AGM.

Change of control

The financing agreement with BZ includes a change of control clause that, on its occurrence, would result in the cancellation of the facilities and all amounts outstanding would be immediately due and repayable. There are no other significant agreements to which the Company is a party that take effect, alter or terminate on a change of control following a takeover bid, nor are there any agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Amendment of articles of association

The Company's articles of association may only be amended by special resolution of the shareholders at a general meeting.

Directors' report continued

Appointment and replacement of Directors

The Company's articles of association provide that the number of Directors shall be not more than twelve and not fewer than four, unless otherwise determined by the Company by ordinary resolution. Directors may be appointed by an ordinary resolution of the shareholders or by a resolution of the Board.

A Director appointed by the Board during the year must retire at the first AGM following their appointment and such Director is eligible to offer themself for election by the Company's shareholders.

Additionally, the Company's articles of association provide that every Director shall retire from office at each AGM. A Director who retires at an AGM may be re-elected by the shareholders.

In line with the Company's articles of association and the UK Corporate Governance Code, all Directors in office at the date of the 2025 AGM retired and presented themselves for re-election at the 2025 AGM.

In addition to the statutory power, a Director may be removed by ordinary resolution of the shareholders. The articles also set out the circumstances when a Director must leave office. These include where a Director resigns, becomes bankrupt, is absent from the business without permission or where a Director is removed by notice signed by a requisite number of remaining Directors.

Powers of Directors

The Directors may exercise all the powers of the Company, in accordance with, and subject to, the Company's articles of association.

Political donations and expenditure

No political donations were made, nor was any political expenditure incurred during the financial year.

Substantial shareholdings

Pursuant to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Company had been notified of the following interests in the voting rights attaching to its issued share capital as at 31 March 2026 and 31 March 2025. The percentages shown are those stated in each notification, as at the date it was given.

	As at 25 June 2026	As at 31 March 2026
Schroder Investment Management (London)[1]	**19.6%**	19.94%
Janus Henderson Investors (London)[2]	**6.43%**	6.43%
Philip J Milton & Co	**3.03%**	2.86%

1. Whose ultimate controlling person is Schroders plc.
2. Whose ultimate controlling person is Janus Henderson Group plc.

Directors' indemnities

The Company's articles of association permit the Company to indemnify any Director or any Director of any associated company against any liability pursuant to any qualifying third-party indemnity provision or any qualifying pension scheme indemnity provision, or on any other lawful basis.

The indemnity provisions entered into by the Company in favour of all the Directors were in force during the year and continue to be in force at the date the Directors' report is approved. The Company also takes out insurance covering claims against the Directors or officers of the Company and any associated company and this insurance provides cover in respect of some of the Company's liabilities under the indemnity provisions.

Disclosure of information to auditor

In accordance with Section 418(2) of the Companies Act 2006, each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

Directors' report continued

Disclosure of information to auditor continued

In accordance with Section 414C(11) of the Companies Act 2006, the following information is incorporated into this Directors' report by reference and is deemed to form part of this report:

Disclosure	Section of report	Page(s)
Corporate governance statement	Statement of corporate governance	50
The Group's business activities, together with the factors likely to affect its future development	Strategic report	1 to 49
The Group's research and development activities	Strategic report	39, 93, 96
The financial position of the Group, its cash flows, liquidity position and borrowing facilities	Strategic report – CFO review	20 to 25
	Note 19	118 to 120
The profit/(loss) from continuing operations of the Group before taxation	Consolidated income statement	86
The statutory result of the Group	Consolidated income statement	86
Details of the changes in issued share capital during the year	Note 24	130 to 131
Information on the Group's financial risk management objectives and policies and its exposure to credit risk, interest risk, liquidity risk and foreign currency risk	Note 26	132 to 137
The Group's internal control and risk management systems	Audit & Risk Committee report	55
The Group's policies as regards the employment of disabled persons and a description of actions the Group has taken to encourage greater employee involvement in the business	Strategic report – Responsible operations – People	28
Information on greenhouse gas emissions and energy consumption	Strategic report – Responsible operations – Environment	33
Information on engagement with employees, suppliers and customers	Strategic report – Section 172 statement	27

Information required by LR 6.6.1R

There is no additional information required to be disclosed under LR 6.6.1R other than that disclosed in the Directors' remuneration report.

Section 172 statement

Throughout the year, the Directors have had regard to their duties under Section 172 of the Companies Act 2006. In promoting the long-term success of the Company, the Board has weighed the likely long-term consequences of its decisions alongside the interests of the Group's key stakeholders. Stakeholder perspectives inform Board discussion and decision-making, and the Board keeps its engagement mechanisms under regular review to ensure those perspectives are understood and reflected in the matters it considers.

Further details of stakeholder engagement, sustainability matters, risk management and the Board's governance and decision-making framework are set out on pages 27 to 49 and 50 to 79.

By order of the Board

Ian Tichias
Chief Financial Officer and Company Secretary

30 June 2026

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected to prepare the parent company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and statement of corporate governance that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

The Directors as at the date of this report, whose names and functions are set out on page 52, confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Frank Doorenbosch
Chief Executive Officer

30 June 2026

Independent auditor's report

to the members of Carclo plc

Opinion

We have audited the Group financial statements of Carclo plc (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2026 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Statement of Financial Position, Consolidated and Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2026 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted IFRSs; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we reviewed subjective judgements made by the directors, for example in respect of significant accounting estimates where those involved making assumptions and the consideration of future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that could represent an increased risk of material misstatement. We tailored the scope of our audit to ensure that we performed sufficient audit procedures to support the provision of an audit opinion on the financial statements as a whole, taking into account factors such as the structure of the Group, the accounting processes and the industry in which it operates. Our audit consisted principally of substantive tests of detail augmented by the use of audit data analytics techniques as these were assessed as the most efficient and effective ways of obtaining sufficient reliable audit evidence.

Our audit scope covered all the Group's components, with varying levels of testing based upon the significance of the assessed risks of misstatement across those components. We performed a scoping assessment of the Group at the planning stage of the audit and subsequently updated this assessment for the year-end results. We assessed the risk of material misstatement for each of the components and determined their significance based on the overall impact to the Group financial statements. This assessment considered the balances and classes of transaction in each component which related to significant risks as determined in our audit assessment, as well as any other balances or classes of transaction that are deemed to be significant when compared to the Group financial statements. We assessed each entity in relation to the risk of management override of controls.

The Group financial statements are a consolidation of the Parent Company, Carclo plc, seven trading subsidiaries, and five non-trading holding entities. Based on our risk assessment, three components were subject to full scope audits, four components were subject to specific scope procedures and one component was subject to analytical review procedures.

The components within the scope of our audit work accounted for the following percentages of the Group's results:

	Number of components	Total Group revenue	Group profit before tax	Total Group assets
Full scope	3	73.2%	75.6%	65.1%
Specified scope	4	23.4%	17.9%	32.8%
Total	**7**	**96.6%**	**93.5%**	**97.9%**

The audit of the UK and US components, including the audit of the Group, were undertaken by the group audit team. The group audit team instructed component auditors to carry out audit procedures in relation to components in China, India and the Czech Republic. The instructions covered the significant areas of audit focus including, where relevant, the key audit matters detailed below and the information to be reported back to the group audit team. Additionally, key areas of audit work completed by component auditors were reviewed by the group audit team.

As part of the process, the group audit team directed the audit strategy and held meetings with all the component auditors at both the planning and completion stage, as well as during the audit fieldwork as required. At these meetings, the group audit team discussed the audit strategy and the findings reported to the group audit team by the component auditors. As part of the audit planning process for specific risk areas we directed the component audit teams on key metrics such as methodology of testing, sample sizes and specific tests to perform such that significant risk areas were assessed homogenously throughout the group.

We communicated with both the Directors and the Audit Committee our planned audit work via our audit planning report and relevant discussions throughout the audit process. We have communicated our findings to the Audit Committee and the Directors in our final audit findings report.

At the Group level, we reviewed the consolidation process and performed analytical procedures to reach a conclusion that the aggregated financial information was materially fairly stated.

Independent auditor's report continued

to the members of Carclo plc

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing management's going concern assessment for a period of 12 months from date of signing of the financial statements;
- Obtaining an understanding of the key controls over management's going concern forecast including those over the inputs and assumptions used in the forecast;
- Obtaining management's forecasts and performing arithmetical and model integrity checks on the forecast cash flows;
- Challenging management's key trading, working capital and cash flow assumptions made within the forecasts by comparing management's forecasted position against their historic position;
- Assessing the accuracy of management's ability to forecast by comparing management's past forecasts to actual results and considering the impact on the plausibility of the going concern forecast;
- Obtaining management's downside scenarios (including management's downside case (lower revenue, lower margin), which reflect management's assessment of uncertainties. We further evaluated the assumptions regarding the forecast period under each of these scenarios;
- Performing a review of any cost mitigants included in management's downside scenarios to ensure those mitigants are reasonable and actionable;
- Evaluating management's assessment on whether there were any breaches in covenants in the going concern period;
- Reviewing actual post year end performance alongside our assessment of the appropriateness of the assumptions made in managements going concern assessment;
- Obtaining the relevant supporting documentation in relation to the covenants applicable to the BZ refinancing and obtaining an understanding of the covenants and management's testing of covenant compliance applicable for the forecast period;
- Reviewing in all scenarios provided, both liquidity and covenant compliance as well as a review of in year and post year end covenant compliance reporting;
- Where appropriate, performing our own sensitivity analysis of the assessment provided by management; and
- Reviewing the appropriateness of the disclosures on going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In determining the key audit matters we considered the:

- Areas of higher risks of material misstatement or significant risks identified in accordance with ISA (UK) 315
- Significant audit judgements on financial statement line items that involved significant management judgement such as accounting estimates, and
- The impact of significant events and transactions during the period covered by the audit.

Independent auditor's report continued

to the members of Carclo plc

Key audit matters continued

The following table summarises the key audit matters we have identified and the rationale for their identification, together with how we responded to each in our audit.

Key Audit Matter

Accuracy and overstatement of revenue from Design & Engineering (D&E) (Group) relating to cut-off

Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a rebuttable presumption that there is a risk of fraud in revenue recognition.

Risk assessment:

- We identified a risk of overstatement of revenue driven by the Group's listed status and the importance of revenue growth as a key performance indicator;
- We determined that a significant risk existed in relation to revenue recognition at or near year-end, where cut-off errors could result in overstatement of revenue. This risk was heightened by the presence of performance-related bonuses and share options, which created an incentive for management to overstate revenue to present improved results; and
- We considered revenue from design & engineering to be particularly susceptible to material misstatement, whether due to fraud or error, due to the significant judgement involved in determining both the timing and basis of revenue recognition. This resulted in an increased risk of inappropriate recognition throughout the year and particularly at year-end, especially where projects spanned the reporting period.

How our scope addressed this matter

In responding to the key audit matter, the audit procedures included but were not limited to:

- Performing a detailed walkthrough of the Order to Cash (OTC) process to obtain an understanding of the revenue process and identify key controls;
- Obtaining and reconciling the project income trackers to the balances per trial balance;
- Critically reviewing management's IFRS 15 analysis and challenging key assumptions and estimates;
- For a sample of revenue transactions, testing occurrence through agreeing to supporting evidence such as purchase orders, delivery confirmations, sales invoices and proof of cash receipt. Agreeing labour costs included within project calculations to supporting budgeted hours and hourly rates and assessed the reasonableness of key assumptions through comparison to supporting payroll information and discussions with management;
- Performing analysis on the change in budgeted costs and prices for projects to assess the reasonableness of budgeted figures from one year to the next, through inspection of supporting documentation and comparison to post year-end project activity where available;
- Performing analytical procedures over labour costs, including assessing staff utilisation rates, comparing labour costs allocated within the project tracker to total payroll costs and independently recalculating the standard labour cost per hour applied within the revenue recognition model. From our assessment and based on sensitivities performed, we concluded that labour would have an immaterial impact on revenue;
- Performing an assessment of onerous contracts and tested management's rationale of the provision made quantifying the potential impact of any over recognition of revenue; and
- For projects within the tool build phase, obtaining tool card documentation and reviewing invoices incurred up to two months post year-end to identify potential unrecorded liabilities and revenue.

Key observations

Our audit testing on the design and engineering revenue stream did not identify any material misstatements.

Key Audit Matter

Overstatement of revenue from Manufacturing Solutions (Group) relating to cut-off

Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a rebuttable presumption that there is a risk of fraud in revenue recognition.

Risk assessment:

- We identified a risk of overstatement of revenue driven by the Group's listed status and the importance of revenue growth as a key performance indicator;
- We determined that a significant risk existed in relation to revenue recognition at or near year-end, where cut-off errors could result in overstatement of revenue. This risk was heightened by the presence of performance-related bonuses and share options, which created an incentive for management to overstate revenue to present improved results; and
- The key risks identified in relation to this revenue stream related to the incorrect recognition of revenue in the accounting period due to an inappropriate application of the relevant INCOTERMS and the point at which the performance obligation had been met.

How our scope addressed this matter

In responding to the key audit matter, the audit procedures included but were not limited to:

- Performing a detailed walkthrough of the Order to Cash (OTC) process to obtain an understanding of the revenue process and identify key controls;
- Obtaining and reviewing management's IFRS 15 assessments to identify performance obligations within contracts and assessed whether revenue recognition was in line with IFRS 15;
- Utilising data analytics for the full-scope entities to detect unusual account pairings, outliers in the expected revenue and receivables cycle which were further investigated to ensure appropriateness;
- For a sample of transactions, performing substantive testing by:
  - Agreeing transactions to underlying documentation, including purchase orders, invoices, and customer contracts;
  - Assessing applicable Incoterms and obtaining evidence of delivery or dispatch to confirm that the timing of revenue recognition was appropriate;
  - Performing cut-off procedures around year-end to ensure that revenue was recognised in the correct accounting period, in accordance with the accounting policy requiring recognition upon delivery;
  - Considering the impact of deferred and accrued income by reviewing sales invoices around year-end and obtaining supporting evidence of delivery to ensure revenue was recognised in the appropriate period.

Key observations

Our audit testing on the manufacturing solutions revenue stream did not identify any material misstatements.

Independent auditor's report continued

to the members of Carclo plc

Key audit matters continued

Key Audit Matter

Valuation of goodwill (Group)

We identified the valuation of goodwill allocated to the Carclo Technical Plastics (CTP) Cash Generating Units ('CGUs') as one of the most significant assessed risks of material misstatement due to error.

The CTP CGU has goodwill with a carrying value of £21.9million (2025: £21.7 million) allocated to it.

International accounting standard ('IAS') 36 'Impairment of assets' requires annual testing of goodwill for impairment. Management prepares impairment models to assess the recoverable amount of each CGU and then compares this to the carrying value of the CGU to assess for impairment.

Determining the recoverable amount of each CGU requires management to make significant judgements over several key inputs of the value-in-use discounted cash flow models.

How our scope addressed this matter

In responding to the key audit matter, the audit procedures included but were not limited to:

- Obtaining management's goodwill impairment assessment, including supporting memoranda, calculations, and sensitivity analysis;
- Assessing whether the CGUs were appropriately identified and challenging management's determination based on our understanding of the Group;
- Reviewing the goodwill impairment assessment for the CGU and challenging the key assumptions and estimates used in the discounted cash flow models to assess the reasonableness of the valuation and assessing the appropriateness of the cash flow forecasts, including their allocation to the CGU;
- Performing sensitivity analyses on the cash flows used in the impairment assessment and evaluating the impact of changes in key assumptions;
- Considering both internal and external indicators of impairment as prescribed by IAS 36, as well as those identified by management;
- Performing a review of the discount rate applied, including the involvement of an auditor's expert where appropriate;
- Comparing historic cash flow forecasts to actual results to assess management's ability to accurately forecast and also considered historic trends relating to the EBITDA margin generated by the CTP division to determine the reasonableness of the scenario analysis performed by management; and
- Reviewing financial statements disclosures to ensure these are adequate and no material departures noted.

Key observations

Based on procedures performed, we conclude that Goodwill balance at 31 March 2026 is fairly stated.

Key Audit Matter

Valuation of investments in subsidiary undertakings (Parent Company)

Investments in subsidiary undertakings of £23.6 million (2025: £23.6 million) are accounted for at cost less provision for impairment in the Parent company balance sheet at 31 March 2026.

Investments are tested for impairment if impairment indicators exist.

If such indicators do exist, the recoverable amounts of the investments in subsidiaries are estimated to determine whether there is an impairment loss and if so, the extent of such loss, which is recognised in the income statement.

Due to the presence of impairment indicators and the high level of estimation uncertainty present in the impairment test, we have identified the valuation of the investments held by the Parent company to be a key audit matter.

How our scope addressed this matter

In responding to the key audit matter, the audit procedures included but were not limited to:

- Obtaining and reviewing management's impairment assessment, including the supporting paper and underlying calculations;
- Challenging management's identification of impairment indicators based on our understanding of the business and our review of subsidiary performance. Performing testing on individual investments by comparing carrying values to the net assets of the subsidiaries to identify potential indicators of impairment;
- Assessing the appropriateness of the valuation methodology applied by management and engaging an internal valuation expert to evaluate the discount rates used;
- Reviewing the sensitivity analysis prepared by management and post year end performance of the relevant subsidiaries to assess the adequacy of headroom or the need for impairment;
- Evaluating the disclosures made in the financial statements to assess compliance with IFRS requirements.

Key observations

Based on procedures performed, we conclude that investment in subsidiary undertakings at 31 March 2026 is fairly stated.

Independent auditor's report continued

to the members of Carclo plc

Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

	Group Financial Statements	Company Financial Statements
Materiality	£1,140,000 (2025: £1,200,000)	£600,000 (2025: £625,000)
Benchmark	Materiality for the Group was determined to be 1% (2025: 1%) of Revenue for the year, based on the point at which we performed our audit planning and risk assessment.	Materiality for the Group was determined to be 1% (2025: 1%) of total assets for the year, based on the point at which we performed our audit planning and risk assessment.
Basis for, and judgements used in the determination of materiality	Revenue has been used as the basis for materiality because profit before tax has varied significantly year on year. Revenue has declined year on year but is considered to be a is more stable measure. When considering the usage of Profit Before Tax ("PBT") and Revenue, the revenue metric was deemed the most appropriate on the basis that revenue is deemed a key figure for investors, alongside presenting the most stable figure of the two.	Total assets was determined to be the most appropriate benchmark for the Parent company because it is most reflective of the financial position of the Parent and the nature of its operations.

Performance materiality - Based on our risk assessment and our review of the Group's control environment, performance materiality was set at 65% (2025: 65%) of materiality, being £741,000 (2025: £780,000) for the Group and £390,000 (2025: £407,000) for the Parent Company. 65% was set as the benchmark for performance materiality to reflect our assessment and understanding of the control environment with consideration of findings in previous audits.

Reporting threshold - The reporting threshold to the audit committee was set as 5% (2025: 2.8%) of materiality, being £57,200 (2025: £34,000) for the Group and £30,000 (2025: £15,000) for the Company.

Differences in materiality levels from the previous audit – There has been no change in the basis of materiality and the percentage thresholds compared to the previous year however the reporting thresholds have changed by virtue of a change in the underlying balances utilised as the metrics for materiality. The decrease in materiality levels compared to previous year is on account of the decrease in revenue and total assets compared to the year ended 31 March 2025.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review. Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit.

Going concern and viability statement	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting as set out on page 76; • The Director's statement on fair, balanced and understandable, set out on page 79 • The Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation as set out on page 49.
Other code provisions	• Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 42 to 49; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 55; and • The section describing the work of the Audit Committee set out on pages 55 to 57

Independent auditor's report continued

to the members of Carclo plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements;
- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information presented in the Corporate Governance statement about internal controls and risk management systems in relation to financial reporting processes is consistent with the financial statements. We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Group.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or

A corporate governance statement has not been prepared by the parent company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

Independent auditor’s report continued

to the members of Carclo plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the Investment advisory business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Listing rules, FCA regulation, income tax, payroll tax and sales tax.

We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management’s controls designed to prevent and detect irregularities;
- Identification and review of manual journals, in particular journal entries which shared key risk characteristics;
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates; and
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor’s report.

Other matters which we are required to address

Auditor tenure

Following the recommendation of the Board of Directors, with effect from 26 September 2025, we were appointed by the shareholders to audit financial statements for the year ended 31 March 2026 and subsequent financial periods. The period of total uninterrupted engagement of the firm at the date of this audit report is one year.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Non-audit and other services

No non-audit services or additional services in addition to the audit have been provided and we remained independent of the Company in conducting the audit.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an Auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Mott (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

30 June 2026

Consolidated income statement

for the year ended 31 March 2026

	Notes	**2026** **£000**	2025 £000
Revenue	5	**114,211**	121,219
Underlying operating profit	3	**12,600**	9,838
Non-underlying items	8	**(336)**	(2,258)
Operating profit	3, 6	**12,264**	7,580
Finance revenue	9	**46**	571
Finance expense	9	**(7,478)**	(5,499)
Profit before tax		**4,832**	2,652
Income tax	10	**(2,137)**	(1,780)
Profit for the year		**2,695**	872
Attributable to:			
Equity holders of the Company		**2,695**	872
Non-controlling interests		**–**	–
Equity holders of the Company		**2,695**	872
Profit per ordinary share			
Basic	11	**3.7p**	1.2p
Diluted	11	**3.6p**	1.2p

Consolidated statement of comprehensive income

for the year ended 31 March 2026

	Notes	**2026** **£000**	2025 £000
Profit for the year		**2,695**	872
Other comprehensive income/(expense)			
Items that will not be reclassified to the income statement			
Remeasurement losses on defined benefit pension scheme	21	**51**	(15,253)
Deferred tax arising		**–**	–
Total items that will not be reclassified to the income statement		**51**	(15,253)
Items that may in the future be reclassified to the income statement			
Foreign exchange translation gains/(losses)		**506**	(955)
Net investment hedge	19, 26	**(141)**	371
Deferred tax arising	20	**(1)**	13
Total items that may in the future be reclassified to the income statement		**364**	(571)
Other comprehensive income/(expense), net of tax		**415**	(15,824)
Total comprehensive income/(expense) for the year		**3,110**	(14,952)
Attributable to:			
Equity holders of the Company		**3,110**	(14,952)
Equity holders of the Company		**3,110**	(14,952)

Consolidated statement of financial position

as at 31 March 2026

	Notes	**2026 £000**	2025 £000
Non-current assets			
Intangible assets	13	**22,531**	21,801
Property, plant and equipment	14	**32,247**	35,842
Deferred tax assets	20	**83**	641
Contract assets	16	**74**	170
Trade and other receivables	17	**540**	594
Total non-current assets		**55,475**	59,048
Current assets			
Inventories	15	**11,029**	9,928
Contract assets	16	**1,742**	1,551
Trade and other receivables	17	**18,347**	15,659
Cash and cash deposits	18	**5,769**	10,745
Current tax assets		**–**	104
Total current assets		**36,887**	37,987
Total assets		**92,362**	97,035
Current liabilities			
Loans and borrowings	19	**7,568**	24,844
Trade payables	23	**10,250**	9,697
Other payables	23	**7,705**	11,094
Current tax liabilities		**442**	752
Contract liabilities	5	**1,737**	1,624
Total current liabilities		**27,702**	48,011

	Notes	**2026 £000**	2025 £000
Non-current liabilities			
Loans and borrowings	19	**22,108**	5,105
Deferred tax liabilities	20	**3,467**	3,041
Provisions	22	**969**	975
Retirement benefit obligations	21	**46,785**	51,743
Total non-current liabilities		**73,329**	60,864
Total liabilities		**101,031**	108,875
Net liabilities		**(8,669)**	(11,840)
Equity			
Ordinary share capital issued	24	**3,671**	3,671
Share premium		**7,359**	7,359
Translation reserve	25	**7,014**	6,650
Retained earnings	25	**(26,687)**	(29,494)
Total equity attributable to equity holders of the Company		**(8,643)**	(11,814)
Non-controlling interests		**(26)**	(26)
Total equity		**(8,669)**	(11,840)

Approved by the Board of Directors on 30 June 2026 and signed on its behalf by:

Frank Doorenbosch
Chief Executive Officer

Ian Tichias
Chief Financial Officer

Registered Number 00196249

Consolidated statement of changes in equity

for the year ended 31 March 2026

		Attributable to equity holders of the Company						
	Notes	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
Balance at 31 March and 1 April 2024		3,671	7,359	7,221	(15,135)	3,116	(26)	3,090
Profit for the year		–	–	–	872	872	–	872
Other comprehensive income/(expense):								
Foreign exchange translation differences		–	–	(955)	–	(955)	–	(955)
Net investment hedge	19, 26	–	–	371	–	371	–	371
Remeasurement losses on defined benefit pension scheme	21	–	–	–	(15,253)	(15,253)	–	(15,253)
Taxation on items above	20	–	–	13	–	13	–	13
Total comprehensive expense for the year		–	–	(571)	(14,381)	(14,952)	–	(14,952)
Transactions with owners recorded directly in equity:								
Share-based payments	24	–	–	–	22	22	–	22
Balance at 31 March and 1 April 2025		**3,671**	**7,359**	**6,650**	**(29,494)**	**(11,814)**	**(26)**	**(11,840)**
Profit for the year		**–**	**–**	**–**	**2,695**	**2,695**	**–**	**2,695**
Other comprehensive income/(expense):								
Foreign exchange translation differences		**–**	**–**	**506**	**–**	**506**	**–**	**506**
Net investment hedge	19, 26	**–**	**–**	**(141)**	**–**	**(141)**	**–**	**(141)**
Remeasurement losses on defined benefit pension scheme	21	**–**	**–**	**–**	**51**	**51**	**–**	**51**
Taxation on items above	20	**–**	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Total comprehensive income for the year		**–**	**–**	**364**	**2,746**	**3,110**	**–**	**3,110**
Transactions with owners recorded directly in equity:								
Share-based payments	24	**–**	**–**	**–**	**61**	**61**	**–**	**61**
Balance at 31 March 2026		**3,671**	**7,359**	**7,014**	**(26,687)**	**(8,643)**	**(26)**	**(8,669)**

Consolidated statement of cash flows

for the year ended 31 March 2026

	Notes	**2026** **£000**	2025 £000
Cash generated from operations	27	**11,993**	19,066
Interest paid		**(3,924)**	(3,694)
Tax paid		**(1,406)**	(1,259)
Defined benefit pension scheme contributions net of Company-settled administration costs		**(2,518)**	(2,633)
Net cash from operating activities		**4,145**	11,480
Cash flows from/(used in) investing activities			
Proceeds from sale of property, plant and equipment		**36**	85
Interest received		**46**	571
Purchase of property, plant and equipment		**(2,522)**	(1,054)
Purchase of intangible assets		**(333)**	(49)
Net cash used in investing activities		**(2,773)**	(447)
Cash flows used in financing activities	19		
Drawings on existing and new facilities		**29,911**	–
Refinancing costs associated with the new facility		**(2,544)**	(150)
Additional defined benefit pension scheme contributions paid to release security for new financing facility		**(5,100)**	–
Repayment of borrowings excluding lease liabilities		**(24,870)**	(2,525)
Repayment of other loan facilities		**–**	(95)
Repayment of lease liabilities		**(2,973)**	(4,228)
Net cash used in financing activities		**(5,576)**	(6,998)
Net (decrease)/increase in cash and cash equivalents		**(4,204)**	4,035
Cash and cash equivalents at beginning of year		**9,980**	5,974
Effect of exchange rate fluctuations on cash held and cash equivalents		**(7)**	(29)
Cash and cash equivalents at end of year		**5,769**	9,980
Cash and cash equivalents comprise:			
Cash and cash deposits	18	**5,769**	10,745
Bank overdrafts	19	**–**	(765)
		5,769	9,980

Notes to the consolidated financial statements

for the year ended 31 March 2026

1 Presentation of the financial statements

i) General information

Carclo plc (the "Company", together with its subsidiaries, the "Group") is a public limited company whose shares are listed on the London Stock Exchange, is incorporated and domiciled in the UK and is registered in England under the Companies Act 2006.

The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 3.

The financial statements are presented in sterling, which is Carclo plc's functional and presentational currency. Certain Group subsidiary entities have functional currencies other than sterling. The financial position and performance of all such subsidiary entities is translated into the presentational currency (sterling) in accordance with the foreign currencies accounting policy as detailed within the accounting policy section of this note. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds unless otherwise stated.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

ii) Compliance with IFRS

The consolidated financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated.

The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 146 to 159.

iii) Going concern

A £36 million asset-backed borrowing facility with BZ, that was announced on 24 April 2025, provides available borrowings for a three-year term to April 2028. The level of borrowings is contingent upon the value of current and non-current asset categories held by the Group's UK and US trading subsidiaries.

There are three primary financial covenants required to be tested under the BZ facility agreement, as follows:

Covenant	Definition	Threshold
Minimum EBITDA	Underlying Group EBITDA calculated on a last six months basis	No less than 75% of budget
Fixed Charge Cover Ratio ("FCCR")	Underlying Group EBITDA divided by the sum of fixed charges comprising debt service costs, debt repayments, pension scheme contributions, tax payments, capital expenditure and dividends or other capital distributions calculated on a last twelve months basis	Until 31 March 2027 no less than 1:1 After 31 March 2027 no less than 1.05:1
CAPEX	Cash paid on tangible and intangible fixed assets measured annually for the twelve months to 31 March	No more than 120% of the annual budget

The Group remained compliant with the Minimum EBITDA and FCCR financial covenants throughout the year ended 31 March 2026. In accordance with the facility agreement, these covenants were tested monthly from May 2025 and, following twelve months of compliance under the agreement, including compliance in the two preceding quarters, testing has moved to a quarterly basis. The CAPEX covenant is tested annually from the start of each reporting period.

The Group has prepared a forecast of financial projections for the three-year period to 31 March 2029, which has been utilised as the base case underpinning the going concern assessment for the period through June 2027, being 15 months after the year end and 12 months from when the financial statements are authorised for issue. These projections include assumptions around revenue growth, modest margin improvements, consistent working capital trends and stable interest rates. The Directors have reviewed cash flow and covenant forecasts over this period considering the Group's available borrowing facilities and the terms of the arrangements with the Group's lender and the UK defined benefit pension scheme. The forecast shows adequate headroom and supports the position the Group can operate within its available borrowing facilities and in compliance with covenants throughout this period.

The Group is subject to a number of key risks and uncertainties, as detailed in the principal risks and uncertainties section on pages 42 to 48. Mitigating actions to address the risks are also set out in that section of the report. These risks and uncertainties have been considered in the base case, and downside sensitivities have been modelled accordingly. These sensitivities consider the uncertainties facing the Group and model the impact of a range of severe but plausible downside scenarios, as well as considering the impact of aggregating certain of these, and shows that the Group would be able to operate within its available facilities and meet its agreed covenants were these scenarios to arise.

The specific climate-related matters set out in the TCFD section on pages 33 to 41 have been considered and they are not expected to have a significant impact on the Group's going concern.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

iii) Going concern continued

The severe but plausible downside sensitivities modelled included reductions in forecast revenue of up to 6.6%, a 4% increase in direct material costs (equivalent to approximately 2.2% contribution margin erosion) and a 2% increase in interest rates. The downside scenario modelling assumes management bonuses are not payable where the relevant performance conditions are not achieved but does not include the benefit of any other mitigating actions available to management.

Under each of the standalone downside scenarios modelled, the Group maintains adequate liquidity throughout the assessment period and remains compliant with all financial covenants. The Directors also assessed a combined downside scenario incorporating both a significant reduction in forecast revenue and a sustained increase in direct material costs. Under this combined scenario, no liquidity shortfall arises; however, there is a temporary breach of the FCCR covenant. The Directors consider the concurrent occurrence of these downside assumptions to be remote. Furthermore, the scenario does not reflect a range of mitigating actions available to management, including the reduction of discretionary expenditure and the deferral of non-essential capital expenditure. Modelling performed by management demonstrates that actions considered achievable and within management's control would be sufficient to restore covenant compliance under this scenario.

Given that FCCR represented the most sensitive covenant within the Group's financing arrangements, the Directors performed additional covenant-focused downside testing, including scenarios in which EBITDA remained broadly flat against FY26 levels and reduced by 10% compared with FY26. While these scenarios resulted in reduced covenant headroom, management identified specific mitigating actions that are considered achievable and within management's control and which would be sufficient to maintain compliance with the Group's covenant requirements.

The Group is not exposed to high-risk sectors or countries but is dependent on certain key customers, creating risks and uncertainties, which are documented in detail alongside mitigating actions in the principal risks and uncertainties section.

It should be noted that the Group is operating in a period of material geopolitical and macroeconomic uncertainty. The Directors continue to monitor these risks and their plausible impact; however, the potential severity is dependent upon many external factors and is difficult to predict. Accordingly, the financial impact of these risks may materially differ from the Directors' current view.

At 31 March 2026, the Group reports net liabilities of £8.7 million (FY25: £11.8 million net liabilities) largely attributable to the IAS 19 valuation of the UK defined benefit pension liability of £46.8 million (FY25: £51.8 million). Pension contributions are funded from cash generated by operations and have been reflected in the cash flow and covenant forecasts reviewed by the Directors. Given that these amounts are considered manageable by the Directors, the balance sheet presentation of net liabilities at 31 March 2026 does not imply an inability for the Group to meet its third-party liabilities over the going concern period.

On the basis of the base case forecast and the severe but plausible sensitivity testing, the Directors have determined that it is reasonable to assume that the Group will continue to operate within available borrowing facilities available and adhere to the covenant tests to which it is subject throughout at least the 12 month period from the date of signing the financial statements through to June 2027.

Accordingly, these financial statements are prepared on a going concern basis.

iv) New standards, amendments and interpretations

The following new standards and amendments to existing standards became effective in January 2026 and have been adopted in the consolidated financial statements for the first time during the year ended 31 March 2026.

	Date issued	Effective for accounting periods beginning on or after
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures • Clarifies the classification and measurement of financial instruments.	May 2024	January 2026
Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 First-time Adoption of International Financial Reporting Standards • IFRS 7 Financial Instruments: Disclosures and its accompanying guidance on implementing IFRS 7 • IFRS 9 Financial Instruments • IFRS 10 Consolidated Financial Statements • IAS 7 Statement of Cash Flows	June 2024	January 2026

The above have been assessed as having no financial or disclosure impact on these consolidated financial statements

The following standards, amendments and interpretations were in issue but were not yet effective at the balance sheet date. These have been endorsed by the UK Endorsement Board. These standards have not been applied when preparing the consolidated financial statements for the year ended 31 March 2026:

	Date issued	Effective for accounting periods beginning on or after
IFRS 18 Presentation and Disclosure in Financial Statements • Specifies the requirements for presentation and disclosure of information in financial statements for all entities applying IFRS.	April 2024	January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures • Sets out the disclosure requirements an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards	May 2024	January 2027

It is not anticipated that the application of the above will have a significant financial impact in future years, however IFRS 18 is likely to require presentational and disclosure changes to the financial statements.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

v) Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis except that derivative financial instruments, share options and defined benefit pension plan assets are stated at their fair value.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

b) Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group. The results of any subsidiaries sold or acquired are included in the consolidated income statement up to, or from, the date control passes. Intra-group transactions, balances and profits are eliminated fully on consolidation. On acquisition of a subsidiary, all of the identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date.

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. An entity is controlled by the Group regardless of the level of the Group's equity interest in the entity, when the Group is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

c) Goodwill

In respect of business combinations that occurred since 1 April 2004, goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisition of subsidiaries, joint ventures and businesses is capitalised as an asset.

In accordance with IFRS 1 and IFRS 3, goodwill at 1 April 2004 has been frozen and will not be amortised. Goodwill is allocated to cash generating units and is subject to an annual impairment review, with any impairment losses being recognised immediately in the income statement.

Any goodwill arising on the acquisition of an overseas subsidiary is retranslated at the balance sheet date.

d) Other intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see accounting policy e) and impairment losses (see accounting policy v).

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see accounting policy e) and impairment losses (see accounting policy v).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

e) Amortisation

Intangible assets, other than goodwill, are amortised on a straight-line basis to write off the cost of the asset, less estimated residual value, over the estimated economic life of the asset when they become available for use.

Patents and development costs	10 years
Customer-related intangibles	7 - 10 years
Computer software	3 - 5 years

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

v) Accounting policies continued

f) Property, plant and equipment

Items of property, plant and equipment are stated at cost, or at deemed cost, less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation on property, plant and equipment is provided using the straight-line method to write off the cost or valuation less estimated residual value, using the following estimated useful economic lives:

Freehold buildings	20 - 50 years
Plant and equipment	3 - 12 years

No depreciation is provided on freehold land.

g) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is the rate the Group would have to pay to borrow the funds necessary to obtain a similar asset under similar conditions.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group leases office and IT equipment with contract terms typically between one and ten years. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases with a duration of one year or less. The Group recognises the lease payments associated with these leases in the income statement as an expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

v) Accounting policies continued

h) Borrowings

The Group measures all debt instruments (whether financial assets or liabilities) initially at fair value, which equates to the principal value of the consideration paid or received. Subsequent to initial measurement, debt instruments are measured at amortised cost using the effective interest method. Transaction costs (any such costs incremental and directly attributable to the issue of the financial instrument) are included in the calculation of the effective interest rate and are amortised over the life of the instrument.

Debt instruments denominated in foreign currencies are revalued using period-end exchange rates, see accounting policy t)v.

Borrowings are classified as current liabilities unless the Group has a substantive right, at the end of the reporting period, to defer settlement of the liability for at least twelve months. The classification is based solely on rights in place at the reporting date, regardless of expectations or subsequent events.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventory is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

j) Revenue recognition

Revenue arises on the Group's principal activities. Further details are set out in note 5.

To determine whether to recognise revenue, the Group follows the five-step process as prescribed in IFRS 15:

1. identifying the contract with a customer;
2. identifying the performance obligations;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and
5. recognising revenue when/or performance obligations are satisfied.

The Group sometimes enters into transactions involving a range of the Group's products and services, which in the CTP segment would be for design, engineering and production manufacturing.

The total transaction price for a contract is allocated among the various performance obligations based on their relative standalone selling prices, or, in the absence of a standalone selling price, on a cost plus margin basis. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when or as the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

k) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

l) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

m) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges meeting the criteria for hedge accounting under IFRS 9, are taken to the translation reserve. They are released into the income statement upon disposal.

n) Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the note to the financial statements.

o) Net operating expenses

Net operating expenses incurred by the business are written off to the income statement as incurred.

p) Financing revenue and expenses

Financing revenue and expenses comprise interest payable on borrowings calculated using an approximation of the effective interest rate method, interest receivable on funds invested, dividend income and gains and losses on hedging instruments that are recognised in the income statement.

Interest payable is a combination of principal interest and amortised arrangement fees, at each reporting date, the resulting charge is tested against the effective interest rate method to demonstrate they are materially in line.

Interest is recognised in the income statement as it accrues, using the effective interest method.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

v) Accounting policies continued

q) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and bank overdrafts. Cash deposits are those with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Bank overdrafts are presented separately as borrowings within current liabilities in the statement of financial position and are not offset against cash balances, irrespective of whether the overdraft facility is subject to a netting arrangement or a £nil net limit.

r) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group operates and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends from foreign operations are recognised at the same time as the liability to pay the related dividend.

Companies within the Group may be entitled to claim special tax deductions in relation to qualifying research and development expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces the tax payable.

s) Retirement benefit costs

The Group operates a defined benefit pension scheme and also makes payments into defined contribution pension schemes for employees. The pension payable under the defined benefit pension scheme is calculated based on years of service up to retirement and pensionable salary at the point of retirement.

The net obligation in respect of the defined benefit plan is the present value of the defined benefit obligations less the fair value of the plan's assets at the balance sheet date. The assumptions used to calculate the present value of the defined benefit obligations are detailed in note 21.

IFRIC 14 requires that where plan assets exceed the defined benefit obligation, an asset is recognised to the extent that an economic benefit is available to the Group, in accordance with the terms of the plan and applicable statutory requirements and the benefit should be realisable during the life of the plan or on the settlement of the plan liabilities.

The operating and financing costs of the scheme are recognised separately in the income statement as incurred.

Payments to the defined contribution pension scheme are accounted for on an accruals basis. Once the payments have been made the Group has no further obligation.

t) Financial instruments

i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant finance component) or financial liability is initially measured at fair value (plus transaction costs that are directly attributable to its acquisition or issue for an item not at fair value through profit or loss ("FVTPL")). A trade receivable without a significant financing component is initially measured at the transaction price.

The fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between third parties. Where available, market values are used to determine fair values, otherwise fair values are calculated by discounting expected cash flows at prevailing interest and exchange rates.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

v) Accounting policies continued

t) Financial instruments continued

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in the profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flow in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are settled, discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amounts presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Hedge accounting

When a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the foreign exchange gains and losses is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of foreign operations.

u) Share-based payments

The Group issues awards structured as equity-settled share-based payments and cash-settled share-based payments to certain employees in exchange for services rendered by them. The fair value of the equity-settled share-based award is calculated at date of grant and is expensed on a straight-line basis over the vesting period with a corresponding increase in equity. The fair value of the cash-settled award is calculated at date of grant and recognised as an expense over the vesting period based upon the cash expected to be paid. The fair value of cash-settled share-based payments is recalculated at each reporting date and the liability revised accordingly. Both valuations are based on the Group's estimate of share awards that will eventually vest and take into account movement of non-market conditions, being service conditions and financial performance, if relevant.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

1 Presentation of the financial statements continued

v) Accounting policies continued

v) Impairment

i) Non-financial assets

The carrying amounts of the Group's assets, other than inventories (see accounting policy i) and deferred tax assets (see accounting policy r), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each year-end date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units or group of units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis. The carrying value of goodwill at 31 March 2026 is allocated wholly to the CTP cash generating unit.

ii) Financial assets

The Group applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Under this approach, loss allowances are measured at an amount equal to lifetime expected credit losses ("ECLs") for:

- financial assets measured at amortised cost; and
- contract assets (as defined in IFRS 15).

While cash and cash deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Under the simplified approach, the Group recognises lifetime ECLs from the point of initial recognition of trade receivables and contract assets. Immediately after an individual trade receivable or contract asset is assessed to be unlikely to be recovered, an impairment is recognised as the difference between the carrying amount of the receivable and the present value of estimated future cash flows. Customer-specific factors are considered when identifying impairments, which can include the geographic location and credit rating of a customer.

Where there are no specific concerns over recovery, other than the increasing age of a trade receivable or contract asset balance past payment terms, the Group uses a provision matrix, where provision rates are based on days past due. The provision matrix used reflects estimates based on past experience, current economic factors and consideration of forward-looking estimates of economic conditions. Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

w) Non-underlying items

In order for users of the accounts to better understand the underlying (defined on page 167) performance of the Group, the Board has separately disclosed transactions which, while falling within the ordinary activities of the Group, are, by virtue of their size or incidence, considered to be exceptional in nature. Such transactions include, but are not limited to: rationalisation, restructuring and refinancing of the Group, costs of impairment, one-off retirement benefit effects, profits, losses and associated costs arising on the disposal of surplus properties and businesses, litigation costs and material bad debts.

x) Segment reporting

Segmental information is presented on the same basis as that used for internal reporting to the chief operating decision maker.

y) Provisions

Provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments and the risks specific to the liability, where the effect of discounting is material.

z) Current versus non-current disclosure

Current assets are generally assets due to be received within twelve months of the reporting date. Current liabilities are generally those which are due to be settled within twelve months of the reporting date, or where the Group does not have a substantive right to defer settlement for at least twelve months after the reporting date. All other assets/ liabilities are classified as non-current unless they are held primarily for the purpose of trading.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

2 Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Management has discussed these with the Audit & Risk Committee. These should be read in conjunction with the significant accounting policies provided in the notes to the financial statements.

Going concern

Note 1 contains information about the preparation of these financial statements on a going concern basis.

Key judgements

Management has exercised judgement over the likelihood of the Group being able to continue to operate within its available borrowing facilities and in accordance with related lender covenants for at least 12 months from the date of signing these financial statements. Judgement has been applied over forecast profit, debt levels and interest rates, particularly base rates. This determines whether the Group should operate the going concern basis of preparation for these financial statements.

Impairment of assets

Note 13 contains information about management's estimates of the recoverable amount of cash generating units and their risk factors.

Key judgements

Management has applied judgement in determining that the net carrying value of goodwill at 31 March 2026 of £22.0 million (31 March 2025: £21.7 million) is allocated to the CTP cash generating unit. The CTP segment is deemed to be the smallest cash generating unit with an identifiable group of assets which generate cash inflows largely independent of the cash inflows from other assets or groups of assets. The basis of this conclusion is that there are a number of senior global CTP roles with executive powers over the segment rather than there being site-level management teams operating autonomously; also, customer contracts are often held globally and served from multiple sites.

Management has also exercised judgement over the underlying assumptions within the valuation models and consideration as to if there have been indications of impairment. These are key factors in their assessment of whether there is any impairment in related goodwill or other assets. Where indications exist, management has estimated recoverable amounts as detailed below.

Key sources of estimation uncertainty

The Group tests whether goodwill has suffered any impairment and considers whether there is any indication of impairment in either this or other assets on at least an annual basis. As set out in more detail in notes 13 and 14, the recoverable amounts may be based on either value in use calculations or fair value less costs of disposal considerations. The former requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the future cash flows, the latter method requires the estimation of fair value.

Details of the sensitivity of assumptions are included in note 13.

Defined benefit pension assumptions

Note 21 contains information about management's estimate of the net liability for defined benefit obligations and their risk factors. The UK defined benefit pension liability at 31 March 2026 amounts to £46.8 million (2025: £51.7 million).

Key sources of estimation uncertainty

The value of the defined benefit pension plan obligation is determined by long-term actuarial assumptions. These assumptions include discount rates, inflation rates and mortality rates. Differences arising from actual experience or future changes in assumptions will be reflected in the Group's consolidated statement of comprehensive income. The Group exercises judgement in determining the assumptions to be adopted after discussion with a qualified actuary. Details of the key actuarial assumptions used and of the sensitivity of these assumptions are included within note 21.

In the year to 31 March 2022 and the year to 31 March 2021, the scheme introduced a right for members to Pension Increase Exchange ("PIE") and a Bridging Pension Option respectively. Having taken actuarial advice, management exercised judgement that, for each, 40% of members would take the options at retirement. There is no change to either assumption in the current year. Any change in estimate would be recognised as remeasurement gains/(losses) through the consolidated statement of comprehensive income.

Leases

There are imputed interest rates in lease liability calculations and certain leases contain break options.

Key judgements

Lease liabilities are measured initially at the present value of the lease payments discounted using the rate implicit in the lease, or where not readily determinable as is generally the case, using the incremental borrowing rate. This requires management to apply judgement.

Management has applied judgement when determining the expected certainty that a break option within a lease will be exercised. Note 4 details the amount by which lease liabilities would decrease if the Group were to exercise break options that at 31 March 2026 management are reasonably certain will not be exercised as well as the amount by which lease liabilities have been adjusted where management are, at 31 March 2026, reasonably certain that break options will be exercised.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

2 Accounting estimates and judgements continued

Revenue recognition

As revenue from Design & Engineering contracts is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligations have been satisfied. See note 5, Revenue from contracts with customers, for information on contract balances at 31 March 2026.

Key judgements

Revenue recognised on contracts in the CTP segment requires management judgement in determining the allocation of contract revenue to Design & Engineering obligations, for which a cost-plus basis is usually applied, assessing whether design, tool manufacture/build and validation activities constitute a single performance obligation under IFRS 15, and determining that a cost input method based on costs incurred relative to total expected costs provides the most appropriate measure of progress for recognising revenue over time.

Key sources of estimation uncertainty

Revenue recognised on Design & Engineering contracts in the CTP segment requires management to estimate the remaining costs to complete the performance obligations in order to determine the percentage of completion and revenue in respect of those performance obligations. Costs to complete are reviewed throughout the life of each contract and determined through consultation with the contract engineers. Changes to this estimate will therefore impact the amount of revenue and profit recognised.

If costs to complete were 5% higher or lower than estimated at 31 March 2026, the impact to the Group operating profit would be £0.2 million, lower or higher respectively.

Recognition of deferred tax assets

Note 20 contains information about the deferred tax assets recognised in the consolidated statement of financial position.

Key judgements

Management has exercised judgement over the level of future taxable profits in the UK and the US against which to relieve deferred tax assets. The Group has concluded that deferred tax assets of £0.9 million, net of off-setting deferred tax liabilities, which mostly relate to the Group's US subsidiaries, will be recovered in the future. See below for the key sources of estimation uncertainty considered when reaching this conclusion. In the UK, with the exception of a £0.3 million deferred tax asset which is available to offset against a deferred tax liability for the same amount arising on historic property valuations (2025: £0.3 million), management has applied judgement to determine that no UK deferred tax assets will be recognised at either year end.

Key sources of estimation uncertainty

As the majority of the Group's deferred tax assets are in its US subsidiaries, management has prepared an estimate of the future taxable income of its subsidiary trading company, CTP Carrera Inc. This estimate is based upon the Board-approved budget and three-year business plan. All other things equal, forecast EBIT could decrease by approximately 61% over the three years, before the deferred tax asset is at risk of not being recovered within that three-year period. A similar working has been prepared for the UK trading subsidiaries, including the plc company; however, as there is minimal headroom to cover any reduction in EBIT of the trading entities, management does not believe that a UK deferred tax asset can be supported currently. A 20% reduction in the underlying earnings before interest and tax of the UK trading companies would eliminate any estimated taxable profits against which to recover a deferred tax asset.

Classification of non-underlying items

Note 8 contains information about items classified as exceptional.

Key judgements

Management has exercised judgement over whether items are non-underlying as set out in the Group's accounting policy – see note 1 v) w).

3 Segment reporting

The Group is organised into two, separately managed, business segments – CTP and Speciality. These are the segments for which summarised management information is presented to the Group's chief operating decision maker (comprising the main Board and Executive Committee).

The CTP segment supplies value-adding engineered solutions from mould design, automation and production to assembly and printing, for the life science and precision component industries. This business operates internationally in a fast-growing and dynamic market underpinned by rapid technological development.

The Speciality segment delivers precise and durable components for the safety and performance of aircraft manufacturing, aerospace and optical industries.

Central costs relate to the cost of running the Group, plc and non-trading companies.

Transfer pricing between business segments is set on an arm's length basis. Segmental revenues and results presented are after the elimination of transfers between business segments. Those transfers are eliminated on consolidation.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

3 Segment reporting continued

Analysis by business segment

The segment results for the year ended 31 March 2026 were as follows:

	CTP £000	Speciality £000	Central £000	Group total £000
Consolidated income statement				
Total revenue	101,719	16,455	–	118,174
Less inter-segment revenue	(3,502)	(461)	–	(3,963)
External revenue	98,217	15,994	–	114,211
External expenses	(83,116)	(12,570)	(5,925)	(101,611)
Underlying operating profit/(loss)	15,101	3,424	(5,925)	12,600
Non-underlying operating items	(12)	160	(484)	(336)
Operating profit/(loss)	15,089	3,584	(6,409)	12,264
Net finance expense				(7,432)
Income tax expense				(2,137)
Profit for the year				2,695
Consolidated statement of financial position				
Segment assets	79,694	11,281	1,387	92,362
Segment liabilities	(23,426)	(4,683)	(72,922)	(101,031)
Net assets/(liabilities)	56,268	6,598	(71,535)	(8,669)
Other segmental information				
Capital expenditure on property, plant and equipment	1,657	1,558	93	3,308
Capital expenditure on computer software	–	–	333	333
Depreciation	5,402	432	62	5,896
Amortisation of intangible assets	2	28	77	107

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

3 Segment reporting continued

Prior year comparatives

The segment results for the year ended 31 March 2025 were as follows:

	CTP £000	Speciality £000	Central £000	Group total £000
Consolidated income statement				
External revenue	106,998	14,221	–	121,219
External expenses	(94,670)	(11,420)	(5,291)	(111,381)
Underlying operating profit/(loss)	12,328	2,801	(5,291)	9,838
Non-underlying operating items	45	–	(2,303)	(2,258)
Operating profit/(loss)	12,373	2,801	(7,594)	7,580
Net finance expense				(4,928)
Income tax expense				(1,780)
Profit for the year				872
Consolidated statement of financial position				
Segment assets	83,295	9,691	4,049	97,035
Segment liabilities	(27,393)	(3,311)	(78,171)	(108,875)
Net assets/(liabilities)	55,902	6,380	(74,122)	(11,840)
Other segmental information				
Capital expenditure on property, plant and equipment	1,899	547	2	2,448
Capital expenditure on computer software	–	–	49	49
Depreciation	5,961	411	84	6,456
Reversal of impairment of property, plant and equipment	(209)	–	–	(209)
Amortisation of intangible assets	8	12	67	87

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

3 Segment reporting continued

Analysis by geographical segment

The business operates across the following geographical regions: the United Kingdom, North America and in lower-cost regions including Czechia, China and India. The geographical analysis was as follows:

	External revenue		Net segment (liabilities)/assets		Expenditure on tangible and intangible fixed assets	
	2026 £000	2025 £000	**2026 £000**	2025 £000	**2026 £000**	2025 £000
United Kingdom	**8,125**	10,012	**(51,008)**	(51,342)	**2,044**	763
Rest of Europe	**32,962**	30,486	**12,878**	11,607	**766**	87
North America	**38,093**	44,230	**22,062**	20,840	**583**	266
Rest of world	**35,031**	36,491	**7,399**	7,055	**248**	1,381
	114,211	121,219	**(8,669)**	(11,840)	**3,641**	2,497

The analysis of segment revenue represents revenue from external customers based upon the location of the customer.

The analysis of segment assets and capital expenditure is based upon the location of the assets.

The material components of the Central assets and liabilities are retirement benefit obligation net liability of £46.8 million (31 March 2025: £51.7 million), and net borrowings of £22.9 million (31 March 2025: £20.6 million). One customer accounted for 32.4% (31 March 2025: 36.1%), another for 13.7% (31 March 2025: 16.3%) and a third for 13.4% (31 March 2025: 14.4%) of Group revenues and similar proportions of trade receivables.

No other customer accounted for more than 10.0% of Group revenues from continuing operations in the year.

Deferred tax assets by geographical location are as follows: United Kingdom £nil (31 March 2025: £nil), Rest of Europe £nil (31 March 2025: £nil), North America £0.9 million (31 March 2025: £0.5 million), Rest of world £0.1 million (31 March 2025: £0.1 million).

Total non-current assets by geographical location are as follows: United Kingdom £17.5 million (31 March 2025: £19.5 million), Rest of Europe £11.6 million (31 March 2025: £10.7 million), North America £21.7 million (31 March 2025: £23.5 million), Rest of world £4.6 million (31 March 2025: £5.3 million).

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

4 Leases

The Group's leases are principally for warehouse and manufacturing facilities and assets, with a small number of vehicles and other equipment.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in the statement of financial position

i) Right-of-use assets

Right-of-use assets related to leased properties and plant and equipment are presented as property, plant and equipment (see note 14).

	Land and buildings £000	Plant and equipment £000	Total £000
Balance at 1 April 2024	5,248	6,202	11,450
Depreciation charge for the year	(1,914)	(583)	(2,497)
Additions to right-of-use assets	1,303	121	1,424
Assets transferred between right-of-use assets and owned property, plant and equipment	202	(283)	(81)
Derecognition of right-of-use assets	(66)	–	(66)
Effect of movements in foreign exchange	(39)	(106)	(145)
Balance at 31 March and 1 April 2025	**4,734**	**5,351**	**10,085**
Depreciation charge for the year	**(1,832)**	**(385)**	**(2,217)**
Additions to right-of-use assets	**758**	**28**	**786**
Remeasurement of lease liabilities	**(697)**	**21**	**(676)**
Assets transferred from right-of-use assets to owned property, plant and equipment	**–**	**(1,057)**	**(1,057)**
Effect of movements in foreign exchange	**65**	**(89)**	**(24)**
Balance at 31 March 2026	**3,028**	**3,869**	**6,897**

During the year, the Group exercised purchase options over certain items of leased equipment in the US. As a result, right-of-use assets with a carrying value of £1.0 million were transferred from right-of-use assets to owned property, plant and equipment.

On 3 July 2025, the Group signed reversionary leases for the Mitcham CTP UK properties. On signing the reversionary leases, a deed of variation to the existing property leases was agreed, under which the rent payable for the following 18 months was reduced by 50%. The Group remeasured the related lease liabilities to reflect the revised lease payments, resulting in a £0.5 million reduction in both the lease liabilities and the carrying value of the associated right-of-use assets.

The Group also recognised a £0.2 million adjustment in respect of the CTP US site following a reallocation of rent, property taxes and insurance amounts within the lease accounting calculation.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

4 Leases continued

Amounts recognised in the statement of financial position continued

ii) Lease liabilities

Lease liabilities have been presented as loans and borrowings, see note 19.

Amounts recognised in the income statement

	2026 £000	2025 £000
Interest on lease liabilities	**458**	679
Expenses relating to short-term leases	**–**	3
Depreciation and impairment expense on right-of-use assets	**2,217**	2,497

Amounts recognised in the consolidated statement of cash flows

	2026 £000	2025 £000
Total cash outflow for leases	**2,973**	4,228

Break options

Some property leases contain break options exercisable by the Group, typically at the five-year anniversary of the lease inception. Where practicable, the Group seeks to include break options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the break options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise break options at other sites, would result in a decrease in lease liabilities of £0.9 million (2025: decrease: £1.2 million).

5 Revenue from contracts with customers

a) Nature of goods and services

The following is a description of the principal activities, separated by reportable segments, from which the Group generates its revenues. For more detailed information about reportable segments, see note 3.

i) CTP segment:

The CTP segment supplies value-adding engineered solutions from mould design, automation and production to assembly and printing for the life science and precision component industries. This business operates internationally in a fast-growing and dynamic market underpinned by rapid technological development. CTP revenues comprise two typical project types: Manufacturing Solutions and Design & Engineering.

Manufacturing Solutions

The majority of the CTP business is in manufacturing injection moulded product.

Control of manufactured finished goods transfers to customers on delivery. Therefore revenue is recognised at a point in time, on delivery of individual manufactured products to customers.

Design & Engineering

The CTP business designs, builds and validates injection moulding tools for customers. For tooling contracts, the design, tool manufacture/build and validation activities are highly interdependent and highly interrelated and are integrated to deliver a single combined output, being a validated and functional injection moulding tool. Accordingly, these activities are accounted for as a single performance obligation under IFRS 15.

Revenue from tooling contracts is recognised over time where the tooling has no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Progress towards complete satisfaction of the tooling performance obligation is measured using an input method based on costs incurred relative to total expected costs (the percentage of completion method). Costs included in the measure of progress comprise external tool maker costs and internal direct engineering labour associated with the design, project management and validation of the tooling. Holding costs and other costs that do not depict the transfer of control to the customer are excluded from the measure of progress.

The Group considers the cost input method to provide a faithful depiction of performance, as the incurrence of costs is representative of the enhancement of the tooling and the transfer of control to the customer over time.

Some CTP contracts include both tooling and Manufacturing Solutions performance obligations. In these cases, the transaction price is allocated to each performance obligation based on the contractual arrangement and there is generally no significant variable consideration.

ii) Speciality segment:

The Speciality segment delivers precise and durable components for the safety and performance of aircraft manufacturing, aerospace and optical industries.

Control of manufactured finished goods transfers to customers on delivery. Therefore revenue is recognised at a point in time, on delivery of individual manufactured products to customers.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

5 Revenue from contracts with customers continued

b) Disaggregation of revenue

Continuing operations:	**CTP 2026 £000**	CTP 2025 £000	**Speciality 2026 £000**	Speciality 2025 £000	**Group total 2026 £000**	Group total 2025 £000
Major products/service lines						
Manufacturing Solutions	**88,487**	93,443	**15,994**	14,221	**104,481**	107,664
Design & Engineering	**9,730**	13,555	**–**	–	**9,730**	13,555
	98,217	106,998	**15,994**	14,221	**114,211**	121,219
Timing of revenue recognition						
Products transferred at a point in time	**88,487**	93,552	**15,994**	14,221	**104,481**	107,773
Products and services transferred over time	**9,730**	13,446	**–**	–	**9,730**	13,446
	98,217	106,998	**15,994**	14,221	**114,211**	121,219

Refer to note 3 for information on reliance on major customers.

c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2026 £000	2025 £000
Trade receivables	**14,488**	10,575
Contract assets	**1,816**	1,721
Contract liabilities	**(1,737)**	(1,624)
	14,567	10,672

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on its Design & Engineering contracts in the CTP segment.

Contract liabilities relate to the advance consideration received from customers before the related revenue has been recognised; this applies to Design & Engineering contracts in the CTP segment.

The following table provides information about revenue recognised in the current year that was included in the contract liability balance at the beginning of the year:

	2026 £000	2025 £000
Revenue recognised	**1,352**	2,831

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

5 Revenue from contracts with customers continued

d) Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are partially unsatisfied at the reporting date.

The Group is making use of the practical expedient not to include revenue on contracts with an original expected duration of one year or less.

Revenue expected to be recognised

	2027 £000	2028 £000
Design & Engineering	1,638	1,094

e) Significant payment terms

Design & Engineering contracts are invariably billed in several clearly identifiable stages, with standard payment terms being either 30 or 60 days. Typically, these are linked to key milestones being design, build and validate.

Billing of manufacturing product is typically on completion of particular production batches. Credit terms are usually negotiated between 30 and 60 days. Only pre-specified conditions would confer any right to the customer to return the product for a refund.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

6 Operating profit

Operating profit from continuing operations is arrived at as follows:

	2026 **£000**	2025 £000
Revenue	**114,211**	121,219
(Increase)/decrease in stocks of finished goods and work in progress	**(204)**	305
Raw materials and consumables	**42,667**	47,371
Personnel expenses (see note 7)	**34,833**	36,142
Impairment (credit)/loss on trade and other receivables, including contract assets (see note 17)	**(75)**	105
Amortisation of intangible assets	**107**	87
Depreciation of property, plant and equipment	**5,896**	6,456
Rent	**207**	82
Rates	**855**	703
Power	**3,126**	4,386
Carriage	**1,644**	1,585
Repairs and maintenance	**3,142**	2,437
Insurance	**1,535**	868
Computer costs	**2,803**	2,853
Gain on disposal of assets	**(14)**	–

	2026 **£000**	2025 £000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**350**	275
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	**258**	499
Audit-related assurance services	**35**	46
Total fees payable to Company's auditor	**643**	820
Fees payable to the Company's previous auditor for overruns in respect to the prior year	**200**	46
Total auditor's remuneration	**843**	866
Non-underlying items: (see note 8)		
Refinancing costs	**270**	2,137
Rationalisation costs	**225**	122
Insurance claim	**(159)**	–
Settlement of legacy claims	**–**	(1)
Total non-underlying items	**336**	2,258
Foreign exchange losses	**73**	133
Pension scheme administration costs	**700**	702
Other operating charges[1]	**3,473**	6,300
	101,947	113,639
Operating profit	**12,264**	7,580

1. Other operating charges includes other general costs relating to running the business, e.g. travel, welfare, telephone, training, printing and stationery etc.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

7 Personnel expenses

	2026 **£000**	2025 £000
Wages and salaries	**29,810**	30,725
Social security contributions	**3,227**	3,725
Charge in respect of defined contribution pension plans	**1,683**	1,248
Charge in respect of other pension plans	**–**	412
Share-based payments (see note 24)	**113**	32
	34,833	36,142

Redundancy costs arising from Group restructuring of £0.05 million (2025: £0.4 million) and £nil of other personnel costs (2025: £0.3 million) are excluded from the above analysis and are included within rationalisation costs, part of non-underlying items as set out in note 8.

Directors' remuneration and emoluments, which are included in this analysis, are described in the Directors' remuneration report on pages 61 to 75.

The Group recognised a net charge of £0.1 million in the consolidated income statement in the year to 31 March 2026 (2025: £0.03 million charge) for share-based payments. As well as adjusting for awards forfeited by leavers, the cumulative charge recognised over the vesting period requires adjustment to reflect the recalculated fair value of cash-settled share-based payments, and assessment of likely vesting for awards subject to non-market-based vesting conditions at each reporting date.

The average monthly number of persons employed by the Group during the year was as follows:

	2026 **Number of employees**	2025 Number of employees
By segment		
Central	**23**	21
CTP	**787**	846
Speciality	**97**	91
	907	958
By geographic location		
United Kingdom	**318**	325
North America	**244**	278
Rest of Europe	**100**	111
Rest of world	**245**	244
	907	958

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

8 Non-underlying items

	2026 **£000**	2025 £000
Refinancing costs	**(270)**	(2,137)
Rationalisation costs	**(225)**	(122)
Net proceeds of insurance claim	**159**	–
Settlement of legacy claims	**–**	1
	(336)	(2,258)
	(336)	(2,258)

The cash element of non-underlying items is a net outflow of £0.01 million (2025: £3.3 million).

£0.3 million refinancing costs, incurred in 2026, are costs arising as a result of the Group having refinanced with BZ Commercial Finance DAC ("BZ"), which are not deemed by the Group as directly attributable to the refinancing arrangement and have not therefore been capitalised against the BZ loan balance. These are mostly costs incurred as a result of the accelerated charge of the remaining HSBC costs which were expensed when the loans were repaid. Refinancing costs in the prior periods were legal and professional costs incurred by the Group up until 14 February 2025, on which date the Carclo plc Board of Directors agreed BZ as the preferred lender with whom the Group subsequently completed its refinancing on 24 April 2025.

Current period rationalisation costs are non-underlying pension administration costs. Rationalisation costs of £0.1 million in the prior period relate to the restructuring of the Group. This is largely costs and credits arising from the US facility closures as part of the turnaround plan and includes the following: £0.7 million employee-related costs for severance and retention bonuses, £0.4 million other closure-related costs including costs to relocate plant and equipment, less £1.0 million of balance sheet credits, being £0.7 million provisions and property lease liabilities released following surrender of the leased properties at the Tucson, Arizona facility and £0.3 million for the reversal of asset provisions booked at 31 March 2024 no longer required.

An insurance claim was processed for damage following a break-in at the Bruntons location; an amount of £0.2 million proceeds net of restitution costs has been received in the period ended 31 March 2026. The credit in the prior period on settlement of legacy claims is the release of provisions booked for specific claims that have not been fully utilised following final settlement.

9 Finance income and expense

	2026 **£000**	2025 £000
Finance income comprises:		
Interest receivable on cash and cash deposits	**46**	535
Other interest	**–**	36
Finance income	**46**	571
Finance expense comprises:		
Interest payable on bank loans and overdrafts	**(3,766)**	(3,075)
Lease interest	**(458)**	(679)
Interest on the net defined benefit pension liability	**(2,711)**	(1,745)
Other interest	**(543)**	–
Finance expense	**(7,478)**	(5,499)
Net finance expense	**(7,432)**	(4,928)

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

10 Income tax (expense)/credit

The income tax (expense)/credit recognised in the consolidated income statement comprises:

	2026 **£000**	2025 £000
United Kingdom corporation tax:		
Corporation tax on losses for the current year	**26**	–
Current tax	**–**	–
Adjustments for prior years	**(26)**	(13)
Overseas taxation:		
Current tax	**(1,245)**	(1,379)
Adjustments for prior years	**91**	(1)
Total current tax net expense	**(1,154)**	(1,393)
Deferred tax		
Deferred tax	**(918)**	(409)
Adjustments for prior years	**(69)**	13
Rate change	**4**	9
Total deferred tax expense – see note 20	**(983)**	(387)
Total income tax expense recognised in the consolidated income statement	**(2,137)**	(1,780)

Reconciliation of tax (expense)/credit for the year

The Group has reported an effective tax rate[1] for the period of 44.2% (2025: 67.1%) which is above the standard rate of UK corporation tax of 25% (2025: 25%).

The differences are explained as follows:

	2026		2025	
	£000	**%**	£000	%
Profit before tax	**4,832**		2,652	
Income tax using standard rate of UK corporation tax of 25% (2025: 25%)	**(1,208)**	**(25.0)**	(663)	(25.0)
Expenses not deductible for tax purposes	**(306)**	**(6.3)**	(221)	(8.3)
Income not taxable	**102**	**2.1**	66	2.5
Adjustments in respect of overseas tax rates	**290**	**6.0**	127	4.8
Unprovided deferred tax movement	**(787)**	**(16.3)**	(654)	(24.7)
Adjustment to current tax in respect of prior periods (UK and overseas)	**117**	**2.4**	(14)	(0.5)
Adjustments to deferred tax in respect of prior periods (UK and overseas)	**(69)**	**(1.4)**	13	0.5
Foreign taxes expensed in the UK	**(295)**	**(6.1)**	(434)	(16.4)
Rate change on deferred tax	**4**	**0.1**	9	0.3
Foreign exchange currency loss	**15**	**0.3**	(9)	(0.3)
Total income tax expense	**(2,137)**	**(44.2)**	(1,780)	(67.1)

1. See the glossary on page 167.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

10 Income tax (expense)/credit continued

Tax on items credited outside of the consolidated income statement

	2026 £000	2025 £000
Recognised in other comprehensive income:		
Foreign exchange movements	**(1)**	13
Total income tax credited to other comprehensive income – see note 20	**(1)**	13

11 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent company divided by the weighted average number of ordinary shares outstanding during the year.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent company divided by the weighted average number of ordinary shares outstanding during the year (adjusted for dilutive options).

The result and average number of shares used in calculating the basic and diluted earnings per share are shown below.

	2026 £000	2025 £000
Profit after tax	**2,695**	872
Profit attributable to non-controlling interests	**–**	–
Profit attributable to equity holders of the parent	**2,695**	872

	2026 Shares	2025 Shares
Weighted average number of ordinary shares in the year	**73,419,193**	73,419,193
Effect of dilutive share options in issue[1]	**923,712**	546,306
Weighted average number of ordinary shares (diluted) in the year for underlying earnings per share calculation[2]	**74,342,905**	73,965,499

1. There are 15,974 vested shares outstanding that are not yet issued. 806,729 share options granted on 21 September 2023, 57,990 share options granted on 9 September 2025 under the Deferred Bonus Plan 2025 and 43,063 share options granted on 9 September 2025 are included in the calculation of the weighted average number of dilutive shares for earnings per share in the current year.
2. See the glossary on page 167.

In addition to the above, the Company also calculates an earnings per share based on underlying profit as the Board believes this provides a more useful comparison of business trends and performance.

The following table reconciles the Group's profit to underlying profit used in calculating underlying earnings per share:

	2026 £000	2025 £000
Profit attributable to equity holders of the parent	**2,695**	872
Non-underlying – refinancing costs, net of tax	**270**	2,096
Non-underlying – rationalisation and restructuring costs, net of tax	**216**	173
Non-underlying – settlement in respect to legacy claims, net of tax	**–**	(1)
Non-underlying – insurance proceeds from Bruntons, net of tax	**(159)**	–
Underlying profit after tax, attributable to equity holders of the parent	**3,022**	3,140

The following table reconciles the Group's underlying profit after tax attributable to equity holders of the parent:

	2026 £000	2025 £000
Underlying operating profit	**12,600**	9,838
Finance income	**46**	571
Finance expense	**(7,478)**	(5,499)
Income tax expense	**(2,146)**	(1,770)
Underlying profit after tax attributable to equity holders of the parent	**3,022**	3,140

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

11 Earnings per share continued

The following table summarises the earnings per share figures based on the above data:

	2026 **Pence**	2025 Pence
Basic earnings per share	**3.7**	1.2
Diluted earnings per share	**3.6**	1.2
Basic underlying earnings per share	**4.1**	4.3
Diluted underlying earnings per share	**4.1**	4.2

12 Dividends paid and proposed

The current focus is on cash flow generation to support strategic growth and with the Company currently having insufficient distributable reserves, no dividend is proposed in respect of the year ended 31 March 2026 (2025: nil). The Board will continue to review the Group financial performance, capital allocation and reserves regularly to determine the appropriate time for dividend payments.

Under the terms of the previous HSBC borrowing facility agreement, in place up to the BZ refinancing completed in April 2025, the Company was not permitted to make a dividend payment to shareholders up to the period ending 31 December 2025. Under the BZ borrowing facility agreement, dividend payments are permitted, but they require prior approval of the lender.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

13 Intangible assets

	Goodwill £000	Patents and development costs £000	Customer-related intangibles £000	Computer software £000	Total £000
Cost					
Balance at 31 March and 1 April 2024	23,131	16,802	588	1,681	42,202
Additions	–	–	–	49	49
Disposals	–	–	–	(307)	(307)
Effect of movements in foreign exchange	(339)	–	–	(7)	(346)
Balance at 31 March and 1 April 2025	**22,792**	**16,802**	**588**	**1,416**	**41,598**
Additions	**–**	**–**	**–**	**333**	**333**
Reclassification of assets under construction from PPE	**–**	**–**	**–**	**208**	**208**
Disposals	**–**	**–**	**–**	**–**	**–**
Effect of movements in foreign exchange	**285**	**–**	**–**	**(1)**	**284**
Balance at 31 March 2026	**23,077**	**16,802**	**588**	**1,956**	**42,423**
Amortisation					
Balance at 31 March and 1 April 2024	1,104	16,802	588	1,511	20,005
Amortisation for the year	–	–	–	87	87
Disposals	–	–	–	(307)	(307)
Effect of movements in foreign exchange	18	–	–	(6)	12
Balance at 31 March and 1 April 2025	**1,122**	**16,802**	**588**	**1,285**	**19,797**
Amortisation for the year	**–**	**–**	**–**	**107**	**107**
Disposals	**–**	**–**	**–**	**–**	**–**
Effect of movements in foreign exchange	**(10)**	**–**	**–**	**(2)**	**(12)**
Balance at 31 March 2026	**1,112**	**16,802**	**588**	**1,390**	**19,892**
Carrying amounts					
At 1 April 2024	22,027	–	–	170	22,197
At 31 March 2025	21,670	–	–	131	21,801
At 31 March 2026	**21,965**	**–**	**–**	**566**	**22,531**

During the year, the Group has incurred research and development costs of £0.3 million (2025: £0.2 million) which did not meet the criteria to be capitalised and have been included within operating expenses in the consolidated income statement.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

13 Intangible assets continued

Impairment tests for cash generating units containing goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill is allocated to the Group's principal CGUs, being the operating segments described in the operating segment descriptions in note 3.

The carrying value of goodwill at 31 March 2026 and 31 March 2025 is allocated wholly to the CTP cash generating unit as follows:

	2026 **£000**	2025 £000
CTP	**21,965**	21,670

At 31 March 2026, the recoverable amount of the CTP CGU was determined using a value in use calculation, which exceeded the carrying amount of the CGU by £53.5 million (31 March 2025: £33.3 million). Accordingly, no impairment of goodwill was identified.

The value in use calculation is based on cash flow projections derived from the Group's Board-approved strategic plan covering a three-year period. Cash flows for years four and five have been assumed to remain at year three levels, reflecting a prudent transition to a steady-state operating position. A terminal value has then been calculated using long-term growth rates ranging from 1.5% to 4.0% (31 March 2025: 0.6% to 4.5%), depending on the market served. These growth rates do not exceed management's long-term expectations for the relevant markets.

Future cash flows have been discounted using pre-tax discount rates appropriate to the markets in which the CGU operates, with a weighted average pre-tax discount rate of 17.0% (31 March 2025: 17.1%). The discount rates are derived from the Group's weighted average cost of capital and reflect market-specific risks and the time value of money.

The key assumptions underpinning the assessment relate to forecast revenue growth, operating margins, long-term growth rates and discount rates. These assumptions are based on management's expectations of future trading performance, taking into account historical experience, current trading conditions and the Group's strategic plans.

Sensitivity analysis has been performed on the key assumptions used in the value in use calculation. All other assumptions remaining unchanged, an increase in the pre-tax discount rate from 17.0% to 30.5% (31 March 2025: 17.1% to 24.2%), a 12.1% reduction in forecast revenue or a reduction in forecast EBIT of 33.5% (31 March 2025: 31.5%) would reduce the headroom of the CTP CGU to £nil. No reasonably possible change in any other key assumption would cause the carrying amount of the CGU to exceed its recoverable amount.

14 Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Total £000
Cost			
Balance at 1 April 2024	47,235	76,555	123,790
Additions	1,504	944	2,448
Disposals	(4,580)	(4,501)	(9,081)
Effect of movements in foreign exchange	(787)	(931)	(1,718)
Balance at 31 March and 1 April 2025	**43,372**	**72,067**	**115,439**
Additions	**934**	**2,374**	**3,308**
Disposals	**(12)**	**(1,132)**	**(1,144)**
Reassessment of lease value	**(697)**	**21**	**(676)**
Reclassification of assets under construction to intangibles	**–**	**(208)**	**(208)**
Effect of movements in foreign exchange	**(67)**	**(404)**	**(471)**
Balance at 31 March 2026	**43,530**	**72,718**	**116,248**
Depreciation and impairment losses			
Balance at 1 April 2024	23,579	59,810	83,389
Depreciation charge for the year	3,357	3,099	6,456
Disposals	(4,514)	(4,414)	(8,928)
Reversal of impairment	–	(209)	(209)
Effect of movements in foreign exchange	(407)	(704)	(1,111)
Balance at 31 March and 1 April 2025	**22,015**	**57,582**	**79,597**
Depreciation charge for the year	**3,020**	**2,876**	**5,896**
Disposals	**(12)**	**(1,108)**	**(1,120)**
Effect of movements in foreign exchange	**57**	**(429)**	**(372)**
Balance at 31 March 2026	**25,080**	**58,921**	**84,001**
Carrying amounts			
At 1 April 2024	23,656	16,745	40,401
At 1 April 2025	21,357	14,485	35,842
At 31 March 2026	**18,450**	**13,797**	**32,247**

Property, plant and equipment includes right-of-use assets as set out in note 4.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

15 Inventories

	2026 £000	2025 £000
Raw materials and consumables	**4,745**	4,680
Work in progress	**910**	894
Finished goods	**5,374**	4,354
	11,029	9,928

The value of inventories is stated after impairment for obsolescence and write downs to net realisable value of £0.7 million (2025: £0.5 million). Cost of inventories recognised as an expense which are included as a part of cost of sales are set out in note 6.

16 Contract assets

	2026 £000	2025 £000
Contract assets – amounts due within one year	**1,742**	1,551
Contract assets – amounts due in more than one year	**74**	170
	1,816	1,721

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets.

To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and are therefore not past due. The Group has reviewed the risk characteristics and considers them to be the same as the trade receivables not past due for the same types of contracts. The Group has concluded that the expected loss rates for contract assets in both the current and prior year would be immaterial.

Against an opening contract asset balance of £1.7 million at 31 March 2025, £1.4 million has been invoiced during the year to 31 March 2026.

17 Trade and other receivables

	2026 £000	2025 £000
Amounts due within one year		
Trade receivables	**14,488**	10,764
Less impairment provisions	**(70)**	(189)
	14,418	10,575
Prepayments	**2,397**	3,761
Other debtors	**1,532**	1,323
Trade and other receivables – due within one year	**18,347**	15,659
Amounts due after one year		
Other debtors and prepayments	**540**	594
Trade and other receivables – due after one year	**540**	594

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

17 Trade and other receivables continued

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 31 March 2026 was determined as follows for trade receivables:

	2026			2025		
	Gross carrying amount £000	**Loss allowance £000**	**Expected loss rate %**	Gross carrying amount £000	Loss allowance £000	Expected loss rate %
Not past due	**12,824**	**67**	**0.5%**	9,668	110	1.1%
Past due 0 - 30 days	**1,456**	**1**	**0.1%**	913	3	0.3%
Past due 31 - 60 days	**136**	**–**	**0.0%**	107	4	3.7%
Past due 61 - 120 days	**70**	**–**	**0.0%**	21	17	81.0%
More than 120 days	**2**	**2**	**100.0%**	55	55	100.0%
	14,488	**70**	**0.5%**	10,764	189	1.8%

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2026 £000	2025 £000
Balance at 1 April	**189**	694
Amounts written off	**(44)**	(610)
Net measurement of loss allowance	**(75)**	105
Balance at 31 March	**70**	189

18 Cash and cash deposits

	2026 £000	2025 £000
Cash at bank and in hand	**5,769**	10,745
	5,769	10,745

At 31 March 2026, £1.5 million cash was held on deposit (2025: £1.4 million).

The above figure reconciles to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2026 £000	2025 £000
Balance as above	**5,769**	10,745
Bank overdrafts (see note 19)	**–**	(765)
Balance per statement of cash flows	**5,769**	9,980

Until 26 March 2025, the Group had a net UK multi-party, multi-currency overdraft facility with a £nil net limit and a £12.5 million gross limit per party. Since that date, the Group does not have an overdraft facility available. At 31 March 2025, Carclo plc was briefly overdrawn due to timing of cash flows; however, the balance was immediately repaid on 1 April 2025, with no adverse consequence. The overdraft of £0.8 million from the year ended 31 March 2025 is presented within note 19.

Restricted cash totalled £0.2 million at 31 March 2026 (2025: £0.1 million).

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

19 Loans and borrowings

	2026 £000	2025 £000
Current		
Bank overdrafts	**–**	765
Bank loans:		
Term loan	**3,985**	21,233
Revolving credit facility	**1,189**	–
Lease liabilities:		
Land and buildings	**1,178**	1,642
Plant and equipment	**1,150**	1,116
Other loans:		
Other	**66**	88
	7,568	24,844
Non-current		
Bank loans repayable between one and two years:		
Term loan	**19,684**	–
Revolving credit facility	**(226)**	–
Lease liabilities:		
Land and buildings	**2,120**	2,981
Plant and equipment	**498**	2,027
Other loans:		
Other loans repayable between one and two years	**32**	66
Other loans repayable between two and five years	**–**	31
	22,108	5,105
Total loans and borrowings	**29,676**	29,949

On 24 April 2025, the Group concluded the refinancing of its primary external borrowing facility with a three-year multi-currency borrowing facility agreement with BZ Commercial Finance DAC ("BZ"), comprising a term loan facility of £27.0 million and a revolving credit facility of £9.0 million. At commencement, £29.9 million was borrowed under the BZ facility, of which £26.8 million was drawn under the term loan and £3.1 million was drawn under the revolving credit facility. £21.3 million was paid to discharge all amounts owing under the previous borrowing arrangement with HSBC, including accrued interest, and £5.1 million of additional contributions were paid to the Group's defined benefit pension scheme, allowing securitised assets marked in favour of the pension scheme to be reassigned to the new lender.

The BZ facility is an asset-based lending arrangement with drawings permitted against the value of various classes of assets held by the UK and US businesses. Of the £27.0 million term loan element, £8.0 million is designated against the value of owned land and buildings, £5.0 million is designated against the value of owned plant and machinery and the balance of £14.0 million is designated as a cash flow loan that is non-asset specific. Of the £9.0 million revolving credit facility, £7.0 million is designated against the value of trade receivables and £2.0 million against the value of inventory.

The facility permits borrowings in GBP, EUR and USD. The named Group companies currently permitted to borrow under the facility are Carclo plc, Carclo Technical Plastics Limited and Bruntons Aero Products Limited. Group companies subject to cross guarantees under the BZ facility are the named borrowing companies and material subsidiaries, as defined in the facility agreement.

Repayments on the term loan commenced in November 2025. At 31 March 2026, balances of the term loan and the revolving credit facility were respectively: £23.7m and £1m.

Interest is calculated at SONIA, SOFR or €STR for loans denominated in GBP, USD or EUR respectively, plus a margin of 4.5% for the receivables facility, 6.0% for the inventory, plant and machinery and property facilities, and 7.5% for the cash flow facility. In addition, 2.0% is payable on the undrawn portion of the £9.0 million revolving credit facility.

Bank facilities at 31 March 2026 were subject to three monthly covenant tests as follows:

1. minimum EBITDA;
2. fixed charge ratio cover; and
3. CAPEX.

Further details of the covenants can be found in note 1.

The Group has complied with the financial covenants of its borrowing facilities during the financial reporting period.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

19 Loans and borrowings continued

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank overdraft £000	Term loan £000	Revolving credit facility £000	Lease liabilities £000	Other loans £000	Total £000
Balance at 1 April 2024	4,479	23,682	300	11,167	282	39,910
Changes from financing cash flows						
Transaction costs associated with the issue of debt	–	(150)	–	–	–	(150)
Repayment of borrowings	–	(2,225)	(300)	(4,907)	(95)	(7,527)
Changes in bank overdraft	(4,184)	–	–	–	–	(4,184)
Interest paid	470	–	–	–	–	470
	(3,714)	(2,375)	(300)	(4,907)	(95)	(11,391)
Effect of changes in foreign exchange rates	–	(371)	–	(161)	(2)	(534)
Liability-related other changes						
Drawings on new facilities	–	–	–	1,327	–	1,327
Reassessment of lease liability	–	–	–	–	–	–
Termination of facilities	–	–	–	(339)	–	(339)
Interest expense – presented within non-underlying items	–	–	–	–	–	–
Interest expense – presented within finance expense	–	297	–	679	–	976
	–	297	–	1,667	–	1,964
Equity-related other changes	–	–	–	–	–	–
Balance at 1 April 2025	765	21,233	–	7,766	185	29,949

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

19 Loans and borrowings continued

Reconciliation of movements of liabilities to cash flows arising from financing activities continued

	Bank overdraft £000	Term loan £000	Revolving credit facility £000	Lease liabilities £000	Other loans £000	Total £000
Balance at 1 April 2025	765	21,233	–	7,766	185	29,949
Changes from financing cash flows						
Drawings on new facilities	**–**	**26,812**	**3,099**	**–**	**–**	**29,911**
Transaction costs associated with the issue of debt	**–**	**(1,908)**	**(636)**	**–**	**–**	**(2,544)**
Repayment of HSBC facility	**–**	**(21,255)**	**–**	**–**	**–**	**(21,255)**
Repayment of borrowing	**(765)**	**(1,877)**	**(1,698)**	**(3,431)**	**(63)**	**(7,834)**
Changes in bank overdraft	**–**	**–**	**–**	**–**	**–**	**–**
Interest paid	**–**	**–**	**–**	**–**	**–**	**–**
	(765)	**1,772**	**765**	**(3,431)**	**(63)**	**(1,722)**
Effect of changes in foreign exchange rates	**–**	**(171)**	**–**	**43**	**(24)**	**(152)**
Liability-related other changes						
Drawings on new facilities	**–**	**–**	**–**	**786**	**–**	**786**
Reassessment of lease liability	**–**	**–**	**–**	**(676)**	**–**	**(676)**
Amortisation of transaction costs – presented within finance expense	**–**	**645**	**198**	**–**	**–**	**843**
Amortisation of transaction costs – presented within non-underlying items	**–**	**190**	**–**	**–**	**–**	**190**
Interest expense	**–**	**–**	**–**	**458**	**–**	**458**
	–	**835**	**198**	**568**	**–**	**1,601**
Equity-related other changes	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2026	**–**	**23,669**	**963**	**4,946**	**98**	**29,676**

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

20 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2026 £000	2025 £000
Assets:		
Property, plant and equipment	**328**	323
Short-term timing differences	**137**	286
Tax losses	**800**	648
Offset with deferred tax liabilities	**(1,182)**	(616)
Deferred tax assets	**83**	641
Liabilities:		
Intangible assets	**(2,417)**	(2,441)
Property, plant and equipment	**(1,758)**	(854)
Short-term timing differences	**(80)**	(71)
Tax losses	**–**	–
Foreign tax on undistributed foreign profits	**(394)**	(291)
Offset with deferred tax assets	**1,182**	616
Deferred tax liabilities	**(3,467)**	(3,041)
Net deferred tax liability	**(3,384)**	(2,400)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2026 £000	2025 £000
Tax losses – trading	**6,460**	5,997
Tax losses – capital	**50**	50
Tax losses – non-trading	**914**	737
Property, plant and equipment	**2,969**	3,021
Short-term timing differences	**2,378**	1,616
Employee benefits	**11,947**	12,936
	24,718	24,357

Deferred tax assets have not been recognised on the balance sheet to the extent that the underlying timing differences are not expected to reverse. The nature of the tax regimes in certain regions in which the Group operates are such that tax losses may arise even though the business is profitable. This situation is expected to continue in the medium term.

Capital losses will be recognised at the point when a transaction gives rise to an offsettable capital gain; this was not the case at 31 March 2026. Similarly, non-trading losses will only be utilised against future non-trading profits. No such non-trading profits are foreseen at 31 March 2026.

At 31 March 2026, £0.4 million of deferred tax liabilities were recognised for taxes that would be deductible on the unremitted earnings of the Group's overseas subsidiary undertakings (2025: £0.3 million). As the Group policy is to continually reinvest in those businesses, provision has not been made against unremitted earnings that are not planned to be remitted. If all earnings were remitted it is estimated that £0.6 million of additional tax would be payable (2025: £0.7 million).

Deferred tax assets and liabilities at 31 March 2026 have been calculated based on the rates substantively enacted at the balance sheet date.

The main rate of corporation tax became 25% from 1 April 2023. Deferred tax on future UK balances has been calculated based on this rate. Overseas taxes are calculated at the rates prevailing in the respective jurisdictions.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

20 Deferred tax assets and liabilities continued

Reconciliation of movement in net recognised deferred tax liabilities

	Balance as at 1 April 2025 £000	**Recognised in income £000**	**Recognised in other comprehensive income £000**	**Balance as at 31 March 2026 £000**
Property, plant and equipment	(531)	**(872)**	**(26)**	**(1,429)**
Intangible assets	(2,441)	**–**	**24**	**(2,417)**
Short-term timing differences	215	**(157)**	**(1)**	**57**
Tax losses	648	**149**	**2**	**799**
Foreign tax on undistributed foreign profits	(291)	**(103)**	**–**	**(394)**
	(2,400)	**(983)**	**(1)**	**(3,384)**

	Balance as at 1 April 2024 £000	Recognised in income £000	Recognised in other comprehensive income £000	Balance as at 31 March 2025 £000
Property, plant and equipment	(553)	23	(1)	(531)
Intangible assets	(2,475)	–	34	(2,441)
Short-term timing differences	1,045	(830)	–	215
Tax losses	76	591	(19)	648
Foreign tax on undistributed foreign profits	(119)	(171)	(1)	(291)
	(2,026)	(387)	13	(2,400)

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21 Retirement benefit obligations

The Group operates a UK defined benefit pension scheme which provides pensions based on service and final pay. Outside of the UK, retirement benefits are determined according to local practice and funded accordingly.

In the UK, Carclo plc sponsors the Carclo Group Pension Scheme (the "Scheme"), a funded defined benefit pension scheme which provides defined benefits for some of its members. This is a legally separate, trustee-administered fund holding the Scheme's assets to meet long-term pension liabilities for some 2,269 current and past employees as at 31 March 2026.

The Trustee of the Scheme is required to act in the best interest of the Scheme's beneficiaries. The appointment of the Trustee is determined by the Scheme's trust documentation. For the year ended 31 March 2026 the Trustees currently comprised of two Company nominated trustees (of which one is an independent professional Trustee and one is the Independent professional Chairperson) as well as one member-nominated trustee. As at 1 April 2026 the Trustee is a sole independent professional trustee and PAN Sole Trustees Limited was appointed in this role on 1 April 2026. The Trustee is also responsible for the investment of the Scheme's assets.

The Scheme provides pensions and lump sums to members on retirement and to their dependants on death. The level of retirement benefit is principally based on final pensionable salary prior to leaving active service and is linked to changes in inflation up to retirement. The defined benefit section is closed to new entrants who instead have the option of entering into the defined contribution section of the Scheme, and the Group has elected to cease future accrual for existing members of the defined benefit section such that members who have not yet retired are entitled to a deferred pension.

The Company currently pays contributions to the Scheme as determined by regular actuarial valuations. The trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions that support the IAS 19 calculation must be best estimates.

The Scheme is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

A full actuarial valuation was carried out as at 31 March 2024 in accordance with the scheme funding requirements of the Pensions Act 2004. The funding of the Scheme is agreed between the Group and the trustees in line with those requirements. These, in particular, require the surplus or deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions. The 31 March 2024 actuarial valuation showed a deficit of £64.5 million (31 March 2021 actuarial valuation deficit: £82.8 million). Under the recovery plan agreed with the trustees following the 2024 valuation, the Group agreed that it would aim to eliminate the deficit, over a period of 13 years and 7 months commencing 1 April 2024 and continuing until 31 October 2037, by the payment of annual contributions combined with the assumed asset returns in excess of gilt yields. The trustees and the Group have agreed that contributions will be paid to the Scheme as follows: £3.5 million per annum payable monthly for a period of five years from 1 April 2024 to 31 March 2029 and £5.75 million per annum payable monthly for a period of eight years and seven months from 1 April 2029 to 31 October 2037, plus £5.1 million as a one-off lump sum payment on 24 April 2025. These contributions include an allowance of £0.6 million in respect of the expenses of running the Scheme and the Pension Protection Fund ("PPF") levy in years ending 31 March 2026 onwards.

At each triennial valuation, the schedule of contributions is reviewed and reconsidered between the employer and the trustees; the next review being no later than by 30 June 2028 after the results of the 31 March 2027 triennial valuation are known.

On 14 August 2020, security was granted by certain Group companies to the Scheme trustees. As at 31 March 2025, the gross value of the assets secured, which includes applicable intra-group balances, goodwill and investments in subsidiaries at net book value in the relevant component companies' accounts, but which eliminate in the Group upon consolidation, amounted to £122.8 million. Excluding the assets which eliminate in the Group upon consolidation, the value of the security was £30.5 million. This security was released in 2026 following the payment of a £5.1 million lump sum payment.

For the purposes of IAS 19, the results of the actuarial valuation as at 31 March 2025, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 31 March 2026. There have been no changes in the valuation methodology adopted for this year's disclosures compared to the previous year's disclosures.

The Scheme exposes the Group to actuarial risks and the key risks are set out in the table presented below. In each instance these risks would detrimentally impact the Group's statement of financial position and may give rise to increased interest costs in the Group income statement. The trustees could require higher cash contributions or additional security from the Group.

The trustees manage governance and operational risks through a number of internal controls policies, including a risk register and integrated risk management.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21 Retirement benefit obligations continued

Risk	Description	Mitigation
Investment risk	Weaker than expected investment returns result in a worsening in the Scheme's funding position.	The trustee continually monitors investment risk and performance and dedicates specific time at each meeting for such duties. In addition, specific investment-focused meetings, which include a Group representative, take place to consider investment strategy. The trustee is advised by professional investment advisors. The Scheme currently invests approximately 60% of its asset value in liability-driven investments and cash flow matching credit funds, 28% in a portfolio of diversified growth funds and 12% in cash and liquidity funds. The objective of the growth portfolio is that in combination, the matching credit, liability-driven investments and cash components generate sufficient return to meet the overall portfolio return objective.
Interest rate risk	A decrease in corporate bond yields increases the present value of the IAS 19 defined benefit obligations. A decrease in gilt yields results in a worsening in the Scheme's funding position.	The trustee's investment strategy includes investing in liability-driven investments and bonds whose values increase with decreases in interest rates. At the end of the Group's accounting period, the strategy targets that 75% of the Scheme's liabilities are hedged on the Scheme's technical provisions basis against interest rates using liability-driven investments. It should be noted that the Scheme hedges interest rate risk on a statutory and long-term funding basis (gilts) whereas AA corporate bonds are implicit in the IAS 19 discount rate and so there is some mismatching risk to the Group should yields on gilts and corporate bonds diverge.
Inflation risk	An increase in inflation results in higher benefit increases for members which in turn increases the Scheme's liabilities.	The trustee's investment strategy at the end of the Group's accounting period included investing in liability-driven investments which will move with inflation expectations with approximately 75% of the Scheme's inflation-linked liabilities being hedged on the Scheme's technical provisions basis. The growth assets held are expected to provide protection over inflation in the long term.
Mortality risk	An increase in life expectancy leads to benefits being payable for a longer period which results in an increase in the Scheme's liabilities.	The Scheme actuary provides regular updates on mortality, based on scheme experience, and the assumption continues to be reviewed.

The amounts recognised in the statement of financial position in respect of the defined benefit scheme were as follows:

	2026 **£000**	2025 £000
Present value of funded obligations	**(129,711)**	(133,155)
Fair value of Scheme assets	**82,926**	81,412
Recognised liability for defined benefit obligations	**(46,785)**	(51,743)

The present value of Scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out of the Scheme using the projected unit credit method. The value calculated in this way is reflected in the net liability in the statement of financial position as shown above.

The projected unit credit method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The accumulated benefit obligation is an alternative actuarial measure of the Scheme's liabilities whose calculation differs from that under the projected unit credit method in that it includes no assumption for future earnings increases. In this case, as the Scheme is closed to future accrual, the accumulated benefit obligation is equal to the valuation using the projected unit credit method.

All actuarial remeasurement gains and losses will be recognised in the year in which they occur in other comprehensive income.

The cumulative remeasurement net loss reported in the statement of comprehensive income since 1 April 2004 is £69.3 million.

IFRIC 14 has no effect on the figures disclosed because the Company has an unconditional right to a refund under the resulting trust principle.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21 Retirement benefit obligations continued

Movements in the net liability for defined benefit obligations recognised in the consolidated statement of financial position

	2026 £000	2025 £000
Net liability for defined benefit obligations at the start of the year	**(51,743)**	(37,186)
Contributions paid	**8,600**	3,208
Net expense recognised in the consolidated income statement (see below)	**(3,693)**	(2,512)
Remeasurement gains/(losses) recognised in other comprehensive income	**51**	(15,253)
Net liability for defined benefit obligations at the end of the year	**(46,785)**	(51,743)

Movements in the present value of defined benefit obligations

	2026 £000	2025 £000
Defined benefit obligation at the start of the year	**133,155**	130,420
Interest expense	**7,230**	6,089
Actuarial loss due to scheme experience	**555**	5,809
Actuarial loss due to changes in demographic assumptions	**2,467**	11,051
Actuarial gain due to changes in financial assumptions	**(3,178)**	(10,332)
Benefits paid	**(10,518)**	(9,882)
Defined benefit obligation at the end of the year	**129,711**	133,155

There have been no plan amendments, curtailments or settlements during the year.

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions ("GMPs") accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The trustees of the plan will need to obtain legal advice covering the impact of the ruling on the plan, before deciding with the employer on the method to adopt. The legal advice will need to consider (among other things) the appropriate GMP equalisation solution, whether there should be a time limit on the obligation to make back-payments to members (the "look-back" period) and the treatment of former members (members who have died without a spouse and members who have transferred out for example).

In the year to 31 March 2020, the trustees commissioned scheme-specific calculations to determine the likely impact of the ruling on the Scheme. An allowance for the impact of GMP equalisation was included within the accounting figures for that year, increasing liabilities by 1.68%, and a resulting past service cost of £3.6 million was recognised in the income statement at that time. The Scheme has not yet implemented GMP equalisation and therefore the allowance made in 2019 has been maintained for accounting disclosures.

On 20 November 2020, the High Court issued a supplementary ruling in the Lloyds Bank GMP equalisation case with respect to members that have transferred out of their scheme prior to the ruling. The results mean that trustees are obliged to make top-up payments that reflect equalisation benefits and to make top-up payments where this was not the case in the past. Also, a defined benefit scheme that received a transfer is concurrently obliged to provide equalised benefits in respect to the transfer payments and, finally, there were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

The impact of this ruling was estimated to cost £0.2 million (approximately 0.1% of liabilities). This additional service cost was recognised through the income statement as a past service cost in the year ended 31 March 2021 and was presented within non-underlying items and therefore the impact of the ruling is allowed for in the figures presented at 31 March 2026.

During the year to 31 March 2024, the trustees of the Scheme identified that a group of members required an adjustment to their benefits in respect of the requirement to provide equal benefits to males and females following the Barber judgement in 1990. In summary, the adjustment consisted of decreasing the normal retirement age from 65 to 60 for some members' benefits, for some elements of service after 17 May 1990. This resulted in additional liabilities in the Scheme which were accounted for as a £1.0 million past service cost in the income statement, recognised as a non-underlying cost (approximately 0.8% of liabilities) in the year ended 30 March 2024.

In June 2023, the judgement in the Virgin Media v NTL Pension Trustees Limited case was handed down. The case decided that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate necessary. The case was subsequently reviewed by the Court of Appeal in July 2024 which upheld the High Court's decision. In June 2025, the Department for Work and Pensions ("DWP") confirmed that the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Further detail on the approach and process for this retrospective confirmation is expected to follow in due course. The decision has a wide range of implications, affecting other schemes that were contracted out on a salary-related basis, and made amendments between April 1997 and April 2016. Historic scheme amendments without the appropriate certification might now be considered invalid, leading to additional unforeseen liabilities.

The Carclo Group scheme was contracted out and amendments were made during the relevant period. As such, the ruling could have implications for the Company. Carclo has been supporting the trustees of the Scheme to begin the process of investigating any potential impact for the Scheme. This has included compiling a list of all the relevant deeds and amendments made over the relevant period and determining which of these could have a material impact on member benefits and identifying areas where further investigation is required.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21 Retirement benefit obligations continued

As the detailed investigation is currently ongoing, the amount of any potential impact on the defined benefit obligation cannot be confirmed and/or measured with sufficient certainty at 31 March 2026. As such, it is identified as a potential contingent liability at the 2026 year end. The situation will be reviewed again at the next reporting date when there may be further clarity. Until then, the Company and the trustees will continue to seek legal advice on the matter and will act accordingly.

The Scheme liabilities are split between active, deferred and pensioner members at 31 March as follows:

	2026 %	2025 %
Active	**–**	–
Deferred	**28**	27
Pensioners	**72**	73
	100	100

Movements in the fair value of Scheme assets

	2026 £000	2025 £000
Fair value of Scheme assets at the start of the year	**81,412**	93,234
Interest income	**4,519**	4,344
Loss on Scheme assets excluding interest income	**(105)**	(8,725)
Contributions by employer	**8,600**	3,208
Benefits paid	**(10,518)**	(9,882)
Expenses paid	**(982)**	(767)
Fair value of Scheme assets at the end of the year	**82,926**	81,412
Actual gain/(loss) on Scheme assets	**4,414**	(4,381)

The fair value of Scheme asset investments was as follows:

	2026 £000	2025 £000
Diversified growth funds	**23,470**	26,160
Bonds and liability-driven investment funds	**49,799**	52,011
Cash and liquidity funds	**10,182**	3,241
Less accrued fees	**(525)**	–
Total assets	**82,926**	81,412

None of the fair values of the assets shown include any of the Group's own financial instruments or any property occupied, or other assets used by, the Group.

All of the Scheme assets have a quoted market price in an active market with the exception of the trustees' bank account balance.

Diversified growth funds are pooled funds invested across a diversified range of assets with the aim of giving long-term investment growth with lower short-term volatility than equities.

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the Scheme are set out in the Statement of Investment Principles.

A proportion of the Scheme's assets is invested in the BMO LDI Nominal Dynamic LDI Fund and in the BMO LDI Real Dynamic LDI Fund which provides a degree of asset liability matching.

The net expense recognised in the consolidated income statement was as follows:

	2026 £000	2025 £000
Net interest on the net defined benefit liability	**2,711**	1,745
Scheme administration expenses	**982**	767
	3,693	2,512

The net expense recognised in the following line items in the consolidated income statement was as follows:

	Note	**2026 £000**	2025 £000
Charged to operating profit		**746**	482
Charged to non-underlying items	8	**236**	285
Other finance revenue and expense – net interest on the net defined benefit liability		**2,711**	1,745
		3,693	2,512

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21 Retirement benefit obligations continued

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were:

	2026 **%**	2025 %
Discount rate at 31 March	**5.95**	5.65
Future salary increases	**N/A**	N/A
Inflation (RPI) (non-pensioner)	**3.35**	3.2
Inflation (CPI) (non-pensioner)	**2.95**	2.7
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**3.3**	3.3
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	**2.8**	2.8
Allowance for pension in payment increases of RPI or 5% p.a. if less	**3.1**	3.0
Allowance for pension in payment increases of CPI or 3% p.a. if less	**2.25**	2.1
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	**3.75**	3.75
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 4% p.a.	**4.30**	4.30

The mortality assumptions adopted at 31 March 2026 are 127% of each of the standard tables S3PMA/S3PFA (2025: 127% of S3PMA/S3PFA respectively), year of birth, no age rating for males and females, projected using CMI_2025 (2025: CMI_2023) converging to 1.0% p.a. (2025: 1.0%) with a smoothing parameter 7.0% (2025: 7.0%).

	2026	2025
Life expectancy for a male (current pensioner) aged 65	**20 years**	19.3 years
Life expectancy for a female (current pensioner) aged 65	**21.7 years**	21.3 years
Life expectancy at 65 for a male aged 45	**20.9 years**	20.2 years
Life expectancy at 65 for a female aged 45	**22.9 years**	22.5 years

It is assumed that 80% of the post A-Day maximum for active and deferred members will be commuted for cash (2025: 80%).

Pension Increase Exchange take-up was estimated to be 40% on implementation in the year ended 31 March 2022; there has been no change made to this assumption nor to the 2021 bridging pension option take-up of 40%.

The pension scheme liabilities are derived using actuarial assumptions for inflation, future salary increases, discount rates, mortality rates and commutation. Due to the relative size of the Scheme's liabilities, small changes to these assumptions can give rise to a significant impact on the pension scheme deficit reported in the Group statement of financial position.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21 Retirement benefit obligations continued

The sensitivity to the principal actuarial assumptions of the present value of the defined benefit obligation is shown in the following table:

	2026 %	**2026 £000**	2025 %	2025 £000
Discount rate[1]				
Increase of 0.25% per annum	**(2.23%)**	**(2,892)**	(2.19%)	(2,913)
Decrease of 0.25% per annum	**2.32%**	**3,008**	2.27%	3,028
Decrease of 1.0% per annum	**9.86%**	**12,789**	9.66%	12,869
Inflation[2]				
Increase of 0.25% per annum	**0.63%**	**816**	0.46%	610
Increase of 1.0% per annum	**2.32%**	**3,010**	2.22%	2,951
Decrease of 1.0% per annum	**(2.32%)**	**(3,003)**	(2.25%)	(2,994)
Life expectancy				
Increase of 1 year	**3.83%**	**4,966**	4.03%	5,361

1. At 31 March 2026, the assumed discount rate is 5.95% (2025: 5.65%).
2. At 31 March 2026, the assumed rate of RPI inflation is 3.35% and CPI inflation 2.95% (2025: RPI 3.2% and CPI 2.7%).

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases.

The weighted average duration of the defined benefit pension obligation at 31 March 2026 is ten years (2025: ten years).

The life expectancy assumption at 31 March 2026 is based upon increasing the age rating assumption by one year (2025: one year).

Other than those specifically mentioned above, there were no changes in the methods and assumptions used in preparing the sensitivity analysis from the prior year.

The history of the Scheme's deficits and experience gains and losses is shown in the following table:

	2026 £000	2025 £000
Present value of funded obligation	**(129,711)**	(133,155)
Fair value of Scheme asset investments	**82,926**	81,412
Recognised liability for defined benefit obligations	**(46,785)**	(51,743)
Actual gain/(loss) on Scheme assets	**4,414**	(4,381)
Actuarial loss due to scheme experience	**(555)**	(5,809)
Actuarial losses due to changes in demographic assumptions	**(2,467)**	(11,051)
Actuarial gains due to changes in financial assumptions	**3,178**	10,332

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

22 Provisions

	2026		2025			
	Property dilapidation £000	**Total £000**	Tucson, US restructuring £000	Legacy health claims £000	Property dilapidation £000	Total £000
Balance at 1 April	**975**	**975**	709	12	900	1,621
Provision established in the year	**–**	**–**	–	–	75	75
Provisions used in the year	**–**	**–**	(261)	(11)	–	(272)
Provision released in the year	**–**	**–**	(448)	(1)	–	(449)
Effect of movements in foreign exchange	**(6)**	**(6)**	–	–	–	–
Balance at 31 March	**(969)**	**(969)**	–	–	975	975
Non-current	**(969)**	**(969)**	–	–	975	975
Current	**–**	**–**	–	–	–	–
	(969)	**(969)**	–	–	975	975

The amount of provision for dilapidation is management's best estimate of the cost per sq ft to make good the properties should they be vacated at any time in the future. The provisions are not discounted as the impact of discounting is not significant.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

23 Trade and other payables – falling due within one year

	2026 **£000**	2025 £000
Trade payables	**10,250**	9,697
Other taxes and social security costs	**696**	806
Other payables	**1,886**	1,830
Accruals	**5,123**	8,458
	17,955	20,791

24 Ordinary share capital

Ordinary shares of 5 pence each

	Number of shares	**£000**
Issued and fully paid at 31 March 2025 and 2026	**73,419,193**	**3,671**

There are 15,974 vested shares outstanding in respect of a buyout award granted to a former Director of the Company. These are yet to be issued.

There are 3,313,537 potential share options outstanding under the performance share plan at 31 March 2026 (2025: 3,113,862). 68,300 shares vested during the year to 31 March 2026 (2025: nil).

The Group operates a number of share schemes for certain employees of the Group, as follows:

- 2023 Long-Term Incentive Plan ("LTIP")
- 2025 Long-Term Incentive Plan ("LTIP")
- 2025 Deferred Bonus Plan ("DBP")

Conditional share awards have been granted to Executive Directors and senior managers within the Group under the above schemes. In addition, a number of managers have been granted conditional cash awards linked to the future value of Carclo plc shares, which also fall within the scope of IFRS 2 Share-based Payments .

The vesting conditions for the outstanding cash and equity awards are linked to continued employment and satisfaction of market-based and non-market-based performance conditions.

As required under IFRS 2, a charge is recognised for the conditional share awards and conditional cash awards granted under the PSP, and awards are valued using a Monte Carlo model and a Black-Scholes model. Additional awards granted to Executive Directors are subject to a two-year post-vesting holding period applicable to the post-tax number of shares acquired on vest. For these awards, a discount for lack of marketability ("DLOM") has been calculated using a Finnerty model.

Awards outstanding during the year ended 31 March 2026 under the performance share plan are as follows:

	Date granted	Number of shares	Price	Earliest date of vesting
2023 Long-Term Incentive Plan ("LTIP")	21 September 2023	2,355,000	nil	21 September 2026
2025 Long-Term Incentive Plan ("LTIP")	9 September 2025	750,000	nil	9 September 2028
2025 Deferred Bonus Plan ("DBP")	9 September 2025	208,537	nil	9 September 2027

There were two awards granted under the performance share plan in the year ended 31 March 2026, one under a deferred bonus scheme and one performance share plan award.

Deferred bonus scheme

Under the Group's Deferred Bonus Plan, Executive Directors are awarded an annual bonus, 70% achieved in cash and 30% is awarded in the form of shares, for which there is a compulsory holding period of two years and a requirement for continued employment before these fully vest to the employee ("deferred shares").

Deferred bonus scheme – date granted 9 September 2026	**2026** **Equity award**
Number of shares per tranche	**208,537**
Fair value at grant date	**N/A**
Share price at grant date	**59p**
Exercise price	**nil**
Risk-free rate	**N/A**
Expected volatility	**N/A**
Expected dividend yield	**0%**

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

24 Ordinary share capital continued

Long-Term Incentive Plans

Performance share plan – date granted 9 September 2025	2026 Equity award TSR	2026 Equity award EPS
Number of shares per tranche	**375,000**	**375,000**
Fair value at grant date	**7p**	**42p**
Share price at grant date	**53.5p**	**53.5p**
Exercise price	**0.0p**	**0.0p**
Risk-free rate	**4.00%**	**4.00%**
Expected volatility	**60.00%**	**60.00%**
Expected dividend yield	**0%**	**0%**

Restricted equity awards are subject to a two-year post-vesting holding period.

The equity and restricted equity awards issued under the performance share plan on 9 September 2025 have a split performance condition whereby half of the awards would vest after three years based on performance compared to total shareholder return ("TSR") and the remaining half would vest based on earnings per share ("EPS") performance. For those granted on 9 September 2025, 100% of the awards subject to the TSR performance condition will vest where the Company's average share price during the 60 days prior to vest (the "measurement period") is at least 125 pence and 0% vest if the average is lower than 65 pence, with options vesting in a straight-line apportionment between 65 pence and 120 pence.

100% of awards granted on 9 September 2025, subject to the EPS condition, will vest in full if Carclo plc's EPS for the financial year ending 31 March 2028 is at least 11.5 pence and 0% will vest if less than 7.5 pence. Between 11.5 pence and 7.5 pence, awards will vest on a straight-line apportionment.

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The amounts recognised in the income statement arising from equity-settled share-based payments was a charge of £0.1 million (2025: charge of £0.03 million).

The number and weighted average exercise price of the outstanding awards under the PSP are set out in the following table:

	2026 Weighted average exercise price pence	2026 Number of shares	2025 Weighted average exercise price pence	2025 Number of shares
Outstanding at 1 April	**–**	**3,129,836**	–	4,622,931
Lapsed during the year	**–**	**(690,562)**	–	(1,493,095)
Settled/exercised during the year	**–**	**(68,300)**	–	–
Granted during the year	**–**	**958,537**	–	–
Outstanding at the end of the year	**–**	**3,329,511**	–	3,129,836
Exercisable at 31 March		**15,974**		15,974
Weighted average remaining contractual life at 31 March		**0.98 years**		1.27 years

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

25 Reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Retained earnings

The Company maintains an employee share ownership plan for the benefit of employees and which can be used in conjunction with any of the Group's share option schemes. As at 31 March 2026, the plan held 3,077 of its own shares (31 March 2025: 3,077 shares). The original cost of these shares was £0.003 million (2025: £0.003 million). The cost of the shares was charged against the profit and loss account and is included in retained earnings.

26 Financial instruments

The Group's financial instruments comprise bank loans and overdrafts, cash and short-term deposits. These financial instruments are used for the purpose of funding the Group's operations. In addition, the Group has other financial instruments such as trade receivables, trade payables and lease liabilities which arise directly from its operational activities.

The Group is exposed to a range of financial risks as part of its day-to-day activities. These include credit risk, interest rate risk, liquidity risk and foreign currency risk.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or financial institution fails to meet its contractual obligations. The Group's credit risk is mainly attributable to its trade receivables which the Group mitigates by way of credit insurance. Credit insurance, covering insolvency, default and political risk, is sought for all customers where exposure is in excess of £0.02 million. Trade receivables are shown after making due provision for any credit loss provision.

The Group maintains any surplus cash balances on deposit accounts or legal offset accounts with the Group's principal bank, which has a high credit rating assigned by independent international credit rating agencies. In addition, the Group had undrawn revolving credit facilities of £9.0 million at 31 March 2026 (2025: £3.5 million).

The maximum exposure to credit risk as at 31 March was:

	2026 £000	2025 £000
Trade receivables, net of attributable impairment provisions (see note 17)	**14,418**	10,575
Cash and cash deposits (see note 18)	**5,769**	10,745
Contract assets (see note 16)	**1,816**	1,721
	22,003	23,041

Carclo is a worldwide supplier of components and systems. As a consequence, the Group's trade receivables and contract assets reside across a broad spectrum of countries with potentially higher attributable credit risk in certain territories. The following tables analyse the geographical location of trade receivables (net of attributable impairment provisions) and of contract assets:

	2026 £000	2025 £000
United Kingdom	**7,046**	1,008
Rest of Europe	**1,822**	3,432
North America	**4,040**	2,756
Rest of world	**1,510**	3,379
Trade receivables, net of attributable impairment provisions	**14,418**	10,575

	2026 £000	2025 £000
United Kingdom	**478**	178
Rest of Europe	**246**	533
North America	**1,041**	972
Rest of world	**51**	38
Contract assets, net of attributable impairment provisions	**1,816**	1,721

b) Interest rate risk

The Group's borrowings are on fixed and floating rate terms, no borrowings are non-interest bearing.

The interest rate profile of financial liabilities by currency of the Group as at 31 March was as follows:

	Fixed rate interest payable £000	**Floating rate interest payable £000**	**Total £000**
As at 31 March 2026			
Sterling	**1,851**	**18,899**	**20,750**
US dollar	**1,223**	**5,765**	**6,988**
Euro	**362**	**–**	**362**
Other	**1,510**	**66**	**1,576**
	4,946	**24,730**	**29,676**

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

26 Financial instruments continued

b) Interest rate risk continued

	Fixed rate interest payable £000	Floating rate interest payable £000	Total £000
As at 31 March 2025			
Sterling	3,033	7,588	10,621
US dollar	2,633	10,301	12,934
Euro	942	4,109	5,051
Other	1,343	–	1,343
	7,951	21,998	29,949

The interest rate profile of financial assets by currency of the Group as at 31 March was as follows:

	Floating rate interest receivable £000	**Non-interest bearing receivable £000**	**Total £000**
As at 31 March 2026			
Sterling	**685**	**907**	**1,592**
US dollar	**448**	**223**	**671**
Euro	**109**	**338**	**447**
Other	**263**	**2,796**	**3,059**
	1,505	**4,264**	**5,769**

	Floating rate interest receivable £000	Non-interest bearing receivable £000	Total £000
As at 31 March 2025			
Sterling	1,250	3,760	5,010
US dollar	–	2,395	2,395
Euro	84	1,460	1,544
Other	76	1,720	1,796
	1,410	9,335	10,745

During the year ended 31 March 2026, floating interest earned was from cash balances placed on money market deposits earning between 1.7% - 4.5%.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this risk by maintaining a mixture of term loans, revolving credit facilities and, until recently, short-term overdraft facilities which were established to ensure that adequate funding is available for its operating, investing and financing activities. Refer to note 19 for further details.

As detailed in note 19, at 31 March 2026, the Group had committed term loans outstanding of £23.7 million (2025: £21.2 million) and a committed revolving credit facility available of £9.0 million which was £1.0 million drawn (2025: £3.5 million facility, £nil drawn).

The Group's net debt at 31 March 2026 was £23.9 million (2025: £19.2 million). The net debt comprised £29.7 million interest-bearing loans and borrowings, see note 19, less £5.8 million cash and cash deposits, see note 18.

At 31 March 2026, the Group's term loan and revolving credit facilities are available in the UK.

The Group performs detailed, weekly, rolling 13-week cash flow forecasts to help manage its short-term liquidity risk. Additionally, the Board monitors a monthly twelve-month Group cash flow forecast, comparing it to internal targets and covenants and thresholds established with the Group's lenders.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

26 Financial instruments continued

c) Liquidity risk continued

The maturity of financial liabilities of the Group on an undiscounted cash flow basis at 31 March was as follows:

	Trade payables £000	**Bank overdraft £000**	**Term loan £000**	**Revolving credit facility £000**	**Other loans £000**	**Lease liabilities £000**	**Total £000**
As at 31 March 2026							
Within 1 year	**10,250**	**–**	**3,985**	**1,401**	**66**	**1,178**	**16,880**
Within 1 to 2 years	**–**	**–**	**3,981**	**–**	**32**	**2,120**	**6,133**
Within 2 to 5 years	**–**	**–**	**15,701**	**–**	**–**	**1,150**	**16,851**
More than 5 years	**–**	**–**	**–**	**–**	**–**	**497**	**497**
	10,250	**–**	**23,667**	**1,401**	**98**	**4,945**	**40,361**

	Trade payables £000	Bank overdraft £000	Term loan £000	Revolving credit facility £000	Other loans £000	Lease liabilities £000	Total £000
As at 31 March 2025							
Within 1 year	9,697	765	21,233	–	88	3,598	35,381
Within 1 to 2 years	–	–	–	–	66	2,662	2,728
Within 2 to 5 years	–	–	–	–	31	1,775	1,806
More than 5 years	–	–	–	–	–	–	–
	9,697	765	21,233	–	185	8,035	39,915

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

26 Financial instruments continued

d) Foreign currency risk

The Group has a number of overseas subsidiary operations. The major overseas subsidiaries are located in the United States, France, Czechia, China and India. As a result, the balance sheet of the Group can be affected by the applicable conversion rates, the sterling/US dollar exchange rate in particular. It is the Group's policy to hedge the effect of such structural currency exposures by having borrowings in the appropriate currencies where it is considered efficient to do so. A loan of $9.0 million (2025: $13.3 million) is designated as the hedging instrument against foreign currency exposures in the net investment in the trading subsidiaries in the United States. Under this hedge accounting, foreign exchange gains and losses on non-GBP loans are recognised, not in the income statement, but in other comprehensive income.

In addition, the Group is subject to transactional foreign currency exposures arising from the sale and purchase of goods and services in currency other than the Company's local currency. Historically it has been the Group's policy to hedge such exposure by reviewing the forecasted exposure on a monthly basis where the net exposure in any one currency exceeds an estimated £50,000 for that month using forward contracts. However, within the UK operations, opportunities have been exploited to naturally hedge inflows in currency with similar outflows. It is the Group's policy not to undertake any speculative transactions.

The balance sheet exposure to currency at the year end arising from trading activities is illustrated in the following analysis by currency of the Group's trade receivables and trade payables:

	Sterling £000	US dollar £000	Euro £000	Other £000	Total £000
As at 31 March 2026					
Trade receivables, net of attributable impairment provisions (see note 17)	**6,416**	**4,809**	**1,483**	**1,710**	**14,418**
Trade payables (see note 23)	**(4,112)**	**(3,837)**	**(1,972)**	**(329)**	**(10,250)**
Net	**2,304**	**972**	**(489)**	**1,381**	**4,168**
As at 31 March 2025					
Trade receivables, net of attributable impairment provisions (see note 17)	4,800	2,794	1,955	1,026	10,575
Trade payables (see note 23)	(3,811)	(4,200)	(782)	(904)	(9,697)
Net	989	(1,406)	1,173	122	878

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

26 Financial instruments continued

d) Foreign currency risk continued

The following table summarises the main exchange rates used during the year:

	Average rate		Reporting date mid-market rate	
	2026	2025	**2026**	2025
Sterling/US dollar	**1.34**	1.28	**1.32**	1.30
Sterling/euro	**1.15**	1.19	**1.45**	1.20
Sterling/Czech koruna	**28.24**	29.95	**28.13**	29.89
Sterling/Chinese yuan	**9.49**	9.21	**9.09**	9.40
Sterling/Indian rupee	**118.88**	108.05	**123.75**	110.67

Fair values

The fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between third parties. Where available, market values are used to determine fair values, otherwise fair values are calculated by discounting expected cash flows at prevailing interest and exchange rates. The fair value of the derivatives and financial instruments was not materially different to the book value at 31 March 2026 and 31 March 2025. Unrecognised and deferred gains and losses in respect of derivatives and financial instruments at 31 March 2026 were insignificant.

Hedges of net investments in foreign operations

The Group has net investments in foreign operations in its subsidiaries in North America, France, Czechia, China and India.

A foreign currency exposure arises from the Group's net investments in subsidiaries with foreign currencies i.e. functional currencies other than sterling. The risk arises from the fluctuations in spot exchange rates between these foreign currencies and sterling (in particular the sterling/US dollar exchange rate), which causes the amount of the Group's net investment to vary when translated into sterling.

Parts of the Group's net investments in these overseas subsidiaries are hedged by foreign currency denominated, secured loans, as detailed in note 19. This mitigates the foreign currency risks arising from the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investments that are attributable to changes in the spot exchange rates.

A summary of the Group's hedges of net investments in foreign operations is as follows:

	2026			2025		
		Carrying amount			Carrying amount	
	Loans and borrowings £000	**Assets £000**	**Liabilities £000**	Loans and borrowings £000	Assets £000	Liabilities £000
US dollar	**5,765**	**30,773**	**(8,711)**	10,301	31,862	(11,022)
Euro	**–**	**3,103**	**(1,261)**	4,109	5,291	(1,258)
Other currencies	**–**	**24,226**	**5,791**	–	23,221	(6,108)

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

During the year a gain of £0.2 million (2025: £0.4 million gain) was recognised on these hedging instruments within other comprehensive income. During the year there has been no hedge ineffectiveness recognised in profit or loss.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

26 Financial instruments continued

d) Foreign currency risk continued

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings. In the year ended 31 March 2026, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £0.3 million (2025: £0.2 million decrease).

It is estimated that a general increase of 10% in the value of sterling against the above-noted main currencies would have decreased the Group's profit before tax by approximately £0.7 million for the year ended 31 March 2026 (2025: £0.3 million decrease) which is detailed by currency in the following table:

	2026 £000	2025 £000
US dollar	**284**	75
Euro	**124**	85
Czech koruna	**75**	84
Other	**248**	193
	731	437

Capital risk management

The capital structure of the Group consists of net debt, comprising borrowings as detailed in note 19 offset by cash and cash deposits as detailed in note 18, and equity of the Group comprising issued share capital, reserves and retained earnings as detailed in the statement of changes in equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure. In order to maintain or adjust the capital structure, the Group will take into account the amount of dividends paid to shareholders, the level of debt and the number of shares in issue. Close control of deployment of capital is maintained by detailed management review procedures for authorisation of significant capital commitments, such as land acquisition, capital targets for local management and a system of internal interest charges, ensuring capital cost impact is understood and considered by all management tiers.

Decisions regarding the balance of equity and borrowings, dividend policy and all major borrowing facilities are reserved for the Board.

27 Cash generated from operations

	2026 £000	2025 £000
Profit for the year	**2,695**	872
Adjustments for:		
Pension scheme costs settled by the Scheme	**–**	192
Depreciation charge	**5,896**	6,456
Amortisation charge	**107**	87
Non-underlying rationalisation costs	**–**	(1,041)
Non-underlying settlement of legacy claims	**–**	(1)
Loss on disposal of other plant and equipment	**–**	2
Profit on disposal of intangible non-current assets	**(14)**	–
Share-based payment charge	**61**	32
Financial income	**(46)**	(571)
Financial expense	**7,478**	5,499
Taxation expense	**2,137**	1,780
Operating cash flow before changes in working capital	**18,314**	13,307
Changes in working capital		
(Increase)/decrease in inventories	**(1,099)**	1,310
Increase in contract assets	**(112)**	(93)
(Increase)/decrease in trade and other receivables	**(2,434)**	2,269
(Increase)/decrease in trade and other payables	**(2,774)**	3,862
Decrease/(increase) in contract liabilities	**92**	(1,317)
Decrease/(increase) in provisions	**6**	(272)
Cash generated from operations	**11,993**	19,066

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

28 Financial commitments

	2026 **£000**	2025 £000
Contracted future capital expenditure	**385**	49

29 Related parties

Identity of related parties

During the year to 31 March 2026, the Group paid £0.6 million (2025: £0.7 million) to Thingtrax Limited, a company that offers intelligent manufacturing infrastructure as a service; the cost has been recognised in the income statement. Frank Doorenbosch, a Carclo plc Executive Director, is also a Non-Executive Director of Thingtrax Limited and, as such, the company is identified as a related party. There is no balance outstanding as at 31 March 2026 (FY25: £nil outstanding).

On 30 September 2025, Carclo plc settled a liability of £29,500 on behalf of Frank Doorenbosch, Chief Executive Officer, in connection with the purchase of Carclo plc shares on market in his name. The amount was repaid in full on 2 October 2025, together with interest and costs, with no loss to the Company.

There have been no other changes to related parties in the year ended 31 March 2026.

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. This includes all Executive and Non-Executive Directors and other members of the senior management team who meet the above criteria. Total compensation for key management personnel during the year was as follows:

	2026 **£000**	2025 £000
Short-term benefits	**1,978**	2,130
Share-based payments	**29**	5
Total compensation	**2,007**	2,135

The remuneration of the Directors of Carclo plc can be found in the Directors' remuneration report on pages 61 to 75.

Group pension scheme

A third-party professional firm is engaged to administer the Group's UK defined benefit pension scheme (the Carclo Group Pension Scheme). The associated investment costs are borne by the Scheme in full. It has been agreed with the trustees of the pension Scheme that, under the terms of the recovery plan, the Scheme would bear its own administration costs.

Contributions agreed with the trustees of the Group pension Scheme were £0.3 million per month during the year to 31 March 2025 to incorporate both deficit recovery contributions and Scheme expenses including the PPF levy. The monthly cost will remain the same in the year to 31 March 2027.

Carclo incurred Scheme administration costs of £0.6 million during the year which have been charged to the consolidated income statement (2025: £1.0 million). Costs of £nil were incurred to manage the plan's assets (2025: £nil). The total of deficit reduction contributions and administration costs paid by the Group during the year was £8.3 million (2025: £3.2 million), which included £5.1 million additional contributions allowing securitised assets marked in favour of the Group pension Scheme to be reassigned to BZ, the new lender.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

30 Group entities

The Group's ultimate parent company is Carclo plc which is incorporated in England.

The ordinary share capital of the subsidiary undertakings is owned by the Company except where indicated.

Investments in subsidiaries

The Company and Group have the following investments in subsidiaries:

Company	Registered office address	Principal place of business	Status	Class of shares held	**2026 %**	2025 %
Acre Mills (UK) Limited	[1]	UK	Dormant	Ordinary	**100**	100
Arthur Lee & Sons (Hot Rolling Mills) Limited	[1]	UK	Dormant	Ordinary	**100**	100
Australian Card Clothing Limited	[1]	UK	Dormant	Ordinary	**100**	100
Bruntons Aero Products Limited	[1]	UK	Active	Ordinary	**100**	100
Bruntons (Musselburgh) Limited	[2]	UK	Dormant	Ordinary	**100**	100
Brymill Stockholders Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Diagnostic Solutions Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Group Services Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Holding Corporation	One Nexus Way, Camana Bay, Grand Cayman, KY1-9005	Cayman Islands	Active	Ordinary	**100**	100
Carclo Holding Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Investments Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Overseas Holdings Limited	[1]	UK	Active	Ordinary	**100**	100
Carclo Platt Nederland BV	[1]	UK	Active	Ordinary	**100**	100
Carclo Technical Plastics Limited	[1]	UK	Active	Ordinary	**100**	100
Carclo Technical Plastics Private Co. Limited	27A (2) KIADB Industrial Area, Doddabalapur, Bangalore - 561203, Karnataka	India	Active	Ordinary	**100**	100
Carclo Technical Plastics (Mitcham) Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Technical Plastics (Slough) Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Zephyr Limited	[1]	UK	Dormant	Ordinary	**100**	100
CIT Technology Limited	[1]	UK	Dormant	Ordinary	**100**	100
Critchley, Sharp & Tetlow Limited	[1]	UK	Dormant	Ordinary	**100**	100
Crowther & Gee Limited	[1]	UK	Dormant	Ordinary	**100**	100
CTP Davall Limited	[2]	UK	Dormant	Ordinary	**100**	100

1. Registered office address is: 47 Wates Way, Mitcham, Surrey, CR4 4HR.
2. Registered office address is: C/O Bruntons Aero Products, Units 1–3, Block 1, Inveresk Industrial Estate, Musselburgh, East Lothian, EH21 7PA.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

30 Group entities continued

Investments in subsidiaries continued

Company	Registered office address	Principal place of business	Status	Class of shares held	**2026 %**	2025 %
CTP Lichfield Limited	1	UK	Dormant	Ordinary	**100**	100
CTP Silleck Limited	1	UK	Dormant	Ordinary	**100**	100
CTP Silleck Scotland Limited	2	UK	Dormant	Ordinary	**100**	100
CTP White Knight Limited	1	UK	Dormant	Ordinary	**100**	100
Dell Baler Limited	1	UK	Dormant	Ordinary	**100**	100
Edwin Stead & Sons Limited	1	UK	Dormant	Ordinary	**100**	100
Fairbank Brearley Limited	1	UK	Dormant	Ordinary	**100**	100
Finespark (Horsham) Limited	1	UK	Dormant	Ordinary	**100**	100
Highfield Mills Limited	1	UK	Dormant	Ordinary	**100**	100
Hills Diecasting Company Limited	1	UK	Dormant	Ordinary	**100**	100
Hills Non Ferrous Limited	1	UK	Dormant	Ordinary	**100**	100
Horsfall & Bickham Limited	1	UK	Dormant	Ordinary	**100**	100
Horsfall Card Clothing Limited	1	UK	Dormant	Ordinary	**100**	100
Ironfoil Limited	1	UK	Dormant	Ordinary	**100**	100
John Sharp (Wire) Limited	1	UK	Dormant	Ordinary	**100**	100
J.W.& H. Platt Limited	1	UK	Dormant	Ordinary	**100**	100
Lee of Sheffield Limited	1	UK	Dormant	Ordinary	**100**	100
Lee Stainless Steel Services Limited	1	UK	Dormant	Ordinary	**100**	100
Leeplas Limited	1	UK	Dormant	Ordinary	**100**	100
Metallic Card Clothing Company Limited (The)	1	UK	Dormant	Ordinary	**100**	100
Norseman (Cables & Extrusions) Limited	1	UK	Dormant	Ordinary	**100**	100
Novoplex Limited	1	UK	Dormant	Ordinary	**100**	100
Pratt, Levick and Company Limited	1	UK	Dormant	Ordinary	**100**	100
Rumbold Securities Limited	1	UK	Dormant	Ordinary	**100**	100
Seymour Plastics Limited	1	UK	Dormant	Ordinary	**100**	100
Sheffield Wire Rope Company Limited (The)	1	UK	Dormant	Ordinary	**100**	100

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Notes to the consolidated financial statements continued

for the year ended 31 March 2026

30 Group entities continued

Investments in subsidiaries continued

Company	Registered office address	Principal place of business	Status	Class of shares held	**2026 %**	2025 %
Shepley Investments Limited	1	UK	Dormant	Ordinary	**100**	100
Smith Wires Limited	1	UK	Dormant	Ordinary	**100**	100
Station Road (UK) Limited	1	UK	Dormant	Ordinary	**100**	100
Streamline Aerospace Limited	1	UK	Dormant	Ordinary	**100**	100
Texture Rolled Limited	1	UK	Dormant	Ordinary	**100**	100
Thomas White & Sons Limited	2	UK	Dormant	Ordinary	**100**	100
Trubrite Limited	1	UK	Dormant	Ordinary	**100**	100
Tru-Grit Limited	1	UK	Dormant	Ordinary	**100**	100
Woodcock & Booth Limited	1	UK	Dormant	Ordinary	**100**	100
Woodhead Limited	1	UK	Dormant	Ordinary	**100**	100
Yorkshire Engineering Supplies Limited	1	UK	Dormant	Ordinary	**100**	100

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Notes to the consolidated financial statements continued

for the year ended 31 March 2026

30 Group entities continued

Group entities

Group	Registered office address	Principal place of business	Status	Class of shares held	**2026 %**	2025 %
Apollo Steels Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo France SAS	40 bis Avenue d'Orleans, 28000, Chartres	France	Active	Ordinary	**100**	100
Carclo Securities Limited	[1]	UK	Dormant	Ordinary	**100**	100
Carclo Technical Plastics (Brno) s.r.o	Turanka 98, 627000, Brno	Czechia	Active	Ordinary	**100**	100
Carclo US Finance No. 2	[1]	UK	Dormant	Ordinary	**100**	100
Carclo US Holdings Inc	600 Depot St. Latrobe, PA. 15650	USA	Active	Ordinary	**100**	100
Chapmans Springs Limited	[1]	UK	Dormant	Ordinary	**100**	100
CTP Alan Limited	[1]	UK	Dormant	Ordinary	**100**	100
CTP Carrera Inc	600 Depot St. Latrobe, PA. 15650	USA	Active	Ordinary	**100**	100
CTP Moulded Gears Limited	[1]	UK	Dormant	Ordinary	**100**	100
CTP Precision Tooling Limited	[1]	UK	Dormant	Ordinary	**100**	100
CTP Taicang Co., Ltd	No. 8 Xixin Road, Chengxiang Town, Taicang City, Jiangsu Province 215411	China	Active	Ordinary	**100**	100
Datacall Limited	[1]	UK	Dormant	Ordinary	**100**	100
D.B.T. (Motor Factors) Limited	[1]	UK	Dormant	Ordinary	**100**	100
Douglas Campbell Limited	[2]	UK	Dormant	Ordinary	**100**	100
European Card Clothing Company Limited	[1]	UK	Dormant	Ordinary	**100**	100
Electro-Medical Limited	[1]	UK	Dormant	A1 ordinary & ordinary	**64**	64
Finemoulds Limited	[1]	UK	Dormant	Ordinary	**100**	100
Finespark (Singapore) PTE. Limited	One Raffles Place, #10-62, Tower [2]	Singapore	Member's Voluntary Liquidation	Ordinary	**100**	100

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Notes to the consolidated financial statements continued

for the year ended 31 March 2026

30 Group entities continued

Group entities continued

Group	Registered office address	Principal place of business	Status	Class of shares held	**2026 %**	2025 %
Gilby-Brunton Limited	2	UK	Dormant	Ordinary	**100**	100
Industates Limited	1	UK	Dormant	Ordinary	**100**	100
Jacottet Industrie SAS	40 bis Avenue d'Orleans, 28000, Chartres	France	Active	Ordinary	**100**	100
John Shaw Lifting & Testing Services Limited	1	UK	Dormant	Ordinary	**100**	100
Jonas Woodhead Limited	1	UK	Dormant	Ordinary	**100**	100
Jonas Woodhead (Manchester) Limited	1	UK	Dormant	Ordinary	**100**	100
Jonas Woodhead (Ossett) Limited	1	UK	Dormant	Ordinary	**100**	100
Jonas Woodhead (Sheffield) Limited	1	UK	Dormant	Ordinary	**100**	100
Jonas Woodhead & Sons Limited	1	UK	Dormant	Ordinary	**100**	100
K.A.S. Precision Engineering Limited	1	UK	Dormant	Ordinary	**100**	100
Platform Diagnostics Limited	1	UK	Dormant	A1 ordinary	**64**	64
Rumbold Investments Limited	1	UK	Dormant	Ordinary	**100**	100
Shepley Securities Limited	1	UK	Dormant	Ordinary	**100**	100
Sima Plastics Limited	1	UK	Dormant	Ordinary	**100**	100
Squires Steel Stockholders Limited	1	UK	Dormant	Ordinary	**100**	100
Sybro Limited	1	UK	Dormant	Ordinary	**100**	100
Toledo Woodhead Springs Limited	1	UK	Dormant	Ordinary	**100**	100
Tolwood Engineering Limited	1	UK	Dormant	Ordinary	**100**	100
Woodhead Components Limited	1	UK	Dormant	Ordinary	**100**	100
Woodhead Construction Services Limited	1	UK	Dormant	Ordinary	**100**	100
Woodhead Steel Limited	1	UK	Dormant	Ordinary	**100**	100

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Notes to the consolidated financial statements continued

for the year ended 31 March 2026

31 Contingent asset

The Group is pursuing additional recoveries under certain insurance policies in respect of an insured event. Management considers the receipt of further insurance proceeds to be probable. However, due to the current status of discussions and claims assessment processes, the amount and timing of any additional recovery cannot be estimated reliably at the reporting date. Accordingly, no asset has been recognised in respect of the potential additional proceeds.

Company balance sheet

as at 31 March 2026

	Notes	**2026** **£000**	2025 £000
Non-current assets			
Intangible assets	C4	**181**	72
Property, plant and equipment	C3	**20**	79
Investments in subsidiary undertakings	C5	**23,560**	23,560
Debtors – amounts falling due after more than one year	C6	**–**	805
Deferred tax assets	C10	**283**	283
		24,044	24,799
Current assets			
Debtors – amounts falling due within one year	C6	**33,560**	40,530
Cash at bank and in hand		**118**	1,468
		33,678	41,998
Creditors – amounts falling due within one year			
Trade and other creditors	C8	**(58,403)**	(135,197)
		(58,403)	(135,197)
Net current liabilities		**(24,725)**	(93,199)
Total assets less current liabilities		**(681)**	(68,400)
Creditors – amounts falling due after more than one year	C8, C9	**(41,909)**	(9,893)

Company balance sheet continued

as at 31 March 2026

	Notes	**2026** **£000**	2025 £000
Net assets excluding pension liability		**(42,590)**	(78,293)
Pension liability	C11	**(46,785)**	(51,743)
Net liabilities		**(89,375)**	(130,036)
Capital and reserves			
Called-up share capital	24	**3,671**	3,671
Share premium account		**7,359**	7,359
Profit and loss account		**(100,405)**	(141,066)
Shareholders' deficit		**(89,375)**	(130,036)

The Company reported a profit after tax for the year of £40.5 million (2025: loss of £9.0 million). Profit for the year includes dividend income of £52m relating to the waiving of an intercompany loan. For further detail see note C8.

These accounts were approved by the Board of Directors on 30 June 2026 and were signed on its behalf by:

Frank Doorenbosch
Chief Executive Officer

Ian Tichias
Chief Financial Officer

Registered Number 00196249

Company statement of changes in equity

for the year ended 31 March 2026

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2024	3,671	7,359	(116,840)	(105,810)
Loss for the year	–	–	(8,995)	(8,995)
Other comprehensive expense				
Remeasurement losses on defined benefit scheme	–	–	(15,253)	(15,253)
Taxation on items above	–	–	–	–
Total comprehensive expense for the year	–	–	(24,248)	(24,248)
Transactions with owners recorded directly in equity				
Share-based payments	–	–	22	22
Balance at 31 March and 1 April 2025	**3,671**	**7,359**	**(141,066)**	**(130,036)**
Profit for the year	**–**	**–**	**40,469**	**40,469**
Other comprehensive expense				
Remeasurement losses on defined benefit scheme	**–**	**–**	**51**	**51**
Taxation on items above	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**40,520**	**40,520**
Transactions with owners recorded directly in equity				
Share-based payments	**–**	**–**	**61**	**61**
Net investment hedge	**–**	**–**	**80**	**80**
Balance at 31 March 2026	**3,671**	**7,359**	**(100,405)**	**(89,375)**

Notes to the Company financial statements

for the year ended 31 March 2026

C1 Basis of preparation for the Company

Going concern

A £36 million asset-backed borrowing facility with BZ, that was announced on 24 April 2025, provides available borrowings for a three-year term to April 2028. The level of borrowings is contingent upon the value of current and non-current asset categories held by the Group's UK and US trading subsidiaries.

There are three primary financial covenants required to be tested under the BZ facility agreement, as follows:

Covenant	Definition	Threshold
Minimum EBITDA	Underlying[1] Group EBITDA calculated on a last six months basis	No less than 75% of budget
Fixed Charge Cover Ratio ("FCCR")	Underlying[1] Group EBITDA divided by the sum of fixed charges comprising debt service costs, debt repayments, pension scheme contributions, tax payments, capital expenditure and dividends or other capital distributions calculated on a last twelve months basis	Until 31 March 2027 no less than 1:1 After 31 March 2027 no less than 1.05:1
CAPEX	Cash paid on tangible and intangible fixed assets measured annually for the twelve months to 31 March	No more than 120% of the annual budget

1. See the glossary on page 167.

The Group remained compliant with the Minimum EBITDA and FCCR financial covenants throughout the year ended 31 March 2026. In accordance with the facility agreement, these covenants were tested monthly from May 2025 and, following twelve months of compliance under the agreement, including compliance in the two preceding quarters, testing has moved to a quarterly basis. The CAPEX covenant is tested annually from the start of each reporting period.

The Group has prepared a forecast of financial projections for the three-year period to 31 March 2029, which has been utilised as the base case underpinning the going concern assessment for the period through to June 2027, being 15 months after the year end and 12 months from when the financial statements are authorised for issue. These projections include assumptions around revenue growth, modest margin improvements, consistent working capital trends and stable interest rates. The Directors have reviewed cash flow and covenant forecasts over this period considering the Group's available borrowing facilities and the terms of the arrangements with the Group's lender and the UK defined benefit pension scheme. The forecast shows adequate headroom and supports the position the Group can operate within its available borrowing facilities and in compliance with covenants throughout this period.

The Group is subject to a number of key risks and uncertainties, as detailed in the principal risks and uncertainties section on pages 42 to 48. Mitigating actions to address the risks are also set out in that section of the report. These risks and uncertainties have been considered in the base case, and downside sensitivities have been modelled accordingly. These sensitivities consider the uncertainties facing the Group and model the impact of a range of severe but plausible downside scenarios, as well as considering the impact of aggregating certain of these, and shows that the Group would be able to operate within its available facilities and meet its agreed covenants were these scenarios to arise.

The specific climate-related matters set out in the TCFD section on pages 33 to 41 have been considered and they are not expected to have a significant impact on the Group's going concern.

The severe but plausible downside sensitivities modelled included reductions in forecast revenue of up to 6.6%, a 4% increase in direct material costs (equivalent to approximately 2.2% contribution margin erosion) and a 2% increase in interest rates. The downside scenario modelling assumes management bonuses are not payable where the relevant performance conditions are not achieved but does not include the benefit of any other mitigating actions available to management.

Under each of the standalone downside scenarios modelled, the Group maintains adequate liquidity throughout the assessment period and remains compliant with all financial covenants. The Directors also assessed a combined downside scenario incorporating both a significant reduction in forecast revenue and a sustained increase in direct material costs. Under this combined scenario, no liquidity shortfall arises; however, there is a temporary breach of the FCCR covenant. The Directors consider the concurrent occurrence of these downside assumptions to be remote. Furthermore, the scenario does not reflect a range of mitigating actions available to management, including the reduction of discretionary expenditure and the deferral of non-essential capital expenditure. Modelling performed by management demonstrates that actions considered achievable and within management's control would be sufficient to restore covenant compliance under this scenario.

Given that FCCR represented the most sensitive covenant within the Group's financing arrangements, the Directors performed additional covenant-focused downside testing, including scenarios in which EBITDA remained broadly flat against FY26 levels and reduced by 10% compared with FY26. While these scenarios resulted in reduced covenant headroom, management identified specific mitigating actions that are considered achievable and within management's control and which would be sufficient to maintain compliance with the Group's covenant requirements.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C1 Basis of preparation for the Company continued

Going concern continued

The Group is not exposed to high-risk sectors or countries but is dependent on certain key customers, creating risks and uncertainties, which are documented in detail alongside mitigating actions in the principal risks and uncertainties section.

It should be noted that the Group is operating in a period of material geopolitical and macroeconomic uncertainty. The Directors continue to monitor these risks and their plausible impact; however, the potential severity is dependent upon many external factors and is difficult to predict. Accordingly, the financial impact of these risks may materially differ from the Directors' current view.

At 31 March 2026, the Group reports net liabilities of £8.7 million (FY25: £11.8 million net liabilities) largely attributable to the IAS 19 valuation of the UK defined benefit pension liability of £46.8 million (FY25: £51.8 million). Pension contributions are funded from cash generated by operations and have been reflected in the cash flow and covenant forecasts reviewed by the Directors. Given that these amounts are considered manageable by the Directors, the balance sheet presentation of net liabilities at 31 March 2026 does not imply an inability for the Group to meet its third-party liabilities over the going concern period.

On the basis of the base case forecast and the severe but plausible sensitivity testing, the Directors have determined that it is reasonable to assume that the Group will continue to operate within available borrowing facilities available and adhere to the covenant tests to which it is subject throughout at least the 12 month period from the date of signing the financial statements through to June 2027.

Accordingly, these financial statements are prepared on a going concern basis.

Accounting policies for the Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). There are no amendments to accounting standards, or IFRIC interpretations, that are effective for the year ended 31 March 2026 which have had a material impact on the Company.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible and intangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payments in respect of Group-settled share-based payments; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in note 47.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting period beginning on or after 1 April 2025. The following amendment to standards is mandatory and has been adopted for the first time for the financial year beginning 1 April 2025:

IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendment): Lack of Exchangeability (effective date 1 January 2025).

The amendment did not have a material impact on the Company's financial statements.

a) Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss, liabilities for cash-settled share-based payments and defined benefit pension plan assets.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C1 Basis of preparation for the Company continued

Accounting policies for the Company continued

b) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "tangible fixed assets" and lease liabilities in "trade and other creditors – amounts falling due in less than one year" and "creditors – amounts falling due after more than one year" in the balance sheet.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c) Investments

Fixed asset investments are stated at cost less provision for impairment where appropriate. The Directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the profit and loss account in the year.

d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are between three and twelve years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C1 Basis of preparation for the Company continued

Accounting policies for the Company continued

e) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

f) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair values of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The liability in respect of the defined benefit plan is the fair value of the plan assets less the present value of the defined benefit obligation at the balance sheet date, together with adjustments for actuarial gains and losses. Actuarial gains and losses that arise are recognised in full with the movement recognised in the statement of comprehensive income.

The Company is the principal sponsoring employer of a UK-group defined benefit pension plan. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the principal sponsoring employer, which is the Company.

g) Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

h) Financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange rate risks arising from operational activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement of fair values is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. At the year end no derivative financial instruments qualified for hedge accounting.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C1 Basis of preparation for the Company continued

Accounting policies for the Company continued

i) Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Further disclosure in relation to share-based payments is given in note 24 of the Group financial statements.

j) Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the note to the financial statements.

k) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability to the extent that the effect of discounting is material.

C2 Personnel

The average number of employees in the year was 23 (2025: 21). All employees are based in the United Kingdom and are employed by Carclo plc.

	2026 £000	2025 £000
Wages and salaries	**2,900**	2,140
Social security contributions	**282**	218
Charge in respect of defined contribution pension plans	**227**	128
Share-based payments (see note 24)	**109**	28
	3,518	2,514

C3 Property, plant and equipment

	Plant and equipment £000	Total £000
Cost		
Balance at 31 March and 1 April 2025	325	325
Additions	**4**	**4**
Balance at 31 March 2026	**329**	**329**
Depreciation and impairment losses		
Balance at 31 March and 1 April 2025	246	246
Depreciation charge	**63**	**63**
Disposals	**–**	**–**
Balance at 31 March 2026	**309**	**309**
Carrying amounts		
At 31 March 2025	79	79
At 31 March 2026	**20**	**20**

Notes to the Company financial statements continued

for the year ended 31 March 2026

C4 Intangible fixed assets

	Computer software £000
Cost	
Balance at 31 March and 1 April 2025	1,044
Additions	**185**
Balance at 31 March 2026	**1,229**
Amortisation and impairment losses	
Balance at 31 March and 1 April 2025	972
Amortisation charge	**76**
Balance at 31 March 2026	**1,048**
Carrying amounts	
At 31 March 2025	72
At 31 March 2026	**181**

C5 Investments in subsidiary undertakings

	2026 £000	2025 £000
Cost		
At 1 April 2025	**150,117**	150,117
At 31 March 2026	**150,117**	150,117
Provision for impairment		
At 1 April 2025	**126,557**	126,557
At 31 March 2026	**126,557**	126,557
Net book value		
At 31 March 2026	**23,560**	23,560

Value in use models are used to assess the recoverable amount of investments in the material trading subsidiaries.

The value in use calculations use cash flow projections based upon financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using estimated growth rates of between 1.5% and 4% (31 March 2025: 0.6% and 4.5%) depending upon the market served. The cash flows are discounted at a weighted average pre-tax rate of between 15.0% and 20.4% (31 March 2025: 14.6% and 19.6%). The discount rates are calculated and reviewed annually and are based on the Group's weighted average cost of capital. Changes in income and expenditure are based on expectations of future changes in the market.

The Directors are comfortable that there is sufficient headroom between recoverable amount and net book value of all investments in subsidiary undertakings and that any reasonably possible changes to key assumptions would not result in an impairment. As such, no impairment of investments has been recognised in the year ended 31 March 2026.

A list of subsidiary undertakings is given in note 30 to the Group financial statements.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C6 Debtors

	2026 £000	2025 £000
Debtors – amounts falling due within one year:		
Amounts owed by Group undertakings	**32,399**	38,869
Other debtors	**134**	193
Prepayments and accrued income	**1,027**	1,468
Balance at 31 March	**33,560**	40,530
Debtors – amounts falling due after more than one year:		
Amounts owed by Group undertakings	**–**	211
Prepayment and accrued income	**–**	594
	–	805

Amounts owed by Group undertakings which fall due within one year are primarily non-interest bearing and repayable on demand.

In accordance with IFRS 9, the Company assesses the expected credit losses ("ECL") on balances owed by Group undertakings, including those repayable on demand. The Company applies the simplified ECL approach, where ECL is minimal if the borrower can repay in full, or recovery is expected over time. Receivables are written off when recovery is no longer expected, with write-offs derecognised under IFRS 9 and any recoveries recognised in profit and loss.

Amounts owed by Group undertakings are presented after provision for credit risk.

Movements on the Company's loss provision on amounts owed by Group undertakings were as follows:

	2026 £000	2025 £000
At 1 April	**–**	7,376
Loss provision during the year	**–**	(7,376)
Balance at 31 March	**–**	–

C7 Provisions

	2026 £000	2025 £000
Balance at 1 April	**–**	12
Provisions used in the year	**–**	(11)
Provision released in the year	**–**	(1)
Balance at 31 March	**–**	–

No provisions were required as at 31 March 2026.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C8 Trade and other creditors – amounts falling due within one year

	2026 £000	2025 £000
Bank overdrafts	–	765
Trade creditors	630	950
Taxation and social security	111	99
Lease liabilities	7	59
Other creditors	3	–
Accruals and deferred income	2,354	2,788
Amounts owed to Group undertakings	51,840	109,277
Bank loans	3,458	21,233
Other loans	–	26
	58,403	135,197

On 24 April 2025, the Group concluded the refinancing of its primary external borrowing facility with a three-year multi-currency borrowing facility agreement with BZ Commercial Finance DAC ("BZ"), comprising a term loan facility of £27.0 million and a revolving credit facility of £9.0 million. At commencement, £29.9 million was borrowed under the BZ facility, of which £26.8 million was drawn under the term loan and £3.1 million was drawn under the revolving credit facility. £21.3 million was paid to discharge all amounts owing under the previous borrowing arrangement with HSBC, including accrued interest, and £5.1 million of additional contributions were paid to the Group's defined benefit pension scheme, allowing securitised assets marked in favour of the pension scheme to be reassigned to the new lender.

The BZ facility is an asset-based lending arrangement with drawings permitted against the value of various classes of assets held by the UK and US businesses. Of the £27.0 million term loan element, £8.0 million is designated against the value of owned land and buildings, £5.0 million is designated against the value of owned plant and machinery and the balance of £14.0 million is designated as a cash flow loan that is non-asset specific. Of the £9.0 million revolving credit facility, £7.0 million is designated against the value of trade receivables and £2.0 million against the value of inventory.

The facility permits borrowings in GBP, EUR and USD. The named Group companies currently permitted to borrow under the facility are Carclo plc, Carclo Technical Plastics Limited and Bruntons Aero Products Limited. Group companies subject to cross guarantees under the BZ facility are the named borrowing companies and material subsidiaries, as defined in the facility agreement.

Repayments on the term loan commenced in November 2025. At 31 March 2026, balances of the term loan and the revolving credit facility were respectively: £23.7 million and £1 million.

Interest is calculated at SONIA, SOFR or €STR for loans denominated in GBP, USD or EUR respectively, plus a margin of 4.5% for the receivables facility, 6.0% for the inventory, plant and machinery and property facilities, and 7.5% for the cash flow facility. In addition, 2.0% is payable on the undrawn portion of the £9.0 million revolving credit facility.

Amounts owed to Group undertakings which fall due within one year are non-interest bearing and repayable on demand.

At 31 March 2025 the Company continued to recognise a £52 million intercompany liability to a liquidated group company as there was insufficient evidence that the liability had been legally released. Therefore the IFRS 9 derecognition criteria had not been met.

Since the 31 March 2025 reporting date, the group company has been reopened and a formal legal waiver has been executed. The waiver provides legal release of the liability and, accordingly, the £52 million balance has been derecognised as at 31 March 2026.

Although legally a loan waiver, the transaction is considered in substance to be an intercompany distribution and the resulting £52 million credit has been recognised as dividend income in the Company financial statements.

C9 Creditors – amounts falling due after more than one year

	2026 £000	2025 £000
Bank loans	19,455	–
Other loans	–	2
Amounts owed to Group undertakings	22,451	9,884
Lease liabilities	3	7
	41,909	9,893

Amounts owed to Group undertakings which fall due after more than one year bear interest at market interest rates.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C10 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2026 £000	2025 £000	**2026 £000**	2025 £000	**2026 £000**	2025 £000
Tax losses	**–**	–	**–**	–	**–**	–
Revaluation of property	**283**	283	**–**	–	**283**	283
Deferred tax assets	**283**	283	**–**	–	**283**	283

No deferred tax assets or liabilities were recognised at the current or prior period balance sheet date.

Deferred tax assets have not been recognised in respect of the following items:

	2026 £000	2025 £000
Tax losses – trading	**5,896**	5,375
Tax losses – capital	**50**	50
Tax losses – non-trading	**548**	363
Short-term timing differences	**2,346**	1,594
Employee benefits	**11,947**	12,936
Tangible fixed assets	**145**	144
	20,932	20,462

Deferred tax assets have not been recognised on the balance sheet to the extent that the underlying timing differences are not expected to reverse in the foreseeable future. This situation is expected to continue in the medium term. Capital losses will be recognised at the point when a transaction gives rise to an offsettable capital gain; this was not the case at 31 March 2026. Similarly, non-trading losses will only be utilised against future non-trading profits. No such non-trading profits are foreseen at 31 March 2026.

The tax losses at 31 March 2026 are available to carry forward without time restriction.

There has been no change to the deferred tax asset during the year, or the prior year, as follows:

	Balance at 1 April 2024 and 2025 £000	**Recognised in income £000**	**Recognised in other comprehensive income £000**	**Balance at 31 March 2025 and 2026 £000**
Revaluation of property	283	**–**	**–**	**283**
	283	**–**	**–**	**283**

Notes to the Company financial statements continued

for the year ended 31 March 2026

C11 Pension liability

The Group operates a UK defined benefit pension scheme which provides pensions based on service and final pay.

The Company was the sponsoring employer throughout the current and prior year and full disclosures in respect of the Scheme are given in note 21 of the Group financial statements.

Additional security granted by the Company to the Scheme trustees as at 31 March 2025 for the gross value of the Company's assets (31 March 2025: of £66.4 million) was released in 2026 following the payment of a £5.1 million lump sum payment.

C12 Reserves

The Company maintains an employee share ownership plan for the benefit of employees and which can be used in conjunction with any of the Group's share option schemes. As at 31 March 2026, the plan held 3,077 of its own shares (31 March 2025: 3,077 shares). The original cost of these shares was £0.003 million (31 March 2025: £0.003 million). The cost of the shares was charged against the profit and loss account.

C13 Contingent liabilities

At 31 March 2026, the potential impact on the Carclo Group defined benefit scheme from the Virgin Media ruling cannot be confirmed and/or measured with sufficient certainty, and therefore no provision has been recognised. See note 21 of the Group financial statements for further information.

C14 Financial commitments

	2026 **£000**	2025 £000
Contracted future capital expenditure	**–**	49

All of the above is in respect to intangible fixed assets.

C15 Profit and loss account

The Company profit after tax for the year amounts to £40.5 million (2025: £9.0 million loss). Profit for the year includes dividend income of £52m relating to the waiving of an intercompany loan. For further detail see note C8.

C16 Related parties

The Company has a related party relationship with its subsidiaries, set out in note 30, its Directors and executive officers and the Group defined benefit pension scheme. There are no transactions that are required to be disclosed in relation to the Group's 64% dormant subsidiaries.

Transactions with related parties are set out in note 29 of the Group financial statements.

In addition to this:

- interest payable to Group companies during the year was £1 million (2025: £0.9 million) and interest receivable from Group companies during the year was £nil (2024: £nil);
- royalties receivable from Group companies during the year was £1 million (2025: £1.2 million);
- management fee income receivable from Group companies during the year was £1 million (2025: £1.2 million); and
- dividends were received from Group companies during the year totalling £0.6 million (2025: £2.1 million).

Remuneration of the Directors, who are considered to be the key management personnel of the Company, is disclosed in the audited part of the Directors' remuneration report on pages 61 to 75.

C17 Accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. These should be read in conjunction with the significant accounting policies provided in the notes to the financial statements.

Notes to the Company financial statements continued

for the year ended 31 March 2026

C17 Accounting estimates and judgements continued

Going concern

Key judgements

Management has exercised judgement over the likelihood of the Company being able to continue to operate within its available borrowing facilities and in accordance with related lender covenants for at least 12 months from the date of signing these financial statements. Judgement has been applied over forecast profit, debt levels and interest rates, particularly base rates. This determines whether the Company should operate the going concern basis of preparation for these financial statements.

Defined benefit pension assumptions

Note 21 contains information about management's estimate of the net liability for defined benefit obligations and their risk factors. The pension liability at 31 March 2026 amounts to £46.8 million (2025: £51.7 million).

Key sources of estimation uncertainty

The value of the defined benefit pension plan obligation is determined by long-term actuarial assumptions. These assumptions include discount rates, inflation rates and mortality rates. Differences arising from actual experience or future changes in assumptions will be reflected in the Group's consolidated statement of comprehensive income. The Group exercises judgement in determining the assumptions to be adopted after discussion with a qualified actuary. Details of the key actuarial assumptions used and of the sensitivity of these assumptions are included within note 21.

In the year to 31 March 2022 and the year to 31 March 2021, the Scheme introduced a right for members to Pension Increase Exchange ("PIE") and a Bridging Pension Option respectively. Having taken actuarial advice, management exercised judgement that, for each, 40% of members would take the options at retirement. There is no change to either assumption in the current year. Any change in estimate would be recognised as remeasurement gains/(losses) through the statement of comprehensive income.

Valuation of investments in material trading subsidiary undertakings

Note C5 contains information about management's estimates of the recoverable amount of investments in material trading subsidiary undertakings and their risk factors.

Key judgements

As set out in more detail in note C5, the recoverable amounts are based on value in use and fair value less costs of disposal calculations. Management has exercised judgement over the cash flow projections used in the value in use models, which are taken from the management-approved three-year plan. These are a key factor in determining whether there is any impairment in these investments.

Key sources of estimation uncertainty

Cash flows used in the value in use model beyond the three-year plan are extrapolated using estimated growth rates which vary depending on the market being served, and the cash flows are discounted at country-specific discount rates which are calculated annually. These are key factors in determining whether there is any impairment in these investments. The use of the fair value less costs to sell method requires the estimation of the fair value of the investment in the subsidiary undertaking and of associated costs of disposal.

Classification and recoverability of amounts due from Group undertakings

Note C6 presents amounts due from Group undertakings falling due within one year and after more than one year.

Key judgements

Management has applied judgement when classifying amounts due from Group undertakings. Those presented as falling due within one year are primarily non-interest bearing and are repayable on demand. Receivable balances with other Group entities are reviewed for potential impairment based on the ability of the counterparty to meet its obligations.

Recognition of waiver of intercompany liability in respect of a liquidated subsidiary

During the year the Company recognised income arising from the waiver of an intercompany balance owed to a subsidiary undertaking.

Key judgements

Management exercised judgement in determining that, having regard to the substance of the arrangement and the relationship between the parties, the resulting credit was appropriately characterised as a distribution from a subsidiary rather than a gain arising on extinguishment of a financial liability.

Recognition of deferred tax assets

Note C10 contains information about the deferred tax assets recognised in the statement of financial position.

Key judgements

Management has exercised judgement over the level of future taxable profits in the UK against which to relieve the Company's deferred tax assets. On the basis of this judgement, except for £0.3 million deferred tax asset recognised on historic property revaluations, which on consolidation in the Group accounts is available to offset against a deferred tax liability of the same amount, £nil deferred tax assets have been recognised at the year end (31 March 2025: £nil).

Information for shareholders

Reconciliation of non-GAAP financial measures

a) Income statement measures

Continuing operations	Notes	**2026** **£000**	2025 £000
Revenue		**114,211**	121,219
Profit after tax		**2,695**	872
Add back: income tax expense	10	**2,137**	1,780
Profit before tax		**4,832**	2,652
Add back: net financing charge	9	**7,432**	4,928
Operating profit		**12,264**	7,580
Add back: non-underlying items	8	**336**	2,258
Underlying operating profit		**12,600**	9,838
Return on Sales		**11.0%**	8.1%
Add back: depreciation and amortisation	13, 14	**6,003**	6,543
Underlying earnings before interest, tax, depreciation and amortisation (“EBITDA”)		**18,603**	16,381
Profit before tax		**4,832**	2,652
Add back: non-underlying items	8	**336**	2,258
Underlying profit before tax		**5,168**	4,910
Income tax expense	10	**2,137**	1,780
Add back: non-underlying tax expense		**(9)**	(10)
Group underlying tax expense		**2,128**	1,770
Group statutory effective tax rate		**44.2%**	67.1%
Group underlying effective tax rate		**41.2%**	36.0%

Information for shareholders continued

Reconciliation of non-GAAP financial measures continued

b) Net debt

Continuing operations	Notes	**2026 £000**	2025 £000
Cash at bank and in hand	18	**5,769**	10,745
Loans and borrowings – current	19	**(7,568)**	(24,844)
Loans and borrowings – non-current	19	**(22,108)**	(5,105)
Net debt		**(23,907)**	(19,204)
Underlying earnings before interest, tax, depreciation and amortisation ("EBITDA")		**18,603**	16,381
Net debt to underlying EBITDA		**1.29**	1.17

c) Return on Capital Employed

Continuing operations	Notes	**2026 £000**	2025 £000
Underlying operating profit		**12,600**	9,838
Inventory	15	**11,029**	9,928
Contract assets	16	**1,816**	1,721
Trade and other receivables	17	**18,887**	16,253
Trade payables	23	**(10,250)**	(9,697)
Other payables	23	**(7,705)**	(11,094)
Contract liabilities	5	**(1,737)**	(1,624)
Provisions	22	**(969)**	(975)
Working capital		**11,071**	4,512
Property, plant and equipment	14	**32,247**	35,842
Capital employed		**43,318**	40,354
Return on Capital Employed ("ROCE")		**29.1%**	24.4%

Information for shareholders continued

Reconciliation of non-GAAP financial measures continued

d) Cash conversion rate

Continuing operations	Notes	**2026 £000**	2025 £000
Cash generated from operations	27	**11,993**	19,600
Earnings before interest, tax, depreciation and amortisation ("EBITDA")		**18,267**	14,123
Cash conversion rate		**65.7%**	138.8%

e) Fixed asset utilisation ratio

Continuing operations	Notes	**2026 £000**	2025 £000
Revenue	5	**114,211**	121,219
Property, plant and equipment	14	**32,247**	35,842
Fixed asset utilisation ratio		**3.5**	3.4

f) Constant currency

Revenue by segment

	2026	2025				
	Statutory £m	Statutory £m	Impact of exchange movements £m	Constant currency £m	**Statutory change %**	**Constant currency change %**
CTP Division						
Manufacturing Solutions	**88,487**	93,443	(2,402)	91,041	**(5.3)%**	**(2.8)%**
Design & Engineering	**9,730**	13,555	(335)	13,220	**(28.2)%**	**(26.4)%**
	98,217	106,998	(2,737)	104,261	**(8.2)%**	**(5.8)%**
Speciality Division	**15,994**	14,221	139	14,360	**12.5%**	**11.4%**
	114,211	121,219	(2,598)	118,621	**(5.8)%**	**(3.7)%**

Information for shareholders continued

Reconciliation of non-GAAP financial measures continued

f) Constant currency continued

Underlying operating profit by segment

	2026	2025				
	Statutory £m	Statutory £m	Impact of exchange movements £m	Constant currency £m	**Statutory change %**	**Constant currency change %**
CTP Division	**15,101**	12,328	(313)	12,015	**22.5%**	**25.7%**
Speciality Division	**3,424**	2,801	33	2,834	**22.3%**	**20.8%**
Central	**(5,925)**	(5,291)	(1)	(5,292)	**12.0%**	**12.0%**
	12,600	9,838	(281)	9,557	**28.1%**	**31.8%**

A reconciliation between the Group's loss to underlying profit used in the numerator used to calculate underlying earnings per share can be found in note 11.

Share price history and information

Share price history and information can be found on the internet at **carclo.co.uk**

Further information on Carclo plc

Further information on Carclo plc can be found on the internet at **carclo.co.uk**

Five-year summary

	2026 **£000**	2025 £000	2024 £000	2023 £000	2022 £000
Group total:					
Revenue	**114,211**	121,219	132,672	143,445	128,576
Underlying operating profit[1]	**12,600**	9,838	6,557	5,849	6,006
COVID-19-related US government grant income	**–**	–	–	–	2,087
Operating profit before non-underlying items	**12,600**	9,838	6,557	5,849	8,093
Non-underlying (expense)/credit	**(336)**	(2,258)	(4,857)	(4,710)	721
Operating profit	**12,264**	7,580	1,700	1,139	8,814
Net financing charge	**(7,432)**	(4,928)	(5,587)	(3,749)	(2,989)
Profit/(loss) before tax	**4,832**	2,652	(3,887)	(2,610)	5,825
Income tax (expense)/credit	**(2,137)**	(1,780)	498	(1,437)	(809)
Profit/(loss) after tax but before loss on disposal of discontinued operations	**2,695**	872	(3,389)	(4,047)	5,016
Underlying operating profit[1]	**12,600**	9,838	6,557	5,849	6,006
Add back: amortisation of intangible assets	**107**	87	163	211	203
Underlying earnings before interest, tax and amortisation ("EBITA")[1]	**12,707**	9,925	6,720	6,060	6,209
Add back: depreciation of property, plant and equipment	**5,896**	6,456	7,859	7,905	6,915
Underlying earnings before interest, tax, depreciation and amortisation ("EBITDA")[1]	**18,603**	16,381	14,579	13,965	13,124

1. See glossary on page 167.

Five-year summary continued

	2026 £000	2025 £000	2024 £000	2023 £000	2022 £000
Continuing operations:					
Revenue	**114,211**	121,219	132,672	143,445	128,576
Underlying operating profit[1]	**12,600**	9,838	6,557	5,849	6,006
COVID-19-related US government grant income	**–**	–	–	–	2,087
Operating profit before exceptional items	**12,600**	9,838	6,557	5,849	8,093
Non-underlying (expense)/credit	**(336)**	(2,258)	(4,857)	(4,710)	721
Operating profit	**12,264**	7,580	1,700	1,139	8,814
Net financing charge	**(7,432)**	(4,928)	(5,587)	(3,749)	(2,989)
Profit/(loss) before tax	**4,832**	2,652	(3,887)	(2,610)	5,825
Income tax (expense)/credit	**(2,137)**	(1,780)	498	498	(457)
Profit/(loss) after tax but before loss on discontinued operations	**2,695**	872	(3,389)	(2,112)	5,368

1. See glossary on page 167.

Five-year summary continued

	2026 £000	2025 £000	2024 £000	2023 £000	2022 £000
Group total:					
Return on revenue (underlying operating profit margin)[1]	**11.0%**	8.1%	4.9%	4.1%	4.7%
Return on revenue from continuing operations (underlying operating profit margin)[1]	**11.0%**	8.1%	4.9%	4.1%	4.7%
Return on revenue (underlying EBITA margin)	**11.1%**	8.2%	5.1%	4.2%	4.8%
Return on revenue (underlying EBITA margin) from continuing operations	**11.1%**	8.2%	5.1%	4.2%	4.8%
Effective tax rate	**44.2%**	67.1%	12.8%	(55.1%)	13.9%
Underlying effective tax rate[1]	**41.2%**	36.0%	25.2%	91.8%	26.4%
Earnings/(loss) per share[2]	**3.7p**	1.2p	(4.6p)	(5.5p)	(7.8p)
Underlying earnings per share[3]	**4.1p**	4.3p	1.0p	0.2p	3.0p
Net debt	**(23,907)**	(19,204)	(29,457)	(34,360)	(32,405)
Return on capital employed[4]	**29.1%**	24.3%	13.1%	9.6%	9.5%
Capital expenditure as a multiple of depreciation	**0.6x**	0.4x	1.0x	0.7x	1.4x
Average number of employees in year	**907**	958	1,059	1,116	1,062

1. Underlying is defined in the glossary on page 167.
2. Earnings/(loss) per share is calculated based on profit after tax, attributable to equity holders of the parent company, including discontinued operations and is after non-underlying and separately disclosed items.
3. Underlying earnings per share is calculated based on profit after tax, attributable to equity holders of the parent company, including discontinued operations and is before exceptional and separately disclosed items.
4. Underlying operating profit from continuing operations for the Group as a percentage of assets employed, defined as working capital plus tangible assets.

Glossary

Capital employed
Working capital and property, plant and equipment.

Cash conversion rate
Cash generated from operations divided by EBITDA.

Constant currency
Prior year income statement items translated at the average exchange rate of the current year.

EBIT and operating profit
Earnings, whether profit or loss, before interest and tax.

EBITDA
Earnings, whether profit or loss, before interest, tax, depreciation and amortisation.

Effective tax rate
Income tax (expense)/credit divided by the profit/(loss) before tax.

Fixed asset utilisation ratio
Trailing twelve month revenue divided by tangible fixed assets at the period end.

Group capital expenditure
Additions to intangible assets and property, plant and equipment.

IFR (Incident frequency rate)
Is used to measure workplace safety performance and is calculated by dividing the total number of recordable incidents by the total hours worked and multiplying by 1,000,000.

Net debt
Cash and cash deposits less loans and borrowings.

Net debt to underlying EBITDA ratio
Net debt divided by underlying EBITDA.

Non-underlying
Transactions which fall within the ordinary activities of the Group that, by virtue of their size or incidence, are considered to be non-underlying in nature.

ROCE
Return on Capital Employed, being trailing twelve month underlying operating profit as a percentage of capital employed at the period end.

ROS
Return on Sales, being underlying operating profit as a percentage of revenue.

Trailing twelve months
The sum of income statement items over the preceding twelve-month period.

Underlying
Financial performance adjusted to exclude all non-underlying items. Underlying profit after tax is profit after tax adjusted to exclude all non-underlying items and attributable tax on such items.

Working capital
Current and non-current inventory, contract assets and trade and other receivables less current and non-current trade payables, other payables and provisions.

Company and shareholder information

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Financial calendar

Annual General Meeting	9 September 2026
Interim results for half year ending 30 September 2026	November/December 2026
Preliminary results for year ending 31 March 2027	June/July 2027
Annual report for year ending 31 March 2027	Available July 2027
Annual General Meeting	August/September 2027

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