Pressure Technologies

Pressure Technologies plc

Annual Report & Financial Statements

Period ended 28 September 2024

Company no: 06135104

Contents of the Annual Report and Financial Statements

Company information

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Chair’s statement

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

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

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

Sale of PMC

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

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

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

Chesterfield Special Cylinders (continuing operations)

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

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

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

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

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

Chair's statement (continued)

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

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

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

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

Precision Machined Components (discontinued operations)

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

Group continuing operations

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

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

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

Strategy

Recent developments are transformational for the Group;

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

Chair’s statement (continued)

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

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

Proposed change of Company name

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

Outlook

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

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

Signed by:
Nick Salmon
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Nick Salmon

Chair

4 February 2025

Strategic report

Overview - Pressure Technologies plc

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

Chesterfield Special Cylinders (continuing operations)

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

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

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

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

Precision Machined Components (discontinued operations)

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

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

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

Strategic report (continued)

Our purpose, vision and strategy

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

Our purpose

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

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

Our vision

To be the market leading supplier of gas storage and transportation systems and services to customers who operate globally in demanding, safety-critical environments where the consequences of system failure could be catastrophic.

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

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

By FY28, our target is to:

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

Our strategy

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

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

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

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

Strategic report (continued)

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

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

Strategic report (continued)

Markets

UK Defence & Global Defence

What is happening in the market?	What does this mean for us?
Defence spending continues to be driven by the response of Western nations to the Russia-Ukraine conflict, increasing instability in the Middle East and wider geopolitical tension, including the threat to critical subsea assets. Commitments made within NATO to increase defence budgets. In November 2022, the UK government announced that it would maintain the national defence budget of at least 2% of GDP and in 2024 it has allocated 2.3% of GDP. Looking ahead, the government further committed to a defence budget of 2.5% of GDP by 2030. The UK Ministry of Defence (MoD) has also confirmed a commitment to maintain its nuclear deterrent while modernising conventional naval assets in the fleet. The SSN-AUKUS submarine programme of nuclear-powered attack submarines to replace the Astute-class is fundamental to the trilateral agreement with the United States and Australia. The programme is already driving investment in skills training and jobs in the UK, with £4 billion committed to the design phase. Global defence-spending has seen a sharp increase during 2024 and is expected to continue growing, with a significant number of naval new construction programmes starting and many more in the design and planning stages. The US, Australia, Canada and France remain committed to long-term investment programmes. The US Columbia-class and Virginia-class programmes are active and already involve the use of UK approved supply chain.	As a pre-eminent supplier of high-pressure gas storage systems to NATO members and NATO-friendly state navies, CSC has long-term contracts to supply bespoke products and services for conventional and nuclear submarine and surface ship programmes in the UK and overseas. CSC is currently in discussions for future UK and overseas naval contracts which would support manufacturing activity to 2040 and beyond, including the well-publicised SSN-AUKUS programme, for which CSC expects to commence early design and manufacturing stages from 2027. Sole supplier to UK Royal Navy newbuild programmes through prime contractors BAE Systems and Babcock, CSC is also a long-term supplier to French shipbuilder Naval Group for domestic and export newbuild programmes. In January 2025, CSC was awarded a strategically significant contract to supply safety-critical pressure vessels to the US defence prime contractor, General Dynamics Electric Boat (GDEB), the company responsible for the design, construction and lifecycle support of submarines for the US Navy. The contract award covers supplier qualification and the delivery of pressure vessels to GDEB in 2026 and provides a foundation for future growth and development in the US naval defence market, where ongoing nuclear submarine new construction programmes are planned to run through to 2043. Although the phasing of defence project milestones and contract revenues can fluctuate significantly between and within financial years, there is good medium and long-term visibility of vessel construction programmes and planned defence expenditure from navies and their prime contractors. CSC is the principal supplier of inspection and testing services to the UK MoD for through-life cylinder performance and safety management on various classes of nuclear submarine. CSC has current opportunities to supply European navies with these inspection and testing services, typically having been the OEM for onboard pressure systems when the submarines or surface ships were built.

Strategic report (continued)

Hydrogen energy

What is happening in the market?	What does this mean for us?
The global hydrogen energy market is developing quickly, underpinned by the potential to support decarbonisation in transport, power and industrial applications. At the end of 2024, more than 1,500 hydrogen projects had been announced globally, with an estimated $680 billion of investment planned through to 2030, according to the J.P. Morgan 2024 Green Economy Outlook. Domestically, Prime Minister. Sir Keir Starmer MP has said "Some nation will be the first to harness hydrogen power. Why not Britain?", and in the November 2024 Budget, Chancellor, Rachel Reeves, guaranteed £5.1 billion in funding for green hydrogen and CCUS projects – the first time any UK Government allocated resources to these sectors in the Red Book. The new Government remains fully committed to its ambitious decarbonisation targets and sees investment and job creation in the low carbon economy as a core route to achieving its Growth Mission. The Labour manifesto also contains commitments to "rebuild supply chains at home" and growing manufacturing in net zero technologies. In this context, it is aiming to increase green hydrogen production to 10GW by 2030, up from the previous administration's 6GW target, and increase levels of UK content used by hydrogen developers and offtakers. The strategic choice made by the UK Government to resolve the 'chicken and egg' challenge of hydrogen is to first stimulate private investment in production of the molecule. This strategy is being delivered via the Net Zero Hydrogen Fund (NZHF) Strands 1 to 4 and Hydrogen Allocation Rounds (HAR), which are attracting global energy companies such as Trafigura, RWE, bp and Marubeni to develop projects in the UK due to the generous terms of the subsidy. Several of the eleven HAR1 are expected to reach FID this year, with the first projects operational in 2026. The Government has also re-committed to publish the shortlist for HAR2 projects (which will total up to 875MW of capacity, up from 125MW in HAR1) soon. The Government have signalled HAR rounds 3-7 will be around 750MW each. In January 2025, the Government demonstrated its long-term commitment to further annual Hydrogen Allocation Rounds across this decade by publishing a consultation on plans to fund the Hydrogen Production Business Model (HPBM) subsidy via a new levy on gas shippers. This is another critical part of building the framework for long-term development of the UK hydrogen market.	CSC is well positioned to supply products and services to the growing hydrogen market, primarily in the UK and Europe. The development of smaller localised hydrogen refuelling station infrastructure has slowed since 2020, driven by supply chain constraints, a limited supply of green hydrogen and lower than expected demand from the heavy-goods transport sector. The shift to large-scale hydrogen production projects such as those now supported by the UK's NZHF Strands 1 and 2 funding from February 2024 and more recent HAR funding programmes will seek to address green hydrogen supply issues in line with national clean energy targets. Hydrogen production projects will require different types and sizes of pressurised storage and transportation system. CSC is in discussion with UK HAR1 and HAR2 developers where its Type 1 steel cylinders are required for static storage and road trailer applications and remains well positioned to secure projects in early 2025 for delivery later that year and into 2026 and 2027. The first projects under HAR are likely to progress cautiously through 2025 and 2026, as developers take care with the implementation of new technologies and the integration of system components from a wide range of suppliers. CSC hydrogen revenues are expected to be relatively flat through this period driven by the number of UK and European contracts opportunities. Once developers have proven concepts under HAR1, UK demand for storage systems and road trailers is expected to grow strongly from 2027 onwards. Demand for hydrogen tube trailer periodic inspection, testing and recertification increased strongly during 2024, after steady growth in 2023. CSC continues to expand its customer base of gas majors and independent operators in this market, which has been supported by improved operational efficiencies and margins. This area is expected to grow steadily during 2025 due to increasing demand for bulk hydrogen transportation, with CSC being one of very few suppliers of this specialised safety-critical service. A major contract for large-scale storage under NZHF Strand 2 funding is expected in the first quarter of 2025 and a further major contract under HAR1 funding is expected in the second quarter of 2025. We are also bidding to supply storage systems for several European hydrogen refuelling station projects where an order is anticipated in the first quarter of 2025.

Strategic report (continued)

Hydrogen energy (continued)

What is happening in the market?	What does this mean for us?
In Europe, the Alternative Fuels Infrastructure Regulation (AFIR) is seeking to accelerate the deployment of hydrogen refuelling networks for heavy-duty vehicles across the region and came into effect from April 2024. Member states are required to install refuelling stations at regular intervals by 2030. Despite these positive developments, the hydrogen energy market has experienced slower-than-expected growth since 2020, in part due to supply chain constraints with electrolysers and gas compression systems and the uncertainty caused by cost inflation challenges that have impacted final investment decisions and the unit price of delivered hydrogen for consumers.	Over the longer term to 2050 and beyond, large-scale hydrogen transportation is expected to be predominantly by pipeline and some high-density bulk storage may move to liquefied hydrogen, but a demand for pressurised buffer storage and road trailer transportation is expected to remain. While the demand for new pressurised storage and transportation systems may reduce as pipeline infrastructure expands, there will remain a strong market for CSC in the periodic inspection and testing of the installed fleets of cylinders, generating a repeat high-value revenue stream over the longer-term.

Industrials

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

Offshore services (oil & gas and offshore renewables)

What is happening in the market?	What does this mean for us?
The market for offshore services includes products and services related to oil and gas exploration, production, and support, as well as offshore renewable energy developments like wind farms. The oil and gas market is characterised by deepwater and ultra-deepwater exploration and production, requiring robust and reliable solutions for operations under extreme conditions. The offshore renewables sector, particularly wind energy, is expanding rapidly. Floating wind turbines and wave energy systems, increasingly supporting green hydrogen production, are key growth areas. Major OEM customers are reporting a positive outlook for UK and European project developments for the foreseeable future.	These sectors rely on specialised high-pressure gas storage systems. CSC has traditionally played a role in in delivering safety-critical cylinder packages and providing in-situ and factory-based periodic inspection and testing services in this highly regulated market. Applications include: • Motion compensation systems of offshore installations, including the supply of air pressure vessels for new build projects and the provision of spares and periodic inspection services through life. • Diving support systems, including the supply of new safety-critical breathing air storage packages and the periodic inspection, testing and upgrading of installed systems. The demand for Integrity Management services is forecast to increase steadily for diving support vessels, offshore installations and floating cranes over the next few years.

Strategic report (continued)

Business review

Group (continuing operations)

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

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

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

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

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

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

Chesterfield Special Cylinders (continuing operations)

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

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

Strategic report (continued)

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

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

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

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

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

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

The customer base for road trailers also expanded significantly during FY24, with the addition of Air Products, Air Liquide and Airflow to the established BOC fleet refurbishment programme and several independent operators. The growing road trailer opportunity reflects the increasing demand for the flexible and cost-effective transportation of hydrogen, in which CSC is well placed to deliver solutions for established operators and new entrants.

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

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

Precision Machined Components (discontinued operations)

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

Strategic report (continued)

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

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

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

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

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

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

Central costs

£ million	2024	2023	2022	2021	2020
EBITDA (i.e. cash costs)	**(1.7)**	**(1.9)**	**(1.7)**	**(1.7)**	**(1.4)**
Depreciation	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Operating loss	**(1.8)**	**(2.0)**	**(1.9)**	**(1.9)**	**(1.6)**

Central costs include the following items:

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

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

Strategic report (continued)

Financial review

Revenue & profitability

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

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

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

Exceptional costs

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

Impairment review

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

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

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

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

As detailed further in Note 2 to the accounts on pages 65 to 66, an impairment review was undertaken for each of CSC and PMC. The review concluded that no impairment was required at a Group level, however an impairment of £2.3 million was required in relation to PMC at a parent entity level.

Taxation

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

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

Loss per share

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

Dividends

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

Strategic report (continued)

Operating cash flow, capital expenditure and cash flow before financing

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

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

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

Financing and liquidity

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

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

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

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

Going concern

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

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

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

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

Strategic report (continued)

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

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

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

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

Strategic report (continued)

Key performance indicators

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

Financial KPIs

The Board monitors the following financial KPIs:

Revenue Growth and Operating Margin

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

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

Group Order Intake

Annual order intake represents a strong indicator of future workloads:

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

Non-Financial KPIs

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

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

The Board has noted:

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

Strategic report (continued)

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

The Directors of Pressure Technologies plc consider, both individually and together, that they have acted in a manner, in good faith, that would be most likely to promote the success of the Company for the benefit of the members as a whole in the decisions taken during the 12 months ended 28 September 2024, having due regard to the interests of its stakeholders and the matters set out in s172(1)(a-f) Companies Act 2006, including the:

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

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

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

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

Shareholders

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

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

Customers

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

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

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

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

Strategic report (continued)

Employees

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

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

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

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

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

Suppliers

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

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

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

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

Government, Regulators & Industry Bodies

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

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

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

Environmental Responsibility & Community Engagement

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

Strategic report (continued)

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

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

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

Strategic report (continued)

Principal risks

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

Risk and impact	Status and management strategy to mitigate	Change
1. Global economic conditions and market volatility		
Macroeconomic factors The global economy has experienced only modest levels of growth during the year with the impact of inflation and elevated energy prices moderating. This has also underpinned the improving resilience of supply chains. Moreover, the continuation of the Russia-Ukraine conflict and instability in the Middle East have reinforced the importance of investment in national defence and raised concerns over longer-term energy security, driving recovery in traditional energy markets that utilise fossil fuels. These macro factors have driven activity in UK and global defence markets and underpinned a stable oil price, supporting investment levels in the oil & gas and clean energy sectors.	● The Group maintains close contacts with its customers to ensure we have a full understanding of their likely future orders.	(no change)
Market sectors The Group serves the four key market sectors of defence, hydrogen, industrials and offshore services through CSC continuing operations. Whilst the defence and offshore services (oil & gas, plus offshore renewables) sectors have benefitted from the macro trends noted above, it should be noted that defence spending on major naval build programmes is variable over time and that the Group's work on current major UK defence programmes has passed a peak until the next major programme expected from FY28. The emergence and growth of the hydrogen economy was slower than expected during the year but is still expected to account for a greater share of Group revenue moving forward, underpinned by strong government support in the UK and Europe.	● Reduced revenues from high-value UK defence contracts from FY25 to FY27, mitigated by growth in global defence revenues from FY27, before UK projects restart from FY28. ● The sales and business development focus areas are to develop new relationships in two key sectors – global defence and hydrogen. ● We continue to make progress with a number of global defence opportunities to mitigate our exposure to the UK defence spending cycle. ● The hydrogen economy offers strong long-term prospects across a broad range of projects and expanding customer base. ● We are also focused on increasing revenues from recurring periodic inspection and testing services in defence, hydrogen and other markets to mitigate the risk of phased new build spending.	(no change)
Foreign exchange A proportion of the Group's business is carried out in currencies other than Sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the Group's financial position or results.	● Natural hedges are in place for the predominant currencies the Group is exposed to, and all foreign currency trading is completed by Group treasury, including forward exchange contracts when appropriate. ● The Group typically quotes for business on a short quote expiry and where appropriate will include price escalation clauses to limit exposure to fluctuations in foreign currencies.	(no change)

Strategic report (continued)

<table>
<tr><td colspan="3">2. Governmental policy, regulation, legislation and compliance</td></tr>
<tr><td>Government policies
Revenue generated from defence contracts is impacted by government policies which the Group may not be able to influence.
Recent government policy has been to support higher levels of spending on defence, especially following the start of the Russia-Ukraine conflict. However, the Covid-19 pandemic and the subsequent energy crisis resulted in a very significant increase in government borrowing which may have a negative impact on the government's ability to meet this commitment.
The recent change of UK government may result in amendments to tax and employment policies that could affect the business e.g. R&D tax credit regime, worker representation and rights.</td><td>● The recent change of UK government may impact domestic defence programme spending over the medium-term, impacting demand for the Group's products. However, the current UK government commitment is to steadily increase defence spending through to 2030.
● The new UK government's stance on hydrogen energy appears to be very supportive, with established HAR funding rounds progressing, although slower than expected.
● Recent increases in business taxes introduced by the new UK government. Significant increases in Capital Gains Tax rates may depress investment. Significant increases in Employer's National Insurance rates will increase labour and supply chain costs, impacting prices, margins and recruitment.</td><td>⇑
(risk increase)</td></tr>
<tr><td>Health and Safety
The Group operates heavy industrial manufacturing facilities and therefore has a fundamental duty to protect its people and other stakeholders from harm whilst conducting its business.</td><td>● The Group is accredited to international ISO standards for HSE and has an established HSE management system and site-based teams with Group oversight.
● Managers and appointed safety officers have completed recognised HSE training.
● Senior management monitors and reviews HSE performance during weekly and monthly management meetings, taking actions to address trends or key findings.
● HSE performance is reviewed regularly by the Board and HSE maturity is reviewed quarterly against target levels for operational sites.</td><td>⇎
(no change)</td></tr>
<tr><td colspan="3">3. Market conditions and commercial relationships</td></tr>
<tr><td>Contract risk
Failure to adequately manage contract risk and, as a result, commit to obligations which the Group is unable to meet without incurring significant unplanned costs.</td><td>● Commercial management skills and processes have been strengthened considerably in CSC.
● Onerous legacy contracts have either ended or been renegotiated with more favourable terms.
● Authority for the approval of major contract terms and conditions rests with the executive management team or is delegated according to Group policies.
● Major contract performance is reviewed in senior management meetings against time, cost and quality goals</td><td>⇓
(risk reduction)</td></tr>
<tr><td>Customer concentration
Customer concentration for CSC is high and our relationships with key customers could be materially adversely affected by several factors, including:</td><td>● Divestment of PMC has further concentrated the Group's customer base to CSC customers only.
● Key account management is a focus for CSC and we have a history of strong customer relationships and customer retention.</td><td>⇑
(risk increase)</td></tr>
</table>

• a customer decision to diversify or change how, or from whom, they source components that we currently provide; • an inability to agree on mutually acceptable pricing; • performance against contractual commitments; • a significant dispute with the Group. If the Group was unable to enter similar relationships with other customers on a timely basis, or at all, our business could be materially adversely affected.	• Recent recruitment has strengthened the focus and structure of customer management processes in CSC. • Expanding the defence customer base to include new overseas prime contractors will reduce existing UK defence customer dependency. • The growth of the hydrogen energy business in the CSC division should result in lower customer concentration and diversify away from the traditional defence and industrial customer base	
Supplier concentration in CSC division The majority of seamless steel tube used in the manufacturing of ultra-large high-pressure cylinders has historically been sourced from two key suppliers in mainland Europe. There are few alternative suppliers globally that can match the cost, quality and lead times of these two European steel tube mills. There could be a significant disruption to the CSC business in the event that one or both companies became unable to supply tube.	• Five-year supply and cooperation agreements established with key steel suppliers during 2021 • Strengthened supplier management and procurement activities through recruitment of specialist supply chain management capability will support the evaluation of alternative seamless tube supply to reduce the risks of single source dependency. • Strategic collaboration with a key European steel tube supplier to develop joint product and service opportunities in target markets, including defence, industrial bulk gas storage and hydrogen energy.	⇹ (no change)
4. Financial		
Funding and liquidity In October 2024, subsequent to the end of FY24, the Group completed the sale of the PMC division for an enterprise value of £6.2 million and raised net cash proceeds at completion of £4.4 million (£4.8 million initial cash consideration, less £0.4 million agreed locked-box adjustment). These proceeds have been utilised to repay the term loan raised from two major shareholders last year and to pay transaction costs. The balance of the proceeds is intended to provide working capital flexibility for CSC during the transitional periods of FY25 and FY26 and to support growth in the hydrogen energy business. There still remains a level of risk in relation to financial resources and liquidity levels of the Group, including: • Group earnings during FY25 and FY26 impacted by lower revenues from high-value defence contracts, in favour of lower margin hydrogen projects; • new hydrogen orders are susceptible to project delays; • increased working capital requirements to support hydrogen market growth; • operational performance in CSC.	• The Group makes use of long-term finance lease arrangements where appropriate. • Repayment of Lloyds Bank loan facility in FY24 and shareholder term loan in FY25 leaves the Group with no ongoing loan obligations. • Cashflow forecasts are reviewed on a weekly basis using information from the CSC division facilitating robust planning of cash conversion, working capital investment and liquidity. • Increased commercial focus in CSC regarding payment terms with customers for long-term contracts.	⇓ (risk reduction)

Strategic report (continued)

5. Availability and use of key resources		
Leadership As a publicly quoted SME, the Group is dependent on a small number of executives to provide strategic, financial, operational and governance leadership, to deliver business performance and growth. Given the future strategy of the Group, there is a requirement for a balanced, highly experienced, and resilient leadership team that can prioritise the deployment of Group resources to deliver strategic objectives and operational performance in CSC.	● Leadership and senior management have been substantially re-shaped over the last three years. ● Chris Webster, Chief Operating Officer joined the Group in April 2022. ● Steve Hammell, Chief Financial Officer, left the Group in October 2024 following the successful completion of the sale of the PMC division and reflecting the significant reduction and scale of the Group. ● Former Group Financial Controller since 2022, Sally Millen was appointed Director of Finance in a non-Board role from 1 November 2024. ● Key roles in the CSC management team have been strengthened throughout FY23 and FY24, underpinning confidence in performance and the delivery of growth plans.	⇎ (no change)
Retention of key staff in business-critical roles Failure to continue to evolve organisation structure and culture could prevent us from employing and retaining the right talent, knowledge and skills to deliver the strategy. The Group needs to continue to recruit high quality staff, building on existing capability while recruiting skilled expertise in the right areas of the business, at the right time. Post Covid-19, the labour market has become very tight in the UK with very low levels of unemployment, substantial unfilled vacancies and rising salary and wage costs. The drop off in defence orderbook through FY25 and FY26 may increase the risk to staff retention. The recent increase in the rate of inflation has also increased pressure on staff costs, resulting in cost reduction measures.	● The high added value products and services provided by CSC are reliant on the skills and knowledge of our employees. There is a programme of training in CSC to ensure the development and retention of these key skills and employees. The training programme includes apprenticeships and recognised industry qualifications. ● Company policies and procedures are reviewed annually and are incorporated in an Employee Handbook given to all new starters. ● Employee engagement is supported by strong two-way management / employee communication through a recognised Employee Forum and regular colleague briefings on business performance and outlook. ● The Group regularly reviews its remuneration arrangements to ensure that they remain sufficiently competitive to attract the necessary talent to the business.	⇑ (risk increase)
Major capital assets Certain of the Group's businesses rely on large or critical pieces of equipment, some of which are approaching their reasonable end-of-life assessment. Major breakdown could affect our ability to maintain delivery performance and customer growth.	● Key assets are subject to ongoing maintenance programmes and strategic spares are held. ● Significant improvements have been made to the planned maintenance of equipment within CSC.	⇎ (no change)

Strategic report (continued)

6. Technology & innovation		
Product development The strength of our business is built upon a history of delivering products that advance safety and reliability in demanding environments. If we fail to keep abreast of market needs or to innovate solutions, we are at risk of losing market share to our competitors and lowering margins as demand will reduce. The hydrogen energy market is a significant growth opportunity for the CSC division. CSC products are trusted and well proven in the safety-critical storage and transportation of hydrogen, however competition from alternative technologies, including Types 3 & 4 composite cylinders for the more efficient transport of hydrogen presents a risk.	• Investment in product development and services is key to the continued growth of CSC and we strive to embed a culture of research and development initiatives within the business, having assigned resources to these functions. • Technical Managers and engineers in CSC work with customers and suppliers in the development of progressive gas storage and transportation solutions. • Collaborations with major steel tube suppliers are supporting product and service development in CSC. • Collaborations with academic and research bodies are supporting the development of new manufacturing and inspection processes. • Partnerships with manufacturers of Types 3 & 4 composite cylinders will enable CSC to offer composite hydrogen trailer solutions to UK customers. • CSC has developed the capability for the inspection, testing and recertification of Types 3 & 4 composite cylinders. • CSC is in the early stages of developing innovative and competitive Type 2 steel hydrogen cylinders for static and transportable applications and is working with UK-based advanced composite manufacturers to assess the possibility of Type 4 cylinder manufacturing at scale. • Despite the attraction of lighter weight composite Type 3 and Type 4 cylinders for hydrogen transportation, safety concerns and recent safety incidents involving these cylinder types is pushing customers and operators to consider more thoroughly the proven track record of Type 1 and Type 2 steel solutions, despite the typically lower payload per road unit.	⇹ (no change)
Disruptive technologies Technological advances in production processes or materials may cause a reduction in demand for the Group's products. Increased interest and use of composite (fibre-polymer) cylinders presents a threat to the demand for steel cylinders for high-pressure hydrogen storage, which is a growth market for CSC. See also Product Development section above.	• The monitoring of evolving technologies that may disrupt the market is ongoing, looking to both capitalise on the opportunities they may provide as well offset any potential threats • CSC is promoting the efficiency, sustainability and lower Total Cost of Ownership advantages of steel over composites but accepts that both technologies have a role to play in the hydrogen energy market. CSC can integrate composite cylinders into packages required by its customers • See notes on Product Development above.	⇹ (no change)

Strategic report (continued)

Cyber-crime Cyber-crime is a growing risk for all businesses, recently exacerbated by heightened political tensions resulting from the Russia-Ukraine conflict. The Group's principal exposures to cyber-crime relate to access to, and the potential loss of, data resources.	● CSC carries Cyber Essentials Plus accreditation, which was recently renewed in September 2024. ● The Group uses secure cloud storage with secure data access. ● Server and operating system upgrades were completed during FY24 to provide further cyber resilience. ● All employees undertake regular mandatory cyber security training.	(no change)

Approval of the strategic report

The strategic report, as set out on pages 7 to 28, has been approved by the Board.

By order of the Board

Chris Walters

Chris Walters
Chief Executive
4 February 2025

Governance statement

The Board endorses the highest standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board will comply with, or explain any departure from, the ten principles of the QCA Code and their application.

The responsibility for ensuring compliance and accurate reporting of Corporate Governance resides with the Audit and Risk Committee ("the ARC"). Corporate Governance will be continually monitored and reviewed formally by the ARC annually following publication of the annual report and accounts each year.

Compliance with each of the ten principles set out in the 2023 QCA Code is summarised below:

Principles and Board responses

1. Establish a purpose, strategy and business model which promote long-term value for shareholders

Pressure Technologies has an established strategy for growth, which it reports on annually to its shareholders in the Group's Annual Report, indicating how it has delivered on the strategy and how it has managed strategic risks. The Board reviews the strategy at least once a year to ensure that it remains relevant and sustainable. The Group's strategy and business model are clearly set out on page 8 of these financial statements and key challenges to the business are detailed in the Annual Report.

2. Promote a corporate culture that is based on ethical values and behaviours

Pressure Technologies plc is proud of its reputation for being honest and fair in the way it does business. This reputation has been established over many years through leadership and continuous reinforcement of ethical principles by managers and all employees. The principles that apply to how the Group works with its customers, employees, shareholders and the local communities in which it operates, are set out on the Group's website.

3. Seek to understand and meet shareholder needs and expectations

The Company actively encourages good communication with all shareholders from the largest to the smallest. Presentations to institutional and mid-sized investors are offered at the full-year and half-year and all investor presentations are posted to the Group's website. Feedback is obtained following all investor meetings and this feedback is reviewed by the Board. The Company has always aimed to accommodate investors who wish to visit its manufacturing sites.

The Annual General Meeting presents an opportunity for the Board to meet with private investors.

4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Board fully recognises that long-term growth and profitability are enhanced when businesses behave in a sustainable and responsible manner, having regard to environmental, social and governance matters and all its stakeholders. The Group's stakeholders include employees, customers, regulators, investors, suppliers, advisors and the communities in which the Group's businesses operate.

The Group's approach to sustainable and responsible business is set out on the website.

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Audit & Risk Committee meets regularly throughout the year to review business risk and oversees the Group's approach to risk management. Emerging risks and the management of key risks are reported to the Board.

Acknowledging the increasing threat to cyber security, the Group recruited skills and resources to ensure effective risk management and protection in this critically important area. The Board reviewed the Group's Cyber Security Roadmap, a rolling action plan of initiatives, in March 2024. The key priority was to deliver CSC's Cyber Essentials+ accreditation renewal and this was successfully achieved in September 2024.

The risk reporting model, set out on pages 23 to 28 of this Annual Report, includes the principal risks to the Group's strategy.

6. Establish and maintain the board as a well-functioning, balanced team led by the Chair

The Board currently comprises one Executive Director and four Non-Executive Directors ("NEDs").

The Executive Director is Chris Walters (Chief Executive) who joined the Group in September 2018.

The NED's are:

- Nick Salmon (Chair) - joined April 2022;
- Tim Cooper (Senior Independent NED) - joined January 2020;
- Mike Butterworth – (Independent NED) - joined June 2020; and
- Richard Staveley (a representative of Harwood Capital LLP) - joined May 2023.

Biographies of all Board members are published on the Group's website.

The Board structure ensures that no individual or group dominates the decision-making process. The NEDs, with the exception of Richard Staveley, are considered to be independent of management and from any business relationship which could materially interfere with their independent judgement. Richard Staveley is not considered to be independent given that he is a representative of Harwood Capital LLP, a major shareholder in the Company. The Chair and Senior Independent NED are available to shareholders if they have concerns regarding the functioning of the Board.

The Board operates with three sub-committees that make recommendations to the Board in the following areas:

- Nominations Committee - responsible for monitoring and reviewing the membership and composition of the Board, including the decision to recommend the appointment, or to re-appoint a director.
- Audit & Risk Committee - responsible for regulating the relationship with the Group's auditors, for assessing risks impacting the Group and for monitoring systems of internal control.
- Remuneration Committee - responsible for reviewing the remuneration of Board members and senior management.

The Company's Articles of Association require that at each Annual General Meeting, any director then in office who has held office for three years or more will retire, but may, if eligible, offer themselves for re-election. However, in line with best practice, all directors will retire and stand for re-election at each Annual General Meeting.

The Board meets regularly with no fewer than seven meetings held in each financial year. The Chair ensures timely distribution of information to all directors and that they are properly briefed on issues arising at Board meetings. The Board held 11 meetings during the financial year ended 28 September 2024 and attendance was 100% for all meetings.

7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The roles of each of the Board Committees are set out in their Terms of Reference, which can be found on the website along with Matters Reserved for the Board. The roles of individual Directors are not formally described, but this will be reviewed and disclosed if relevant. The responsibility for ensuring governance structures is continually reviewed and relevant to the business and its stakeholders falls to the Audit & Risk Committee.

The Board is satisfied that it comprises an effective balance of knowledge, skills, experience and independence. The Board represents relevant industry experience from engineering, operational management, finance and investment. Every member of the Board is there for the benefit of Pressure Technologies plc and each recognises their responsibility to the Company's stakeholders.

The Board regularly reviews its composition to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. The approach to maintaining relevance and diversity on the Board as well as assigning internal advisory responsibilities, such as those of the Company Secretary and Senior Independent Director, are continuously reviewed by the Nominations Committee.

The skills that each member brings to the Board are clearly set out on the Group's website. The Chief Executive, in conjunction with the executive team, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisors on various regulatory and corporate governance matters.

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

A Board evaluation was not performed during FY24 due to the significant strategic projects that were being executed in the year.

The intention is to undertake a Board evaluation during FY25.

9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Remuneration Committee aims to ensure that the remuneration packages offered are designed to attract, retain and motivate high calibre Directors without paying more than necessary for this purpose. The remuneration policy and packages attempt to align the interests of Executive Directors with those of shareholders.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

In addition to a Directors' Report, reports from the Remuneration Committee and the Audit & Risk Committee are included in these financial statements.

The Chair and Chief Executive meet periodically with the Group's larger institutional investors and feedback is always obtained. Pressure Technologies has a reputation amongst its investors for its fair and frank disclosure on the Group's performance. All investor presentations are available on the Group's website.

The voting statistics from AGMs are disclosed in a Regulatory News release on the day of the AGM. If relevant, details of any actions to be taken as a result of resolutions for which votes against had been received from at least 20% of independent shareholders, would also be disclosed.

The Group's website is regularly updated and historic documents dating back to the Company's listing in 2007 are available.

The Annual Report is reviewed against FTSE 350 guidelines, and we endeavour to adopt best practice, where relevant and practical. From time to time the executives attend private investor events and welcome investors to the manufacturing facilities.

Remuneration Committee report

Terms of reference

The Remuneration Committee comprises at least two Non-Executive Directors and is chaired by Tim Cooper.

The Committee is responsible for determining the remuneration packages of the Executive Directors and the Chair. The remuneration of the Non-Executive Directors is set by the Board annually. Directors are not involved in decisions relating to their own remuneration.

The Committee meets when necessary but not less than two times a year in a formal capacity and forms sub-groups to address specific matters as necessary outside of these meetings. All members of the Committee attended the four meetings held during the year.

The Committee receives advice from PwC on market remuneration levels, remuneration policies and practices.

Policy on remuneration of Executive Directors

The committee aims to ensure that the remuneration packages offered are designed to attract, retain and motivate high calibre Directors without paying more than necessary for this purpose. The remuneration policy and packages attempt to align the interests of Executive Directors with those of shareholders by providing:

a) Basic salary and benefits

Executive Directors' basic salaries are reviewed each year, considering the performance of the individual and rates of salary and benefits for similar jobs in companies of comparable size.

Benefits include all assessable tax benefits arising from employment by the Company and relate mainly to the provision of private medical and life assurance cover.

The Company pays a maximum of 9% of basic salary into individual money purchase pension schemes so long as this is matched by a minimum of 7% by the individual through salary sacrifice.

b) Annual cash bonus scheme for financial targets and strategic goals

In order to link executive remuneration to Group performance, Executive Directors participate in an annual cash bonus scheme which, in the event of performance above a given threshold, can pay up to a maximum of 100% of basic salary in each financial year, with 50% of the award based on stretching financial targets and the remaining 50% based on achievement of strategic goals. The Committee has ultimate discretion for setting and agreeing management bonuses based on performance.

c) Long Term Incentive Plan ("LTIP")

2021 Value Creation Scheme

The Pressure Technologies plc Value Creation Scheme (the "VCS") was designed, following consultation with major shareholders, to provide a strong motivation to executive management to maximise the performance of the Group in a manner that is closely aligned with the interests of the Company's shareholders. Participants of the plan include the Executive Directors and other senior managers but excludes the Non-Executive Directors. The first awards under this new plan were made on 18 January 2022 shortly after the announcement of the Group's results for the 52 weeks to 2 October 2021.

Awards under the VCS entitle participants to receive in aggregate up to a maximum of 5.5% of the market capitalisation of the Group above a share price hurdle of £1.40. The share price hurdle was set at a level that represented an increase of 89% on the share price as at the close of business on 17 January 2022. The performance period for the awards is three financial years, commencing from the start of FY22 on 4 October 2021.

At the end of the performance period the awards will be settled in ordinary shares in the Company delivered in the form of nil cost share options. The participants will have no right to any payment of cash, rather they will become shareholders in the Company. In this way, the interests of the participants will be further aligned with those of all other shareholders. A holding period of two years from the end of the performance period will apply to the options and any shares pursuant to them, subject to the participant being permitted to sell shares to cover any tax liabilities arising on exercise of an option. The maximum number of shares over which options can be granted under the VCS is 1,708,694 shares representing 5.5% of the Company's issued share capital as at 18 January 2022.

Remuneration Committee report (continued)

Each participant is awarded a number of performance units for the purposes of the VCS. The number of options granted to participants is determined by dividing the number of performance units subject to their award by the aggregate number of performance units subject to all awards (not including those which were subject to Awards which have lapsed, unless those performance units are reallocated under new awards). The aggregate number of performance units subject to the initial awards granted under the VCS on 18 January 2022 was 60, with a further 40 performance units available for future awards.

The VCS expired at the end of FY24 on 28 September 2024 with no further awards having been made and is no longer active as at the date of this Annual Report & Financial Statements.

Future LTIP Arrangements

Given the recent change to the structure, scale and strategic focus for the Group, the Remuneration Committee is currently undertaking a review of the long-term incentive arrangements it has in place for management and key employees. The Board will provide further updates in due course.

d) Service Contracts

All Executive Directors have rolling service contracts terminable on no more than twelve months' notice.

Directors' remuneration

The FY24 remuneration of Directors who served during the period was as follows:

	Salary and fees £'000	**Bonus £'000**	**Benefits £'000**	**Pension £'000**	**Total 2024 £'000**	Total 2023 £'000
Executive:						
Chris Walters[1]	220	-	2	20	**242**	229
Steve Hammell[2]	174	-	2	16	**192**	113
James Locking[3]	-	-	-	-	**-**	120
Non-Executive:						
Nick Salmon	60	-	-	-	**60**	60
Tim Cooper	40	-	-	-	**40**	40
Mike Butterworth	40	-	-	-	**40**	40
Richard Staveley[4]	40	-	-	-	**40**	4
Total Remuneration	**574**	**-**	**4**	**36**	**614**	606

Notes

1) Chris Walters' annual salary in the period increased from £215,000 to £221,450 with effect from January 2024. Total remuneration in 2024 excludes £50,943 (2023: £53,533) of taxable accommodation and travel expenses.
2) Steve Hammell joined the Group on 2 May 2023 and was appointed as a Director on 23 May 2023. His annual salary in the period increased from £170,000 to £175,100 with effect from 1 January 2024.
3) James Locking resigned as a Director with effect from 3 March 2023. His annual salary was £140,000.
4) Richard Staveley was appointed as a Director on 23 May 2023, with an annual fee of £40,000.

The Group believes that the Directors of Pressure Technologies plc, and certain senior managers in each of its operating divisions, are the only key management personnel under the definition of IAS 24 'Related Party Disclosures'.

Two Directors accrued benefits under money purchase pension arrangements in the period (2023: two directors).

No bonuses were paid to Directors in respect of the FY24 period (2023: A contractual bonus of £35,000 was paid to Steve Hammell in December 2023 which was accrued for in FY23).

Remuneration Committee report (continued)

Directors' remuneration (continued)

Subsequent to year end, in the first quarter of FY25, executive bonus awards of 51% (£113,000) and 59% (£103,000) of base salary were paid in cash to Chris Walters and Steve Hammell respectively related to the sale of PMC, which completed on 8 October 2024. Chris Walters is eligible for an additional bonus award of up to 25% of basic salary related to the sale of PMC, subject to the Company receiving up to £1.5 million of additional cash consideration from the purchaser. Payment of the additional Variable Consideration and therefore the related bonus award is dependent on the performance of PMC during FY25 and would be made in the second quarter of FY26 if triggered. Steve Hammell is not eligible for any additional bonus payments.

Recognising the considerable reduction in the scale and complexity of Group operations following the sale of PMC, the base salary for Chris Walters will not be increased in FY25 and each of the Non-Executive Directors voluntarily agreed to a £10,000 reduction in annual fees with effect from 1 October 2024. Steve Hammell left the Group on 31 October 2024.

No Directors received dividends during the year (2023: nil).

Directors' share awards and options

The Directors' interests in the Group's share option arrangements and LTIP are as follows:

Save-As-You-Earn ("SAYE") Scheme

The Directors' options at the end of the period relating to the Group's SAYE scheme (see Note 24) are:

	Chris Walters No.
Outstanding at 30 September 2023	**21,818**
Lapsed during the period	(21,818)
Outstanding at 28 September 2024	-

Value Creation Scheme

No awards were made under the VCS during the year and the scheme expired on 28 September 2024.

On behalf of the Board

Signed by:
Nick Salmon
B044CB5BCEE1453...

Nick Salmon
Chair
4 February 2025

Directors' report

The Directors present their report and the audited financial statements for the year ended 28 September 2024.

Principal activities

During the period, Pressure Technologies plc ("PT") was the holding Company for the following Group operations:

Chesterfield Special Cylinders ("CSC")

CSC's principal activity is the design, manufacture, testing and reconditioning of seamless steel high pressure gas cylinders. In addition to its UK based operation, CSC has one German subsidiary, CSC Deutschland GmbH, and one non-trading subsidiary in Pittsburgh, USA.

Precision Machined Components ("PMC")

The PMC division comprised three trading businesses as follows:

- **Roota Engineering Limited** ('Roota') whose principal activity is the manufacture of precision engineered products for use in the oil and gas industry;
- **Martract Limited** ('Martract') whose principal activity is the provision of grinding and lapping services for ball and seat assemblies and gate valves; and
- **Al-Met Limited** ('Al-Met') whose principal activity is the manufacture of precision engineered valve and flow control components for use in the oil and gas industry.

Subsequent to year end, on 8 October 2024, PMC was sold such that from that date CSC remains the only trading business of the Group – see Subsequent Events note below.

Directors and their interests

The current Directors of the Company are set out on page 3. During the year the following Directors held office:

- NR Salmon - Chair
- CL Walters - Chief Executive
- SJ Hammell - Chief Financial Officer (resigned 31 October 2024)
- TJ Cooper - Non-Executive Director
- MG Butterworth - Non-Executive Director
- RA Staveley - Non-Executive Director

All Directors were Directors throughout the period and since unless otherwise stated.

The Directors hold the following interests in the share capital of the Company:

Ordinary shares	**28 September 2024 No.**	**% share holding**	30 September 2023 No.	% share-holding
CL Walters	**118,000**	**0.31%**	118,000	0.31%
MG Butterworth	**114,133**	**0.30%**	114,133	0.30%
NR Salmon	**100,000**	**0.26%**	100,000	0.26%
TJ Cooper	**44,999**	**0.12%**	44,999	0.12%

RA Staveley was appointed to the Board as a representative of Harwood Capital LLP, a major shareholder in the Company. Whilst RA Staveley does not hold any shares directly in the Company, Harwood Capital LLP held 7,750,000 shares at 28 September 2024 (30 September 2023: 7,750,000 shares), representing 20.04% of the issued share capital.

Share options

Details of the share options granted in the period are disclosed in Note 24 to the consolidated financial statements. The Directors' interests in share options are disclosed in the Report of the Remuneration Committee.

Directors’ report (continued)

Directors' indemnities

The Company maintains director and officer insurance cover for the benefit of its Directors which remained in force at the date of this report.

Substantial shareholdings

As at 28 September 2024, the following held, or were beneficially interested in, 3% or more of the Company’s issued ordinary share capital:

	Number of shares	Percentage of issued share capital owned
Harwood Capital LLP	7,750,000	20.04%
Schroder Investment Management	7,542,991	19.51%
Peter Gyllenhammar AB	6,435,000	16.64%
abrdn plc	1,984,515	5.13%
Hargreaves Lansdown	1,937,367	5.01%
Charles Stanley Group	1,501,770	3.88%
Brett S Gordon	1,482,556	3.83%
James Sharp & Co.	1,378,500	3.57%

Harwood Capital LLP, the largest shareholder in the Company as at 28 September 2024, manages funds on behalf of Rockwood Strategic plc, a quoted unit trust.

Results and dividends

The Consolidated Statement of Comprehensive Income is set out on page 48. The adjusted operating loss (defined as operating profit / loss before exceptional costs) of the Group’s continuing operations for the period ended 28 September 2024 amounted to £1.7 million (2023: adjusted operating profit of £1.2 million). The Group made a loss before taxation of £3.8 million (2023: loss before taxation of £1.1 million).

No interim dividend was paid in the period (2023: £nil). The Directors do not recommend the payment of a final dividend (2023: £nil).

Statement of Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Strategic report, the Directors’ report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. Under that law the Directors have to prepare the Group’s financial statements in accordance with UK-adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006. The Directors have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 – ‘The Reduced Disclosure Framework’ (FRS 101) (UK Accounting standards). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and parent Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors’ report (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company’s auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditor

Pursuant to section 491 of the Companies Act 2006, Cooper Parry Group Limited are deemed to be re-appointed as auditor of the Group.

Corporate governance

The Group’s corporate governance statement is set out on pages 29 to 31.

Employee involvement

It is the policy of the Group to communicate with employees by regular briefing meetings conducted by senior management. The Group takes the approach of maximising performance through heightening awareness of corporate objectives and policies.

Disabled persons

The Group gives full and fair consideration to applications for employment from disabled persons, where they have the necessary abilities and skills for that position, and, wherever possible, will retrain employees who become disabled so that they can continue their employment in another position. The Group engages, promotes, and trains staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress.

Environmental policy and performance

Pressure Technologies recognises that its activities have an impact on the environment. Managing this impact is an integral part of responsible corporate governance and good management practice. The Group has developed an Environmental Policy with the following cornerstones:

- Overall responsibility for the implementation of these policies is the responsibility of the Executive Directors and the senior management at each Group company;.
- The Group aims to comply with both the letter and the spirit of relevant environmental regulations and to actively participate in industry and Governmental environmental consultative processes;
- The Group is committed to the continuous improvement of its environmental management system. In particular, the Group seeks to reduce waste and energy use and prevent pollution;
- As part of continuous improvement, it is the policy of the Group to establish and document measurable environmental objectives and to communicate these to all employees. These objectives are periodically reviewed. The Group ensures that the resources required to meet these objectives are allocated for this purpose; and
- Employees are given such information, training and equipment as necessary to enable them to undertake their work with the minimum impact on the environment.

The Group had no notifiable environmental incidents in 2024 (2023: nil).

Directors' report (continued)

Subsequent events

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

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

Rockwood Strategic plc is a quoted unit trust whose funds are managed by Harwood Capital LLP, thereby placing it under the control of Richard Staveley, a Non-Executive Director of the Company. Rockwood Strategic plc is therefore considered to be a related party under "IAS 24 - Related Party Disclosures".

Cautionary statement on forward-looking statements and related information

The Annual Report contains a number of forward-looking statements relating to the Group. The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented. Readers are cautioned not to place undue reliance on these forward-looking statements which are relevant only as at the date of this document.

By order of the Board,

DocuSigned by:
Chris Walters
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Chris Walters
Chief Executive
4 February 2025

Audit and Risk Committee report

Terms of reference

The Group's Audit and Risk Committee ("ARC") includes at least two Non-Executive Directors and is chaired by Mike Butterworth.

The ARC's primary responsibilities are to:

- Oversee the relationship with the external auditor and make recommendations to the Board on the appointment and remuneration of the auditor;
- Review the conduct and control of the annual audit and the operation of the internal controls and advise the Board on principal risks and uncertainties;
- Review the adoption of and compliance with the relevant Corporate Governance Code;
- Report on the financial performance of the Company and review financial statements prior to publication;
- Review annually the Company's anti-bribery and corruption policy; and
- Review the Company's procedures for handling reports by "whistleblowers".

The ARC meets not less than three times a year to consider audit, governance and risk management and forms sub-groups to address specific matters as necessary outside of these meetings. All members attended all three meetings during the year.

Terms of reference for the ARC, which are reviewed annually, can be found on the Company's website.

Corporate governance

The Board fully supports the underlying principles of Corporate Governance contained in the Corporate Governance Code ('the Code') and in 2018 adopted the revised Quoted Companies Alliance Code for Small and Mid-sized Quoted Companies ('the QCA Code').

The responsibility for ensuring compliance and accurate reporting of Corporate Governance resides with the ARC. Corporate Governance will be continually monitored and reviewed formally by the ARC annually, following the publication of the report and accounts each year.

Re-appointment of auditor

Pursuant to section 491 of the Companies Act 2006, Cooper Parry Group Limited are deemed to be re-appointed as auditor of the Group.

External audit process

The ARC has unrestricted access to the Group's auditor and will ensure that auditor independence has not been compromised.

The ARC formally met with the external auditor two times during the year as follows:

- after the conclusion of the full-year FY23 audit when the audit findings were presented; and
- to approve the planning memorandum for the FY24 audit.

In order to ensure the independence of the external auditor, the ARC monitors any non-audit services provided by them to the Group.

Market Abuse Regulation and Dealing Code

The ARC periodically reviews the impact of the UK Market Abuse Regulation (UK MAR) on the Company's share Dealing Code.

Audit and Risk Committee Report (continued)

The Dealing Code applies to Directors and employees of the Group who are considered to handle inside information as defined under UK MAR. The Group maintains a list of such individuals (“Insiders List”) and required them to obtain written permission from the Chief Executive Officer prior to undertaking any share dealing activity. In addition, Persons Discharging Managerial Responsibilities are subject to additional internal and external reporting requirements under the Dealing Code.

The ARC also periodically reviews the relationship of the Company with our stockbrokers and analysts.

Significant matters addressed during the year

During the year in carrying out its main responsibilities the Committee has spent its time in the following proportions:

- Governance 20%
- Risk management 20%
- Financial reporting 35%
- Audit 25%

Internal controls

Details of the key risks which the Group faces, the key controls in place to control those risks and the system of risk management adopted by the Group are set out on pages 23 to 28.

The ARC has evaluated the effectiveness of the internal controls and the risk management system operated. The evaluation covered all controls including financial, operational, risk management and compliance. The ARC will continue to review and advise on the design and operation of internal controls as the organisational structure evolves.

The Group does not have a specific internal audit department. The need for an internal audit department is considered from time to time but currently it is regarded that the costs would outweigh the benefits. If required, external specialists are brought in to perform specific reviews of areas considered a risk.

Going concern

These financial statements have been prepared on the going concern basis. A detailed explanation of the adoption of this basis of preparation is included on pages 52 to 53.

The Directors have prepared financial projections for a period of at least 12 months from the date of these accounts and these demonstrate that the Group can operate within its existing financing facilities and meet its financial obligations as they fall due.

The possibility of delays to the performance of the large naval contract in CSC, delays to winning new hydrogen orders and delays to Integrity Management deployments have been identified as key risks to the financial projections prepared by management through to March 2026.

However, having considered:

- the very low likelihood of material delays to naval contracts that have now progressed to later stages of smaller, lower-value milestone, and;
- the possibility that new hydrogen orders are subject to significant delays appears less likely given the funding support indicated by the new UK government for hydrogen production projects from, and;
- the ability of the Group to mitigate, partially or fully, the impact of any such delays by pulling other contracted work forward or through normal working capital management and other cash preservation initiatives, and;
- the repayment in full of the Team Loan facility in October 2024, leaving the Group without debt repayment obligations or related terms.

The Directors believe the Group has sufficient financial headroom to be able to continue its operations for the foreseeable future.

The Directors believe that the Group is in a position to manage its financial and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least twelve months from the signing date of these financial statements. Based on the above, the ARC concluded that the application of the going concern basis for the preparation of the Annual Report and Financial Statements remained appropriate with no material uncertainty identified in relation to Going Concern.

Audit and Risk Committee Report (continued)

CSC Impairment Review

In FY24, CSC's revenues were heavily weighted towards the UK defence sector. During FY25, FY26 and FY27, CSC is expected to transition towards global defence and hydrogen energy markets, reducing some of its dependency on UK defence contracts.

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

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

The value-in-use calculations indicate that no impairment was required in the current year. The ARC considered the value-in-use calculations prepared by management, including the reasonableness of the underlying assumptions and sensitivity analysis, and confirmed the conclusion that no impairment was required.

Sale of PMC

The Board announced in October 2023 its decision to sell the PMC division and launched the sale process in December 2023. Subsequent to year end, on 8 October 2024, the PMC division was sold to Raghu Vamsi Machine Tools Private Limited, a manufacturer of specialised precision engineered components based in India. As the disposal was deemed to be "highly probable" as at year end, the PMC division was treated as an 'asset held for sale' as at 28 September 2024 in the Consolidated Statement of Financial Position, and its trading results for the year ended 28 September 2024 were disclosed as a single line item arising from 'discontinued operations' in the FY24 Consolidated Statement of Comprehensive Income. As a result of its reclassification to an 'asset held for sale', under IFRS 5 an impairment review was required which compared the proceeds from the sale, to the carrying value of the net assets as at 28 September 2024. This calculation indicated that no impairment was required for the PMC 'asset held for sale'. The ARC considered a paper detailing the accounting treatment for the PMC division in light of its sale subsequent to year end and concluded that the above treatment was appropriate.

Carrying value of investments in subsidiary undertakings (company only accounts)

In the company-only accounts of Pressure Technologies plc, the Company's policy on accounting for investments in subsidiary undertakings is set out on page 93. The results of this year's testing indicated that no impairment was required in respect of the Company's investment in Chesterfield Special Cylinders Limited. Regarding the PMC division, testing indicated that a £2.3 million impairment of PT Precision Machined Components Limited was required. PT Precision Machined Components Limited is the parent company of the PMC division operating subsidiaries.

As part of the testing, and in reaching these conclusions, the ARC has reviewed the key assumptions behind these valuations, notably the expected development of future cash flows, as well as considering reasonable sensitivities to these estimates.

Asset impairment review (freehold property)

During the course of FY23, the Group obtained property valuations from two independent chartered surveyors, Lambert Smith Hampton and Knight Frank, for the freehold property used by CSC at Meadowhall Road, Sheffield. Whilst these valuations were not formally updated in FY24, informal discussions with the valuers as to changes in market conditions for assets of this sort during FY24 indicated that there had not been a material change in value during the year.

As a result of the above, management consider that no further impairment is required to the carrying value of freehold property. The ARC considered the valuation and confirmed that no impairment was required.

Audit and Risk Committee Report (continued)

Exceptional costs

The classification of Exceptional costs was considered by the ARC due to their nature and value.

For the current year, Exceptional costs related principally to (i) professional fees incurred in arranging the term loan facility with two major shareholders of the Group, and (ii) corporate finance advisory and legal fees incurred in respect of the sale process for PMC, which completed subsequent to year end.

The ARC reviewed reports from management outlining the accounting policy on the classification of Exceptional costs (see accounting policy 27, page 61) and satisfied itself that it was appropriate to separately identify these items on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group.

Other matters

The Group has operated a 'whistleblowing' policy and reporting arrangement for many years so that all employees of the Group are able, via an independent external third party, to confidentially report any malpractice or matters of concern they have regarding the actions of employees, management and Directors and any breaches of the Company's Anti-Bribery and Corruption policy. No matters have been reported to the Chair of the ARC, who is the nominated contact for the third-party provider, in the year.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Mike Butterworth
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Mike Butterworth
Chair of the Audit & Risk Committee
4 February 2025

Independent auditor’s report to the members of Pressure Technologies Plc

Opinion

We have audited the financial statements of Pressure Technologies PLC (the ‘parent company’) and its subsidiaries (the ‘Group’) for the year ended 28 September 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and the parent company’s affairs as at 28 September 2024 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international reporting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 the 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 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.

Our approach to the audit

We adopted a risk-based audit approach. The Group audit was scoped by obtaining an understanding of the Group’s business, the environment it operates in including the Group’s system of internal control and assessing the risk of material misstatement in the financial statements. We also addressed the risk of management override of financial controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In order to assess the risks identified, and to determine the planned audit responses based on a measure of materiality, the engagement team performed an evaluation of identified components calculated by considering the significance of components as a percentage of the Group’s total revenue, loss before taxation and Group’s net liabilities.

In establishing the overall approach to the Group audit, we assessed each reporting unit by reference to both its financial significance and other indicators of audit risk, such as the complexity and location of operations and the degree of estimation and judgements in the financial results. We identified four individually significant components.

We performed a statutory audit on the financial statements of the parent company and Chesterfield Special Cylinders Limited performed to materiality for each statutory entity, being less than that of the Group materiality set. We performed full-scope audit procedures over the results of Al-Met Limited and Roota Limited. The operations that were subject to statutory audit or full-scope audit procedures made up 98% of consolidated revenues, 79% of consolidated loss before tax and 99% of consolidated net assets. The remaining operations were subject to analytical procedures to the balance sheet and income statement of each of the entities subject to review scope, focussing on risk areas identified, and their significance to the Group’s balances. The Group engagement team performed the work over all components.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Independent auditor's report to the members of Pressure Technologies Plc (continued)

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.

Revenue recognition

The Group generates revenue from a number of streams as detailed in note 1. Given the material nature of revenue and the variety of methods and segments it is generated through, the appropriateness of revenue recognition and management's application of the Group's revenue recognition accounting policies and key estimates made represent an area of significant judgement in the financial statements. In particular, we consider that the significant risk of fraud arises on the revenue recognition over time end given the increased judgement surrounding the level of revenue to be recognised within the financial year and therefore there is increased potential for material misstatement due to fraud and error.

Our response to the risk

We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates.

We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions.

We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle.

We reviewed manual journal entries within the revenue nominal accounts and investigated transactions outside of our expectations including obtaining supporting evidence.

We tested products revenue recognised at a point in time to invoice and delivery note to gain assurance over the occurrence and accuracy of reported revenue.

We tested contract revenue recognised over time through the input and output method to gain assurance over the occurrence and accuracy of reported revenue.

We performed cut-off procedures on all revenue streams around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct year, paying particular attention to services which span the financial year end.

Our procedures did not identify any material misstatements in the revenue recognised during the year.

Impairment of non-current assets (parent company only)

The Company has significant balances in relation to investments and intercompany debtors. The Company's assessment of carrying values requires significant judgement in forecasting future trading performance of subsidiaries.

Our response to the risk

We obtained and reviewed the impairment model prepared by management in relation to non-current assets.

We assessed the key assumptions used in those impairment review calculations, to ensure that they were reasonable, those being;

- Identification of CGUs and the trade relating to them;
- Discount rate applied; and
- Growth assumptions within trading forecasts.

We performed sensitivity analysis to determine whether an impairment would be required if actual growth is not in line with the forecast assumptions.

We reviewed actual proceeds and costs compared to the book value of investment, after impairment, and intercompany balances with the PT Precision Machined Components disposal group.

We were satisfied with the level of impairment recognised against the investment in the PT Precision Machined Components Limited and that no impairment is needed against the investment in Chesterfield Special Cylinders Limited or intercompany balances. Disclosures made in the financial statements are appropriate and our procedures did not identify any material misstatements in the significant balances noted.

Independent auditor's report to the members of Pressure Technologies Plc (continued)

Classification of exceptional expenses

The Group disclose one off, non-trading items with a material effect on results separately on the face of the consolidated statement of comprehensive income. There is judgement applied in assessing the particular items, which by virtue of their scale and nature, should be classified as exceptional items. The Directors consider that separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Our response to the risk

We have reviewed those expenses separately disclosed as exceptional costs and challenged whether they are non-trading and non-recurring in nature.

We were satisfied that these expenses are appropriately classified and that there is sufficient appropriate disclosure around these costs to aid understanding of these costs.

Going concern

The Group and parent company have suffered losses both historically and in the year ended 28 September 2024. Accordingly, we consider going concern to represent a key audit matter.

Our response to this key audit matter is discussed below within conclusions relating to going concern.

Our application of materiality

The materiality for the Group financial statements as a whole was set at £319,000. Materiality represents 1% of revenue from both continuing and discontinued operations, which we consider to be an appropriate measure for a group of companies such as these. In determining the level of testing to be performed during our audit work, we applied performance materiality of £255,000.

The materiality for the parent company financial statements as a whole was set at £75,000. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 5% of net assets as presented on the face of the parent company's Statement of Financial Position. In determining the level of testing to be performed during out audit work, we applied performance materiality of £56,250.

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:

- reviewing management's cash flow forecasts for a period of 12 months from the date of approval of these financial statements;
- assessing the reasonableness of management's forecasts & assumptions and assessing remaining cash headroom within those forecasts;
- reviewing management's sensitivity analysis and stress tests and assessing the likelihood of assumptions which would mean the going concern basis was not appropriate;
- reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets; and
- reviewing the adequacy of related disclosures within the financial statements.

From our work we noted that the group has positive cash balances, and its forecasts support the directors' assessment that the group will continue to be able to meet its liabilities as they fall due.

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's ability to continue as a going concern for a period of at least 12 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.

Independent auditor's report to the members of Pressure Technologies Plc (continued)

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information included in the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves 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.

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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 36-37, 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 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:

Independent auditor's report to the members of Pressure Technologies Plc (continued)

Our assessment focused on key laws and regulations the Group and parent company have to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, AIM listing rules, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation in the jurisdictions in which the Group operates.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Group and parent company and how the Group and parent company is complying with that framework by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through review of Board minutes for instances of non-compliance;
- obtaining an understanding of the Group and parent company's policies and procedures and how the Group and parent company has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the Group and parent company's risk assessment process, including the risk of fraud;
- assessing matters reported through the Group's whistleblowing programme and results of evaluation of such matters;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness with a focus on manual journals and those posted directly to the consolidation that increased revenue or that reclassified costs from the statement of comprehensive income to the balance sheet, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specifically those in relation impairments; and
- reviewing a sample of contracts, understanding the rationale for the stage of completion and assessing the profit take on them.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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 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 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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Cooper Parry Group Limited
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Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Statutory Auditor
Sky View, Argosy Road, East Midlands Airport, Castle Donington, Derby DE74 2SA

4 February 2025

Consolidated statement of comprehensive income

For the 52 week period ended 28 September 2024

	Notes	**52 weeks ended 28 September 2024 £'000**	52 weeks ended 30 September 2023 £'000
Continuing operations			
Revenue	1	**14,827**	20,667
Cost of sales		**(11,095)**	(13,663)
Gross profit		**3,732**	7,004
Administration expenses		**(5,404)**	(5,824)
Operating (loss) / profit before exceptional costs		**(1,672)**	1,180
Separately disclosed items of administration expenses:			
Exceptional costs	5	**(712)**	(1,198)
Total administration expenses		**(6,116)**	(7,022)
Operating loss		**(2,384)**	(18)
Finance costs	3	**(277)**	(261)
Loss before taxation	4	**(2,661)**	(279)
Taxation	9	**316**	250
Loss for the period from continuing operations		**(2,345)**	(29)
Loss for the period from discontinued operations	28	**(92)**	(650)
Loss for the period attributable to the owners of the parent		**(2,437)**	(679)
Other comprehensive (expense) / income to be reclassified to profit or loss in subsequent periods:			
Currency exchange differences on translation of foreign operations		**(11)**	12
Total other comprehensive (expense) / income		**(11)**	12
Total comprehensive expense for the period attributable to the owners of the parent		**(2,448)**	(667)
Basic loss per share			
From continuing operations	10	**(6.1)p**	(0.1)p
From discontinued operations	10	**(0.2)p**	(1.7)p
From total loss	10	**(6.3)p**	(1.8)p
Diluted loss per share			
From continuing operations	10	**(6.1)p**	(0.1)p
From discontinued operations	10	**(0.2)p**	(1.7)p
From total loss	10	**(6.3)p**	(1.8)p

The accounting policies on pages 52-61 and the notes on pages 62-90 form part of these financial statements.

Consolidated statement of financial position

As at 28 September 2024

	Notes	28 September 2024 £'000	30 September 2023 £'000
Non-current assets			
Intangible assets	12	**-**	-
Property, plant and equipment	13	**6,822**	10,287
Deferred tax asset	22	**626**	700
		7,448	10,987
Current assets			
Inventories	15	**3,020**	5,570
Trade and other receivables	16	**4,528**	9,384
Cash and cash equivalents	27	**116**	945
Current tax		**-**	58
Assets classified as held for sale	28	**9,313**	-
		16,977	15,957
Total assets		**24,425**	26,944
Current liabilities			
Trade and other payables	17	**(5,722)**	(9,326)
Borrowings	18	**(1,000)**	(907)
Lease liabilities	19	**(245)**	(697)
Liabilities classified as held for sale	28	**(5,412)**	-
		(12,379)	(10,930)
Non-current liabilities			
Other payables	17	**-**	(12)
Lease liabilities	19	**(313)**	(1,704)
Deferred tax liabilities	22	**(572)**	(712)
		(885)	(2,428)
Total liabilities		**(13,264)**	(13,358)
Net assets		**11,161**	13,586
Equity			
Share capital	23	**1,933**	1,933
Share premium account		**1,699**	1,699
Translation reserve		**(264)**	(253)
Retained earnings		**7,793**	10,207
Total equity		**11,161**	13,586

The accounting policies on pages 52-61 and the notes on pages 62-90 form part of these financial statements.

The financial statements were approved by the Board on 4 February 2025 and signed on its behalf by:

DocuSigned by:
Chris Walters
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Chris Walters
Chief Executive Officer
4 February 2025

Company Number: 06135104

Consolidated statement of changes in equity

For the 52 week period ended 28 September 2024

	Notes	Share capital £'000	Share premium account £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2022		**1,553**	**-**	**(265)**	**10,815**	**12,103**
Shares issued	23	380	1,699	-	-	2,079
Share based payments	24	-	-	-	71	71
Transactions with owners		380	1,699	-	71	2,150
Loss for the period		-	-	-	(679)	(679)
Other comprehensive expense:						
Exchange differences on translating foreign operations		-	-	12	-	12
Total comprehensive expense		-	-	12	(679)	(667)
Balance at 30 September 2023		**1,933**	**1,699**	**(253)**	**10,207**	**13,586**
Share based payments	24					
- continuing operations		-	-	-	14	14
- discontinued operations		-	-	-	9	9
Transactions with owners		-	-	-	23	23
Loss for the period		-	-	-	(2,437)	(2,437)
Other comprehensive income:						
Exchange differences on translating foreign operations		-	-	(11)	-	(11)
Total comprehensive expense		-	-	(11)	(2,437)	(2,448)
Balance at 28 September 2024		**1,933**	**1,699**	**(264)**	**7,793**	**11,161**

The accounting policies on pages 52-61 and the notes on pages 62-90 form part of these financial statements.

Consolidated statement of cash flows

For the 52 week period ended 28 September 2024

	Notes	**52 weeks ended 28 September 2024 £'000**	52 weeks ended 30 September 2023 £'000
Operating activities			
Operating cash flow	25	**2,023**	1,223
Exceptional costs		**(944)**	(1,255)
Finance costs paid		**(455)**	(406)
Income tax refunded		**6**	408
Net cash inflow / (outflow) from operating activities		**630**	(30)
Investing activities			
Proceeds from sale of fixed assets		**19**	178
Purchase of property, plant and equipment		**(440)**	(576)
Net cash outflow from investing activities		**(421)**	(398)
Net cash inflow / (outflow) before financing		**209**	(428)
Financing activities			
Shares issued (net of transaction costs)		**-**	2,079
Repayment of borrowings		**(1,407)**	(1,500)
Repayment of lease liabilities		**(777)**	(989)
New borrowings		**1,500**	-
Net cash outflow from financing activities		**(684)**	(410)
Net decrease in cash and cash equivalents		**(475)**	(838)
Cash and cash equivalents at beginning of period		**945**	1,783
Cash and cash equivalents at end of period, including disposal group held for sale		**470**	945
Cash and cash equivalents transferred to disposal group	28	**(354)**	-
Cash and cash equivalents at end of period, continuing operations		**116**	945
Borrowings		**(1,000)**	(907)
Lease liabilities		**(558)**	(2,401)
Net Debt	26	**(1,442)**	(2,363)

The cash movements of the disposal group held for sale are detailed in Notes 25 and 28.

The accounting policies on pages 52-61 and the notes on pages 62-90 form part of these financial statements.

Accounting policies

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 (FRS 101). These are presented on pages 91 to 103. The financial statements are made up to the Saturday nearest to the period end for each financial period.

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

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

2. Going concern

The financial statements have been prepared on a going concern basis. The Group and Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Group Strategic Report. The principal risks and uncertainties are set out on pages 23 to 28.

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

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

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

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

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

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

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

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

Accounting policies (continued)

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

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

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

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

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

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

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

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

3. New standards adopted in 2024

No new standards were applied during the year.

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

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

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions that have a material risk to the carrying value of assets and liabilities within the next financial year are discussed below:

Accounting policies (continued)

6. Critical accounting judgements

Stage of completion on contracts

The majority of contracts have payment terms based on contractual milestones, which are not always aligned to when revenue is recognised. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as a contract liability in the statement of financial position. Similarly, if the Group satisfies or partially satisfies a performance obligation before it hits a contractual billing milestone/raises an invoice, then it will recognise either a contract asset or a receivable in its statement of financial position. See Note 20.

Impairment reviews – freehold land and buildings

The Group holds a number of freehold land and buildings, including Cylinders' main facility at Meadowhall Road, Sheffield. As part of discussions with the Group's bankers during the prior year, the Directors obtained two valuations of this building which indicated that no impairment of this asset was required (see Note 13). Whilst these valuations were not formally updated in FY24, informal discussions with the valuers as to changes in market conditions for assets of this sort during FY24 indicated that there had not been a material change in value during the year.

7. Key sources of estimation uncertainty

Inventory provisions

The Directors have reviewed the level of inventory provisions carried against inventory in the light of outstanding current and anticipated customer orders. The future realisation of carrying amounts is affected by whether the anticipated level of orders is achieved. The level of inventory provisions is disclosed in Note 15 to the financial statements.

Stage of completion on contracts

Revenue recognised from manufacturing contracts reflects management's best estimate about each contract's outcome and stage of progress but is subject to estimation uncertainty. For more complex contracts in particular, costs to complete and contract profitability are subject to more significant estimation uncertainty (see Note 20).

Deferred tax

The carrying value of the deferred tax asset is dependent the extent to which losses carried forward in the Group are recoverable against future profits. Management estimates are based on a three-year profit forecast. Any such forecast is subject to significant estimation uncertainty, particularly in projected revenues from the hydrogen and defence markets.

8. Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 28 September 2024 (2023: to 30 September 2023). Subsidiaries are all entities which the Group has the power to control. The consolidated financial statements of the Group incorporate the financial statements of the parent company as well as those entities controlled by the Group.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

9. Revenue

Revenue recognition

Continuing revenue arises mainly from the manufacture of pressure containment products and components and related services in the Group's core sectors which are Oil and Gas, Defence, Industrial and Hydrogen Energy.

Accounting policies (continued)

Under IFRS 15, in order to determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining a transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

Revenue in the Cylinders division is recognised over time as the product is being manufactured or a service being provided if any of the following criteria are met:

- The Group is creating a bespoke item which doesn't have an alternative use to the Group, the time between order and completion of the contract is longer than six months and the entity has a right to payment for work completed to date including a reasonable profit;
- The customer controls the asset that is being created or enhanced during the manufacturing process;
- Services provided where the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Judgement is required when determining if a contract meets the criteria for recognition over time and the proportion of revenue to recognise as products are being manufactured. Judgement is also applied in determining how many performance obligations there are within each contract and whether the development phase represents a separate obligation. The stage of completion of a contract is dependent upon the nature of the underlying contract and is determined by reference to:

- the costs that have been incurred as a proportion of the total costs of the forecasted contract (Input Method); or
- the physical work completed as a proportion of the total work expected on the contract with reference to certification procedures (Output Method).

The Cylinders division adopts both the Input Method and Output Method across its contract base. The Output Method is typically used when the contract includes definitive milestones that are subject to certification procedures.

Losses on contracts are recognised at the point when such losses become probable. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The revenue is measured at the fixed transaction price agreed under the contract. If the contract includes an hourly fee for services, revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a bi-monthly basis and consideration is payable when invoiced. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue of the Cylinders division that does not meet the criteria for recognition over time is recognised at a point in time on notification that the product is ready for collection, despatch or delivery dependent on terms of sale.

Revenue of the Precision Machined Components division is not considered to meet the criteria for recognition over time and is recognised at a point in time on notification that the product is ready for collection, despatch or delivery dependent on terms of sale.

10. Profit or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group constituting the discontinued operation (see also 30 below under Accounting policies, and note 28 to the consolidated financial statements).

11. Share based employee remuneration

The Group operates equity settled share-based remuneration plans for some of its employees. The Group's plans do not feature any options for a cash settlement.

Accounting policies (continued)

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the share options or awards granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability, EPS and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to the profit and loss reserve.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options or awards expected to vest. Non-market vesting conditions are included in assumptions about the number of options or awards that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options or awards expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

No adjustment is made to any expense recognised in prior periods if share options or awards ultimately exercised are different to those estimated on vesting. Upon exercise of share options or awards, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as additional paid-in capital.

The cancellation of equity settled share-based payments is accounted for as an acceleration of vesting.

12. Dividends

Interim dividends are charged in the period in which they are paid. Final dividends are only provided for when approved by the Board.

13. Property, plant and equipment

Plant and equipment are stated at cost, net of depreciation and any provision for impairment. Property, plant and equipment is held at historical cost with the exception of assets acquired on business combinations. These are added at their fair value and depreciated accordingly. Land is not depreciated. Assets under construction are recognised when costs are incurred in the construction of an asset and are not depreciated until the asset is ready for use. Depreciation on other assets is applied on a straight-line basis so as to reduce the assets to their residual values over their estimated useful lives. The rates of depreciation used are:

Buildings	50 years
Plant and machinery	3 - 15 years

The estimates used for residual values and useful lives are reviewed as required, but at least annually. The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

14. Intangible assets

Development costs
Development costs are recognised at cost, net of amortisation or provision for impairment, where the recognition requirements under IAS 38 ‘Intangible Assets’ are met. These are:

- it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the projects;
- the Group has the ability to use or sell the asset; and
- the cost of the asset can be measured reliably.

These costs are capitalised up to the point development is complete and the asset is then amortised over the period in which the asset is expected to generate income. If at any point the development costs fail to meet the recognition requirements of IAS 38, the costs are expensed through the consolidated statement of comprehensive income.

Amortisation of intangible assets is charged in cost of sales, with the exception of that on intangible assets acquired on business combinations, which is disclosed separately in the consolidated statement of comprehensive income.

Such intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

● IT systems & software licenses	3-5 years
● Development expenditure	5 - 15 years

Accounting policies (continued)

15. Impairment testing of non-current assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

16. Leased assets

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included as a separate line item, ‘Lease liabilities’.

17. Sale and leaseback

The treatment of sale and leaseback transactions depends on whether the transfer of the asset in question meets the criteria of ‘IFRS 15 Revenue from Contracts with Customers’ for recognition as a sale.

A sale and leaseback arrangement qualifies as a sale if the buyer/lessor obtains control of the underlying asset. The seller/lessee measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain (or loss) that the seller/lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer/lessor.

Accounting policies (continued)

18. Inventories

Inventories are stated at the lower of cost and net realisable value, on a first in first out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

19. Income taxes

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to their respective periods of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

20. Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity’s business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables and contract assets which are presented within other expenses.

Accounting policies (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost: Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds.

Financial assets at fair value through profit or loss (FVTPL): Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI): The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

21. Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounting policies (continued)

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis; as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

22. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, where they form an integral part of the Group's cash management.

23. Equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Share premium represents premiums received on issuing of share capital. Retained earnings include all current and prior year results as disclosed in the consolidated statement of comprehensive income.

The translation reserve is used to record foreign exchange translation differences that occur as a result of the translation of overseas subsidiary undertakings' financial statements into the presentation currency of the consolidated financial statements.

Management have made the judgement that the issue of warrants constitutes an equity instrument given its fixed for fixed conditions. Equity instruments are recognised at the proceeds received, net of direct issue costs.

24. Foreign currency translation

Foreign currency transactions are translated into the functional currency (being the currency of the primary economic environment in which the entity operates) of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary balance sheet items at year-end exchange rates are recognised in the consolidated statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The consolidated financial statements are presented in Pounds Sterling, which is also the functional currency of the parent company.

The results of overseas subsidiary undertakings are translated at the average exchange rate (being an approximation to the rate at the date of transactions throughout the year) and the balance sheets of such undertakings are translated at the year-end exchange rates. Exchange differences arising on the retranslation of opening net assets of overseas subsidiary undertakings are charged/credited to other comprehensive income and recognised in the translation reserve in equity. On disposal of a foreign operation the cumulative translation differences are transferred to profit or loss as part of the gain or loss on disposal.

25. Grants

Grants are recognised where there is reasonable assurance that the entity complies with the conditions attached to them. Grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned. Other grants are credited to profit or loss in the same period as the related expenditure is incurred.

Accounting policies (continued)

26. Pensions

The Group operates defined contribution pension schemes with the cost of employer contributions charged to the consolidated statement of comprehensive income in the period to which they relate.

27. Exceptional costs

One off, non-trading items with a material effect on results are disclosed separately on the face of the consolidated statement of comprehensive income. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature, should be classified as exceptional items. The Directors consider that separate disclosure of these items is relevant to an understanding of the Group's financial performance.

28. Operating loss

Operating loss is stated before finance costs, finance income and taxation. Adjusted operating loss is stated after adding back amortisation, impairments and other exceptional costs. This alternative performance measure is used in discussions with the Board, management and investors to aid the understanding of the performance of the Group.

The Group considers that the presentation of this alternative performance measure allows for improved insight to the trading performance of the Group. The Group consider that the term 'Adjusted' together with an adjusting items category, best reflects the trading performance of the Group.

29. Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation with an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where a liability is contingent on the occurrence or non-occurrence of uncertain future events or circumstances it is only recognised if a reliable estimate can be made of the amount of obligation.

30. Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations (see 10 above).

Notes to the consolidated financial statements

1. Segment analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports prepared to measure the performance of operating units of the Group that are regularly reviewed by the Chief Executive to allocate resources. The Group has identified two operating segments which provide the main products and services of the Group:

- **Chesterfield Special Cylinders ("CSC" or "Cylinders"):** principal activity is the design, manufacture and reconditioning of seamless high pressure gas cylinders. Cylinders and all other segments represent "continuing operations" as disclosed in the statement of comprehensive income.
- **Precision Machined Components ("PMC"):** principal activity is the manufacture of precision engineered valve components used primarily in the oil and gas industries. Precision Machined Components represents the disposal group held for sale ("discontinued operations") in Note 28 of these financial statements.

Each of these operating segments is managed separately as each utilises differing skills, processes, technologies, resources and marketing approaches. The measurement policies used by the Group for segment reporting are the same as those used in its financial statements. Corporate and central overheads and assets not directly related to the business activities of any operating segment are not allocated to CSC or PMC and are included in "All other segments" below.

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

For the 52 week period ended 28 September 2024

	Cylinders (continuing operations) £'000	All other segments (continuing operations) £'000	Group (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000
Revenue from external customers*	**14,827**	**-**	**14,827**	**17,095**
Gross profit / (loss)	**3,732**	**-**	**3,732**	**3,728**
Adjusted EBITDA	**758**	**(1,678)**	**(920)**	**1,491**
Depreciation	(660)	(92)	**(752)**	(711)
Operating profit / (loss) before exceptional costs	**98**	**(1,770)**	**(1,672)**	**780**
Exceptional costs	(53)	(659)	**(712)**	(232)
Operating profit / (loss)	**45**	**(2,429)**	**(2,384)**	**548**
Net finance costs	(53)	(224)	**(277)**	(178)
(Loss) / profit before tax	**(8)**	**(2,653)**	**(2,661)**	**370**
Segmental net assets**	10,651	(1,376)	**9,275**	1,886
Other segment information:				
Taxation credit / (charge)	178	138	**316**	(462)
Capital expenditure - property, plant and equipment	381	154	**535**	598

Notes to the consolidated financial statements (continued)

1. Segment analysis (continued)

* Revenue from external customers is stated after deducting inter-segment revenue of £130,000 for Precision Machined Components.
** Segmental net assets comprise the net assets of each division adjusted to reflect the elimination of the cost of investment in subsidiaries and the provision of financing loans provided by Pressure Technologies plc.

For the 52 week period ended 30 September 2023

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

* Revenue from external customers is stated after deducting inter-segment revenue of £671,000 for Precision Machined Components.
** Segmental net assets comprise the net assets of each division adjusted to reflect the elimination of the cost of investment in subsidiaries and the provision of financing loans provided by Pressure Technologies plc.

Notes to the consolidated financial statements (continued)

1. Segment analysis (continued)

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

Revenue	**2024**			2023		
	Cylinders (continuing operations) £'000	**Precision Machined Components (discontinued operations) £'000**	**Total £'000**	Cylinders (continuing operations) £'000	Precision Machined Components (discontinued operations) £'000	Total £'000
United Kingdom	**11,486**	**8,510**	**19,996**	17,862	4,937	22,799
France	**1,118**	**35**	**1,153**	1,025	87	1,112
Norway	**7**	**380**	**387**	696	246	942
USA	**16**	**1,379**	**1,395**	2	1,593	1,595
Romania	**-**	**2,114**	**2,114**	-	2,281	2,281
Italy	**3**	**793**	**796**	-	537	537
Germany	**399**	**-**	**399**	140	-	140
Singapore	**-**	**2,825**	**2,825**	-	816	816
Australia	**1,239**	**316**	**1,555**	277	188	465
Rest of Europe	**305**	**59**	**364**	203	28	231
Rest of World	**254**	**684**	**938**	462	564	1,026
	14,827	**17,095**	**31,922**	20,667	11,277	31,944

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

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

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

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

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

Notes to the consolidated financial statements (continued)

1. Segment analysis (continued)

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

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

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

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

The asset and liability balances in relation to existing contracts as at 28 September 2024 are disclosed in Note 20.

2. Impairment Review

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

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

2. Impairment Review (continued)

CSC Impairment Review

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

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

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

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

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

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

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

3. Finance costs

Continuing operations:

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

Discontinued operations (disposal group held for sale):

	2024	2023
	£'000	£'000
Interest payable on bank loans and overdrafts	**1**	2
Interest payable on lease liabilities	**168**	133
Other interest payable	**9**	10
	178	145

Notes to the consolidated financial statements (continued)

4. Loss before taxation

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

Continuing operations:

	2024	2023
	£'000	£'000
Depreciation of property, plant and equipment - owned assets	**574**	613
Depreciation of property, plant and equipment - leased assets	**205**	213
Loss on disposal of fixed assets	**22**	16
Staff costs - excluding share based payments (see Note 7)	**6,904**	7,230
Cost of inventories recognised as an expense	**4,945**	6,504
Share based payments (see Note 24)	**14**	46

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

Discontinued operations: disposal group held for sale:

	2024	2023
	£'000	£'000
Depreciation of property, plant and equipment - owned assets	**410**	444
Depreciation of property, plant and equipment - leased assets	**301**	274
(Profit) / loss on disposal of fixed assets	**(19)**	154
Amortisation of grants receivable	**(20)**	(20)
Staff costs - excluding share based payments (see Note 7)	**4,704**	3,788
Cost of inventories recognised as an expense	**8,719**	5,585
Share based payments (see Note 24)	**9**	25

5. Exceptional costs

Continuing operations:

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

Notes to the consolidated financial statements (continued)

5. Exceptional costs (continued)

Discontinued operations (disposal group held for sale):

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

6. Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of the Company and the consolidated financial statements	**60**	45
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**120**	120

There were no fees payable to the Company's auditor in respect of non-audit services.

7. Employee costs

Particulars of employees, including Executive Directors:

Continuing operations:

	2024 £'000	2023 £'000
Wages and salaries	**5,951**	6,225
Social security costs	**614**	657
Pension costs	**339**	348
Share based payments (see Note 24)	**14**	46
	6,918	7,276

Discontinued operations (disposal group held for sale):

	2024 £'000	2023 £'000
Wages and salaries	**4,130**	3,291
Social security costs	**419**	355
Pension costs	**155**	142
Share based payments (see Note 24)	**9**	25
	4,713	3,813

Notes to the consolidated financial statements (continued)

7. Employee costs (continued)

The average monthly number of employees (including Executive Directors) during the period was as follows:

Continuing operations:

	2024 No.	2023 No.
Production	**98**	100
Selling and distribution	**6**	5
Administration	**19**	19
	123	124

Discontinued operations (disposal group held for sale):

	2024 No.	2023 No.
Production	**68**	61
Selling and distribution	**5**	5
Administration	**20**	17
	93	83

8. Directors' remuneration

Particulars of Directors' remuneration are as follows:

	2024 £'000	2023 £'000
Emoluments	**629**	595
Pension costs	**36**	14
Share based payments	**-**	9
	665	618

Please see the Report of the Remuneration Committee on pages 32-34 for full details of Directors' emoluments.

Emoluments include £50,936 (2023: £53,533) of taxable accommodation and travel expenses and £nil (2023: £12,694) of taxable allowance in lieu of employer pension contributions for Chris Walters (Chief Executive).

No Directors exercised any share options in the period. During the year retirement benefits were accruing to two (2023: two) Directors in respect of defined contribution schemes.

The highest paid Director received total emoluments of £273,000 and pension contributions of £20,000 (2023: total emoluments of £283,000 and pension contributions of £nil).

Notes to the consolidated financial statements (continued)

9. Taxation

	2024 £'000	2023 £'000
Current tax (charge) / credit		
Current tax (charge) / credit	**-**	-
(Under) / over provision in respect of prior years	**(52)**	409
	(52)	409
Deferred tax (charge) / credit		
Origination and reversal of temporary differences	**53**	144
Under provision in respect of prior years	**(147)**	(116)
	(94)	28
Total taxation (charge) / credit	**(146)**	437

	2024 £'000	2023 £'000
Total taxation (charge) / credit is attributable to:		
Loss from continuing operations	**316**	250
Loss from discontinued operations (disposal group held for sale)	**(462)**	187
Total taxation (charge) / credit	**(146)**	437

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

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

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

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

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

Notes to the consolidated financial statements (continued)

10. Loss per ordinary share

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

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

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

For the 52 week period ended 28 September 2024

	£'000
Loss after tax from continuing operations	**(2,345)**
Loss after tax from discontinued operations	**(92)**
Total loss after tax	**(2,437)**
	Number of shares ('000)
Weighted average number of shares - basic	**38,667**
Dilutive effect of share options - SAYE	193
Dilutive effect of share options - Warrants	1,933
Weighted average number of shares - diluted	**40,793**
Loss per share from continuing operations - basic	**(6.1)p**
Loss per share from discontinued operations – basic	**(0.2)p**
Total loss per share – basic	**(6.3)p**
Loss per share from continuing operations - diluted	**(6.1)p**
Loss per share from discontinued operations - diluted	**(0.2)p**
Total loss per share - diluted	**(6.3)p**

The effect of anti-dilutive potential shares is not disclosed in accordance with IAS 33.

The Group adjusted loss per share is calculated as follows:	**£'000**
Loss after tax from continuing operations	**(2,345)**
Loss after tax from discontinued operations	**(92)**
Exceptional costs: continuing operations (see Notes 5 and 28)	**712**
Exceptional costs: discontinued operations (see Notes 5 and 28)	**232**
Tax effect of the above adjustments: continuing operations	**(178)**
Tax effect of the above adjustments: discontinued operations	**(58)**
Adjusted loss	**(1,729)**
Adjusted loss per share: continuing operations	**(4.7)p**
Adjusted earnings per share: discontinued operations	**0.2p**
Total adjusted loss per share	**(4.5)p**

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

Notes to the consolidated financial statements (continued)

10. Loss per ordinary share (continued)

For the 52 week period ended 30 September 2023

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

	Number of shares ('000)
Weighted average number of shares - basic	**37,400**
Dilutive effect of share options	446
Weighted average number of shares - diluted	**37,846**
Loss per share from continuing operations - basic and diluted	**(0.1)p**
Loss per share from discontinued operations – basic and diluted	**(1.7)p**
Total loss per share – basic and diluted	**(1.8)p**

The effect of anti-dilutive potential shares is not disclosed in accordance with IAS 33.

The Group adjusted profit per share is calculated as follows:

Loss after tax from continuing operations	**(29)**
Loss after tax from discontinued operations	**(650)**
Exceptional costs: continuing operations (see Notes 5 and 28)	1,198
Exceptional costs: discontinued operations (see Notes 5 and 28)	57
Tax effect of the above adjustments: continuing operations	(263)
Tax effect of the above adjustments: discontinued operations	(13)
Adjusted profit	**300**
Adjusted earnings per share: continuing operations	**2.4p**
Adjusted loss per share: discontinued operations	**(1.6)p**
Total adjusted earnings per share	**0.8p**

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

11. Dividends

No dividends have been declared or proposed for the 52 week period ended 28 September 2024 (52 week period ended 30 September 2023: no dividends declared or proposed).

Notes to the consolidated financial statements (continued)

12. Intangible assets

	Intellectual Property	IT systems & Software Licenses	Development expenditure	Non-contractual customer relationships	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 October 2022 and 30 September 2023	**2,796**	**684**	**175**	**11,880**	**15,535**
Transfers to disposal group	(2,796)	(273)	-	(11,880)	(14,949)
At 28 September 2024	**-**	**411**	**175**	**-**	**586**
Amortisation					
At 1 October 2022 and 30 September 2023	2,796	684	175	11,880	15,535
Transfers to disposal group	(2,796)	(273)	-	(11,880)	(14,949)
At 28 September 2024	**-**	**411**	**175**	**-**	**586**
Net book value					
At 28 September 2024 and 30 September 2023	**-**	**-**	**-**	**-**	**-**

Notes to the consolidated financial statements (continued)

13. Property, plant and equipment

	Assets under construction £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 October 2022	1,028	4,225	16,731	21,984
Additions - Owned assets	273	-	203	476
Additions - Leased assets	-	-	615	615
Write-off	(108)	-	-	(108)
Disposals	-	-	(1,077)	(1,077)
Transfers	(346)	-	346	-
At 30 September 2023	**847**	**4,225**	**16,818**	**21,890**
Additions - Owned assets	210	-	221	431
Additions - Leased assets	-	-	704	704
Disposals	-	-	(2,150)	(2,150)
Transfers within continuing operation	(202)	-	202	-
Transfers to disposal group	-	(830)	(8,233)	(9,063)
At 28 September 2024	**855**	**3,395**	**7,562**	**11,812**
Depreciation and impairment				
At 1 October 2022	829	957	9,001	10,787
Charge for the period - Owned assets	-	14	1,043	1,057
Charge for the period - Leased assets	-	98	389	487
Disposals	-	-	(728)	(728)
At 30 September 2023	**829**	**1,069**	**9,705**	**11,603**
Charge for the period - Owned assets	-	10	974	984
Charge for period - Leased assets	-	98	408	506
Disposals	-	-	(2,042)	(2,042)
Transfers to disposal group	-	(407)	(5,654)	(6,061)
At 28 September 2024	**829**	**770**	**3,391**	**4,990**
Net book value				
At 28 September 2024	**26**	**2,625**	**4,171**	**6,822**
At 30 September 2023	18	3,156	7,113	10,287
Leased assets – continuing operations				
Carrying value at 28 September 2024	**-**	**-**	**772**	**772**
Carrying value at 30 September 2023	-	521	2,618	3,139

Details of leased assets in the disposal group held for sale are shown in Note 28 to the financial statements.

Notes to the consolidated financial statements (continued)

13. Property, plant and equipment (continued)

Land and buildings include the CSC division's main manufacturing facility at Meadowhall Road, Sheffield, which is carried at cost. As part of discussions to refinance the Group's banking facilities during 2023, the Directors obtained two valuations of the Meadowhall Road site from independent chartered surveyors, Lambert Smith Hampton and Knight Frank, which indicated that no impairment of this asset was required. Whilst these valuations were not formally updated in FY24, informal discussions with the valuers as to changes in market conditions for assets of this sort during FY24 indicated that there had not been a material change in value during the year.

14. Subsidiaries

A list of investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in Note 4 to the parent company's separate financial statements on page 98.

Pressure Technologies plc has issued guarantees over the liabilities of the following companies as at 28 September 2024 under section 479C of the Companies Act 2006 ("the Act") and these companies are exempt from the Act relating to the audit of individual accounts by virtue of section 479A of the Act.

Company Name	Company Number
Roota Engineering Limited	0114 0986
Martract Limited	0140 6106
Al-Met Limited	0189 7307
Quadscot Holdings Limited	SC 430 424
Quadscot Precision Engineers Limited	SC 124 213

15. Inventories

	2024	2023
	£'000	£'000
Raw materials and consumables	**2,351**	2,639
Work in progress	**669**	2,772
Finished goods	**-**	159
	3,020	5,570

Inventories are stated net of provisions of £62,000 (2023: £671,000).

16. Trade and other receivables

	2024	2023
	£'000	£'000
Trade receivables	**2,455**	6,422
Contract assets (Note 20)	**1,586**	1,568
Other receivables	**28**	481
Prepayments and accrued income	**459**	913
	4,528	9,384

All amounts are receivable over the short-term. The net carrying value of trade receivables is considered a reasonable approximation to fair value.

Notes to the consolidated financial statements (continued)

17. Trade and other payables

	2024 £'000	2023 £'000
Amounts due within 12 months		
Trade payables	**2,508**	5,369
Contract liabilities (Note 20)	**281**	218
Other tax and social security	**693**	1,240
Accruals and other payables	**1,470**	2,009
Deferred income	**770**	490
Total due within 12 months	**5,722**	9,326

	2024 £'000	2023 £'000
Amounts due after 12 months		
Deferred income	**-**	12
Total due after 12 months	**-**	12

With the exception of a portion of deferred income, all amounts are payable over the short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation to fair value.

Deferred income due after 12 months relates to grant income received. Grant income is measured under IAS 20 and the accounting treatment is based on using the accruals method. The grant relates to monies received from the Welsh Development Agency towards a machine purchase and will be released through to May 2025. There are no unfulfilled conditions or other contingencies attached to the grants. The outstanding amount of £12,000 at 28 September 2024 was transferred to the disposal group held for sale (see below and Note 28).

18. Borrowings

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

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

The interest rate on the term loan was 14.25% per quarter, and total interest payments of £170,000 were made in the year. The contract terms required Pressure Technologies plc to repay £0.5 million of capital in FY24, and the remaining £1 million in four equal tranches between FY26 and FY29. The initial repayment of £0.5 million was made during the year with the balance fully repaid subsequent to year end in October 2024, following the sale of PMC.

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

Notes to the consolidated financial statements (continued)

18. Borrowings (continued)

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

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

The maturity profile of borrowing facilities are as follows:

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

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

19. Lease liabilities

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

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

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

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

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

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 13). Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security.

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

Notes to the consolidated financial statements (continued)

19. Lease liabilities (continued)

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

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

	Within one year £'000	Over one to five years £'000	Total £'000
30 September 2023			
Lease payments	827	2,141	2,968
Finance costs	(130)	(437)	(567)
Net present value	697	1,704	2,401

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

20. Contract balances

	2024 £'000	2023 £'000
Contract assets (Note 16)	**1,586**	1,568
Contract liabilities (Note 17)	**(281)**	(218)
Net balance sheet position for ongoing contracts	**1,305**	1,350

The contract position will change according to the number or size of contracts in progress at the year-end as well as the status of payment milestones towards those contracts.

The Group will continue to structure payment milestones in order to cover the up-front costs of materials for cash flow purposes. The variance between these and the performance obligations for revenue recognition under IFRS 15 (typically acceptance of the product by the customer for all standard products), will cause increasing values to remain in deferred income for longer.

Notes to the consolidated financial statements (continued)

20. Contract balances (continued)

	2024 £'000	2023 £'000
Release of contract liabilities and deferred income		
Contract revenue recognised through release of contract liabilities and deferred income	**34**	295

21. Financial instruments

Financial assets and liabilities recorded or disclosed at fair value in the consolidated statements of financial position are categorised based on the level of judgement associated with inputs used to measure the fair value.

The following fair value hierarchy reflects the significance of inputs of valuation techniques used in making fair value measurements and/or disclosures:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to one fair value measurement. No transfers in either direction have been made between the levels of fair value hierarchy during the period to 28 September 2024.

The Group held the following categories of financial instruments:

	2024 Total £'000	2023 Total £'000
Financial assets - amortised cost		
- Trade receivables	**2,455**	6,422
- Other receivables	**272**	883
- Cash and cash equivalents	**116**	945
	2,843	8,250

Notes to the consolidated financial statements (continued)

21. Financial instruments (continued)

	2024 Total £'000	2023 Total £'000
Financial liabilities - amortised cost		
- Trade payables	**2,508**	5,369
- Accruals and other payables	**1,470**	2,007
- Borrowings	**1,000**	907
- Lease liabilities	**558**	2,401
	5,536	10,684

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The contractual maturity is also based on the earliest date on which the Group may be required to pay.

	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Total net payable £'000
2024				
Trade and other payables	**3,975**	**-**	**-**	**3,975**
Borrowings	**1,036**	**-**	**-**	**1,036**
Amounts due under lease liabilities	**141**	**134**	**346**	**621**
	5,152	**134**	**346**	**5,632**

	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Total net payable £'000
2023				
Trade and other payables	7,376	-	-	7,376
Borrowings	936	-	-	936
Amounts due under lease liabilities	464	363	2,141	2,968
	8,776	363	2,141	11,280

Financial risk management objectives

Management monitor and manage the financial risks relating to the operations of the Group through regular reports to the Board. These risks include currency risk, interest rate risk, price risk, credit risk and liquidity risk.

Foreign currency risk management
The Group purchases its principal raw materials in US Dollars, Euros and Pounds Sterling and receives payment for its products in US Dollars, Euros and Pounds Sterling. After netting off foreign currency receipts and payments, there is a net exposure to the risk of currency movements in US Dollars and Euros.

Notes to the consolidated financial statements (continued)

21. Financial instruments (continued)

The carrying amounts of the Group's foreign currency denominated monetary financial assets and monetary financial liabilities at the reporting date are as follows:

	Financial assets		Financial liabilities	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Euro	**473**	504	**1,241**	281
US Dollar	**73**	369	**41**	526
Canadian Dollar	**-**	2	**-**	-
	546	875	**1,282**	807

Foreign currency sensitivity analysis
The Group's exposure to a 10% exchange rate movement on its foreign currency denominated financial assets and financial liabilities is as follows:

	Euro currency impact		US Dollar currency impact	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Income / (charge) exposure	**(70)**	20	**3**	(14)

The use of a 10% movement in exchange rates is considered appropriate given recent movements in exchange rates.

A substantial amount of the Group's sales and purchases are made in foreign currencies. The exposure to foreign exchange rates varies throughout the year depending on the volume and timing of transactions in foreign currencies.

Interest rate risk management
If interest rates had been 0.5% higher/lower and all other variables were held constant, the impact on the results in the consolidated statement of comprehensive income and equity would be a decrease/increase of £10,000 (2023: £23,000). This excludes a decrease/increase of £9,000 relating to lease interest in the disposal group held for sale.

Price risk management
Where possible the Group enters into contracts incorporating price escalation clauses to mitigate any significant exposure to material price risk.

Credit risk management
The Group's credit risk is primarily attributable to its trade receivables. At 28 September 2024 the largest customer within trade receivables accounted for 17% (2023: 30%) of debtors. Management continually monitors this dependence on the largest customers and are continuing to seek new customers and enter new markets to reduce this dependence. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer. The Group's management estimate the level of allowances required for doubtful debts based on prior experience and their assessment of the current economic environment. The Group's maximum exposure to credit risk is limited to the carrying value of financial assets recognised at the period end. The credit risk on liquid funds is minimised by using counterparty banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management
The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Details of the Group's banking facilities are disclosed in Note 18.

Capital risk management
Pressure Technologies plc's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders through the payment of dividends.

Notes to the consolidated financial statements (continued)

21. Financial instruments (continued)

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 18, leases disclosed in Note 19 and cash and cash equivalents disclosed in Note 27 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

	2024 **£'000**	2023 £'000
Cash and cash equivalents	**116**	945
Debt - Term loan	**(1,000)**	-
Debt - Revolving credit facility	**-**	(907)
Debt - Asset finance leases	**(241)**	(1,072)
Debt - Right of use asset leases	**(317)**	(1,329)
Net debt	**(1,442)**	(2,363)
Equity	**11,161**	13,586

Debt is defined as long and short-term borrowings, as detailed in Notes 18 and 19. Net debt is debt less cash and cash equivalents, as detailed in Note 27. Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

The Group is not subject to externally imposed capital requirements, other than the minimum capital requirements and duties regarding a serious reduction of capital, as imposed by the Companies Act 2006 on all public limited companies.

Notes to the consolidated financial statements (continued)

22. Deferred tax

The following are the major deferred tax assets / (liabilities) recognised by the Group and movements thereof during the current and prior reporting period:

	Accelerated tax depreciation £'000	**Short-term temporary differences £'000**	**Share option costs £'000**	**Unused losses £'000**	**Total £'000**
At 1 October 2022	(703)	45	-	618	(40)
Adjustments in respect of prior periods	(116)	-	-	-	(116)
Credit / (charge) to income	107	(21)	-	58	144
At 30 September 2023	(712)	24	-	676	(12)
Adjustments in respect of prior periods	(147)	-	-	-	(147)
Credit / (charge) to income	117	(2)	-	(62)	53
At 28 September 2024, including disposal group	(742)	22	-	614	(106)
Transfers to disposal group held for sale	170	(10)	-	-	160
At 28 September 2024, continuing operations	**(572)**	**12**	**-**	**614**	**54**

The net deferred tax balance has been analysed as follows in the consolidated balance sheet:

	2024 £'000	2023 £'000
Non-current asset		
Deferred tax asset	**626**	700
Non-current liabilities		
Deferred tax liabilities	**(572)**	(712)
	54	(12)

The deferred tax assets are expected to be recoverable against future profits generated by the Group.

The Group had unused tax losses of £7,912,000 (2023: £9,582,000) at year-end. The unrecognised deferred tax asset at year-end was £1,978,000 (2023: £2,395,000). None of these losses were in the disposal group held for sale (2023: £2,365,000 of unused tax losses and an unrecognised deferred tax asset of £591,000 were in the PMC division).

Notes to the consolidated financial statements (continued)

23. Called up share capital

	2024 No.	2023 No.	2024 £'000	2023 £'000
Allotted, issued and fully paid				
Ordinary shares of 5p each	**38,667,163**	38,667,163	**1,933**	1,933

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

In conjunction with the provision of the new £1.5 million term loan issued in November 2023, Rockwood Strategic plc and Peter Gyllenhammar AB, two of the principal shareholders of Pressure Technologies plc, were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the new facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

24. Share based payments

Save-As-You-Earn ("SAYE") scheme

Pressure Technologies plc introduced a share option scheme for all employees of the Group in November 2007. The most recent grant of options was made in August 2022.

The scheme rules were reviewed and updated in 2017 as required by HMRC. If the options remain unexercised after a period of 3 years and 6 months from the date of the grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest and are treated as cancelled if the employee chooses to stop contributing. Members of the scheme are required to remain employees of the Group and make regular contributions.

The cancellation of equity settled share based payments is accounted for as an acceleration of vesting and is therefore recognised immediately in the statement of comprehensive income.

Details of the movement of share options outstanding during the period are as follows:

	2024 No.	Weighted average exercise price	2023 No.	Weighted average exercise price
Outstanding at the beginning of the period	**349,233**	**63.9p**	742,988	66.9p
Forfeited during the period	**(10,132)**	**60.4p**	(64,495)	64.2p
Cancelled during the period	**(83,030)**	**62.3p**	(298,599)	67.7p
Expired during the period	**(156,264)**	**66.0p**	(30,661)	99.2p
Outstanding at the end of the period	**99,807**	**62.2p**	349,233	63.9p

11,604 (2023: 156,264) of the outstanding options as at 28 September 2024 were exercisable at the end of the period. The options outstanding at 28 September 2024 had a weighted average remaining contractual life of 0.8 years (2023: 1.0 years). The terms of these options are as follows:

Notes to the consolidated financial statements (continued)

24. Share based payments (continued)

Date of grant	Options outstanding at 28 September 2024	Vesting period	Market value at date of grant (p)	Exercise price (p)	Exercise period
30 July 2021	11,604	3 years	93.8	76.0	6 months
29 August 2022	88,203	3 years	73.0	60.4	6 months
Total options outstanding at 28 September 2024	**99,807**				

There are no performance conditions that apply to these options other than continued employment.

SAYE Valuation Model

The SAYE options were valued using the Black-Scholes model at the date of grant. The inputs into the Black-Scholes model for the most recent grant are as follows:

Date granted	29 August 2022
Share price at date of offer	73.0p
Exercise price	60.4p
Expected volatility	44%
Expected life	3 years
Risk free rate	2.7%
Expected dividend yield	0.0%
Fair value	£81,703

Expected volatility was determined by calculating the historical volatility of the Group's share price over the three year period to the grant date. The expected option value used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was based on the Group's dividend pay-out pattern at the date of issue of the options.

In line with HMRC approved schemes, share options under the SAYE scheme may be exercisable at a discount of up to 20% of the market value of the shares at the time of issue.

The total charge to the consolidated statement of comprehensive income in the period in respect of share based payments was £23,000 (2023: £71,000). The charge is calculated in accordance with IFRS2, 'Share Based Payments'. A deferred tax charge of £nil (2023: charge of £nil) was recognised in the consolidated statement of comprehensive income during the period in respect of share based payments.

Long-Term Incentive Plan (LTIP) - 2021 Value Creation Scheme

During the period ended 1 October 2022, a new LTIP, the 2021 Value Creation Scheme ("VCS"), was introduced. The first awards under this scheme were made on 18 January 2022. This scheme is described in the Report of the Remuneration Committee.

The VCS grants of 18 January 2022 were deemed to be at a fair value of £nil, given the prevailing share price of 72 pence was significantly below the hurdle price of 140 pence per share to trigger the scheme. As a result, the total charge to the consolidated statement of comprehensive income in the period in respect of the VCS was £nil (2023: £nil). The VCS expired at the end of FY24, with no further awards having been made, and is no longer active as at 28 September 2024.

Notes to the consolidated financial statements (continued)

25. Reconciliation of operating (loss) / profit to operating cash flow

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

Notes to the consolidated financial statements (continued)

26. Net debt reconciliation

	Cash £'000	**Borrowings £'000**	**Leases £'000**	**Total £'000**
At 1 October 2022	1,783	(2,407)	(2,876)	(3,500)
Cash flows	(838)	-	-	(838)
Repayments	-	1,500	989	2,489
New facilities - asset finance leases	-	-	(482)	(482)
Surrender - right of use asset leases	-	-	(32)	(32)
At 30 September 2023	**945**	**(907)**	**(2,401)**	**(2,363)**
Cash flows	(475)	-	-	(475)
Repayments	-	1,407	777	2,184
New facilities – term loan	-	(1,500)	-	(1,500)
New facilities - asset finance leases	-	-	(408)	(408)
New facilities - right of use asset leases	-	-	(251)	(251)
At 28 September 2024, including disposal group	**470**	**(1,000)**	**(2,283)**	**(2,813)**
Transfers to disposal group (Notes 19, 27)	(354)	-	1,725	1,371
At 28 September 2024	**116**	**(1,000)**	**(558)**	**(1,442)**

On 14 November 2023, the Group exited its existing Revolving Credit Facility, provided by Lloyds Banking Group, by arranging a new term loan facility of £1.5 million with Rockwood Strategic plc and Peter Gyllenhammar AB, two of its major shareholders. The new loan was drawn in full and used to repay Lloyds in full, settle transaction costs and to provide general working capital headroom. Repayments of £0.5 million were made during the year with the balance fully repaid subsequent to year end in October 2024, following the sale of PMC.

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

Rockwood Strategic plc is a quoted unit trust whose funds are managed by Harwood Capital LLP, thereby placing it under the control of Richard Staveley, a Non-Executive Director of the Company. Rockwood Strategic plc is therefore considered to be a related party under "IAS24 - Related Party Disclosures" (see Note 31).

27. Cash and cash equivalents – continuing operations

	2024 £'000	2023 £'000
Cash at bank and in hand	**116**	945

Notes to the consolidated financial statements (continued)

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

The Board announced in October 2023 its decision to divest the Precision Machined Components (PMC) division and launched the sale process in December 2023. The PMC division was sold to Raghu Vamsi Machine Tools Private Limited, a manufacturer of specialised precision engineered components based in India, in October 2024 (see Note 32).

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

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

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

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

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

Notes to the consolidated financial statements (continued)

28. Disposal group classified as held for sale and discontinued operations (continued)

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

	28 September 2024 £'000	30 September 2023 £'000
Non-current assets		
Property, plant and equipment	**3,002**	3,168
Deferred tax assets	**10**	390
	3,012	3,558
Current assets		
Inventories	**1,287**	2,912
Trade and other receivables	**4,660**	4,093
Cash and cash equivalents	**354**	247
	6,301	7,252
Assets classified as held for sale	**9,313**	10,810
Current liabilities		
Trade and other payables	**(3,517)**	(4,346)
Lease liabilities	**(308)**	(361)
	(3,825)	(4,707)
Non-current liabilities		
Other payables	**-**	(12)
Lease liabilities	**(1,417)**	(1,296)
Deferred tax liabilities	**(170)**	(81)
	(1,587)	(1,389)
Liabilities classified as held for sale	**(5,412)**	(6,096)
Net assets classified as held for sale	**3,901**	4,714

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

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

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

	52 weeks ended 28 September 2024 £'000	52 weeks ended 30 September 2023 £'000
Operating cash flow (Note 25)	**1,022**	627
Exceptional costs (Note 5)	**(232)**	(57)
Finance costs (Note 3)	**(178)**	(145)
Income tax refunds (Note 9)	**6**	189
Net cash inflow from operating activities	**618**	614
Net cash outflow from Investing activities	**(92)**	(143)
Net cash outflow from financing activities	**(419)**	(619)
Cash inflows / (outflows) from discontinued operations	**107**	(148)

Notes to the consolidated financial statements (continued)

29. Financial commitments

Pension commitments

As at 28 September 2024, pension contributions of £76,000 (2023: £64,000) due in respect of the current year had not been paid over to the scheme. These were paid over in the following month and within statutory deadlines.

Of these amounts, £47,000 (2023: £42,000) related to continuing operations and £29,000 (2023: £22,000) to the disposal group held for sale.

30. Contingent liabilities

At the year end, bonus awards related to the sale of PMC of £579,000, including employer's NIC, were contingent on the final completion of the transaction and a disclosure has been made in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". These bonus awards were paid in the first quarter of FY25 and comprised £332,000 for PMC management and £247,000 for Executive Directors of the Group.

31. Related party transactions

Key management personnel, as defined under "IAS 24 - Related Party Disclosures" includes the Executive and Non-Executive Directors of the Group and other relevant senior management within the operating subsidiaries. Total remuneration for all key management personnel was £982,000 (2023: £966,000).

Details of the remuneration of the Executive and Non-Executive Directors of the Group is set out in the Remuneration Committee Report on pages 32-34 and in Note 8.

During the period, the Group arranged a new term loan facility of £1.5 million with Rockwood Strategic plc and Peter Gyllenhammar AB, two of its major shareholders. The facility was drawn in full on 14 November 2023.

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

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

Total fees paid to Rockwood Strategic plc in the year were £23,000 (2023: £nil), and total interest payments to Rockwood Strategic plc were £85,000 (2023: £nil).

As at 28 September 2024, the balance outstanding under the facility, excluding accrued interest, was £1.0 million. The loan was fully repaid subsequent to year end on 10 October 2024 on the sale of PMC.

32. Subsequent events

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

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

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

Company statement of financial position

As at 28 September 2024

	Notes	**28 September 2024 £'000**	30 September 2023 £'000
Non-current assets			
Investments	4	**623**	5,052
Property, plant and equipment	5	**2,757**	2,695
Deferred tax asset	12	**435**	238
		3,815	7,985
Current assets			
Investments	4	**2,149**	-
Receivables	6	**3,630**	3,329
Cash at bank and in hand		**2**	20
		5,781	3,349
Creditors: amounts falling due within one year			
Trade and other payables	7	**(7,077)**	(4,157)
Borrowings	8	**(1,000)**	(907)
Lease liabilities	9	**(10)**	(20)
Net current liabilities		**(2,306)**	(1,735)
Creditors: amounts falling due after more than one year			
Lease liabilities	9	**(6)**	(16)
Net assets		**1,503**	6,234
Capital and reserves			
Called up share capital	11	**1,933**	1,933
Share premium account	11	**1,699**	1,699
Profit and loss account	17	**(2,129)**	2,602
Equity shareholders' funds		**1,503**	6,234

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company reported a loss after tax for the 52 week period ended 28 September 2024 of £4,734,000 (2023: loss after tax of £3,054,000).

The accounting policies and notes on pages 93-103 form part of these financial statements.

Approved by the Board on 4 February 2025 and signed on its behalf by:

DocuSigned by:
Chris Walters
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Chris Walters
Director
4 February 2025

Company statement of changes in equity

For the 52 week period ended 28 September 2024

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 October 2022	1,553	-	6,373	7,926
Prior period adjustment (Note 18)	-	-	(718)	(718)
Restated balance as at 1 October 2022	**1,553**	**-**	**5,655**	**7,208**
Shares issued	380	1,699	-	2,079
Share based payments	-	-	1	1
Transactions with owners	380	1,699	1	2,080
Loss for the period	-	-	(3,054)	(3,054)
Balance at 30 September 2023	**1,933**	**1,699**	**2,602**	**6,234**
Share based payments	-	-	3	3
Transactions with owners	-	-	3	3
Loss for the period	-	-	(4,734)	(4,734)
Balance at 28 September 2024	**1,933**	**1,699**	**(2,129)**	**1,503**

The accounting policies and notes on pages 93-103 form part of these financial statements.

Notes to the Company financial statements

1. Accounting policies

Statement of compliance

The financial statements of Pressure Technologies plc ("the Company"), the holding company of the Group, have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the financial year dealt within the financial statements of the Company was £4,734,000 (2023: £3,054,000 loss) after applying a tax credit (Note 10) of £197,000 (2023: £26,000 credit) to the loss before tax of £4,931,000 (2023: £3,080,000 loss).

Going concern

The Directors note that the Company has net assets of £1.5 million at 28 September 2024, and net current liabilities of £2.3 million. The going concern status of the Company is inextricably linked to the Group, and the Company is reliant on the same assurances and projections discussed on pages 52-53 of the consolidated financial statements.

As explained in the Accounting policies section to the consolidated financial statements (see pages 52-53), the Directors have concluded that it is appropriate to prepare the Consolidated financial statements on a going concern basis. This conclusion also applies to the preparation of the Company's financial statements for the reasons set out in that section.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Capital management disclosures
- The effect of future accounting standards not adopted
- Certain share based payment disclosures
- Certain financial instruments disclosures

New standards adopted in 2024

No new standards were applied during the year.

Investments

Investments in subsidiary undertakings are stated at cost less any applicable provision for impairment. Contingent consideration classified as an asset or liability is subsequently re-measured through profit or loss.

Intangible assets

Intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Cost reflects purchase price of the asset together with any incidental costs of bringing the asset into use. Residual values and useful lives are reviewed at each reporting date.

The following useful lives are applied:

- IT systems & Software - 3-5 years

Property, plant and equipment

Property, plant and equipment (PPE) is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management.

PPE is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis (unless otherwise stated) to write down the cost less estimated residual value of PPE.

Notes to the Company financial statements (continued)

1. Accounting policies (continued)

The following useful lives are applied:

- Plant and machinery 3-15 years
- Buildings 50 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Financial assets

The Company classifies its financial assets at amortised cost.

Financial liabilities

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs involved. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

Leased assets

The Company as a lessee
For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Notes to the Company financial statements (continued)

1. Accounting policies (continued)

Leased assets (continued)

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in as a separate line item, 'Lease liabilities'.

Post-employment benefit plans

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset. Unpaid contributions are reflected as a liability.

Share based payments

Where equity settled share options are awarded to employees of the Company the fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in the profit and loss account. The fair value of awards made with market performance conditions has been measured by a Black-Scholes model.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Notes to the Company financial statements (continued)

1. Accounting policies (continued)

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Calculation of deferred tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period that are expected to apply when the asset is realised or the liability is settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover the related asset or settle the related obligation.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are not discounted.

Deferred tax liabilities are generally recognised in full with the exception of:

- on the initial recognition of a transaction that is not a business combination and at the time of the transaction affects neither the accounting nor taxable profit.

Deferred tax liabilities are not discounted.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation with an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where a liability is contingent on the occurrence or non-occurrence of uncertain future events or circumstances it is only recognised if a reliable estimate can be made of the amount of obligation.

Critical accounting judgements

Impairment reviews – Freehold land and buildings

Land and buildings includes the CSC division's main manufacturing facility at Meadowhall Road, Sheffield, which is leased to other Group companies. As part of discussions to refinance the Company's banking facilities during 2023, the Directors obtained two valuations of the Meadowhall Road site from independent chartered surveyors, Lambert Smith Hampton and Knight Frank, which indicated that no impairment was required. Whilst these valuations were not formally updated in FY24, informal discussions with the valuers as to changes in market conditions for assets of this sort during FY24 indicated that there had not been a material change in value during the year.

The Directors are satisfied the carrying value of the Meadowhall Road site is comparable with market value (see Note 5).

Impairment reviews – Investment in subsidiaries

The Company has acquired, through business combinations and through other acquisitions, subsidiary companies and therefore holds investments in subsidiaries. At each reporting period date, the Directors review the likelihood of indefinite life assets generating income, the period over which this is likely to be achieved and the potential income that can be generated. Where it is probable the future recoverable amount will be in excess of capitalised costs the assets are held within the balance sheet at cost. Where this is not the case, an impairment charge will be recorded to adjust the investment held value to its recoverable amount (see Note 4).

Deferred tax

The carrying value of the deferred tax asset is dependent the extent to which losses carried forward in the Group are recoverable against future profits. Management estimates are based on a three-year profit forecast. Any such forecast is subject to significant estimation uncertainty, particularly in projected revenues from the hydrogen and defence markets, as future profits in CSC will affect the extent to which Company losses can be recognised.

Notes to the Company financial statements (continued)

2. Employees

Average weekly number of employees, including Executive Directors:

	2024 Number	2023 Number
Administration	**14**	15

Staff costs, including Directors:

	2024 £'000	2023 £'000
Wages and salaries	**992**	1,516
Social security costs	**129**	181
Other pension costs	**134**	164
Share based payments	**3**	1
	1,258	1,862

Further details of Directors' remuneration are provided in the Report of the Remuneration Committee and Note 8 to the consolidated financial statements.

3. Operating loss

The auditor's remuneration for audit and other services is disclosed in Note 6 to the consolidated financial statements. Of the total Group audit fee for the period, £60,000 was allocated to the Company.

4. Investments in subsidiary companies

	Investment in subsidiaries
Cost	**£'000**
Balance at 30 September 2023 and 28 September 2024	**32,200**
Impairment	
At 30 September 2023	**(27,148)**
Charge for the period – impairment	(2,280)
At 28 September 2024	**(29,428)**
Net book value	
At 28 September 2024	**2,772**
At 30 September 2023	5,052

The impairment related to the Company's investment in PT Precision Machined Components Limited (PT PMC).

As PT PMC was sold shortly after the year-end (see note 16), this investment has been treated as a current asset in the Statement of Financial Position. The net book value after impairment was £2,149,000 (2023: £4,429,000).

Notes to the Company financial statements (continued)

4. Investments in subsidiary companies (continued)

The Company tests annually for impairment, or more frequently if there are indicators that the carrying value of investment in subsidiary companies might be impaired. The impairment review is described in Note 2 on pages 65-66 of the consolidated financial statements.

This review indicated that:

- No impairment was required in respect of the Company's investment in Chesterfield Special Cylinders Limited that includes the operations of the CSC division.
- An impairment of £2.3 million was required in respect of the Company's investment in PT Precision Machined Components Limited that includes the operations of the PMC division.
- No impairment was required in Chesterfield Special Cylinders Limited in respect of its subsidiary undertakings.
- No impairment was required in PT Precision Machined Components Limited in respect of its subsidiary undertakings.

The directly held subsidiaries of the Company as at the balance sheet date, which are all 100% owned, are:

Name	**Country of incorporation**	**Principal activity**
Chesterfield Special Cylinders Limited	England & Wales	Manufacturing
PT Precision Machined Components Limited	England & Wales	Holding company
Chesterfield Cylinders Limited	England & Wales	Dormant
Chesterfield Pressure Systems Group Limited	England & Wales	Dormant
Chesterfield Tube Company Limited	England & Wales	Dormant
Precision Machined Components Limited	England & Wales	Dormant

The directly held subsidiaries of Chesterfield Special Cylinders Limited as at the balance sheet date, which are all 100% owned, are:

Name	**Country of incorporation**	**Principal activity**
CSC Deutschland GmbH	Germany	Sales and marketing
Chesterfield Special Cylinders Inc (formerly Hydratron Inc)	USA	Manufacturing

The directly held subsidiaries of PT Precision Machined Components Limited as at the balance sheet date, which are all 100% owned, are:

Name	**Country of incorporation**	**Principal activity**
Roota Engineering Limited	England & Wales	Manufacturing
Al-Met Limited	England & Wales	Manufacturing
Martract Limited	England & Wales	Manufacturing
Quadscot Holdings Limited	England & Wales	Manufacturing

The directly held subsidiary of Quadscot Holdings Limited as at the balance sheet date, which is 100% owned, is:

Name	**Country of incorporation**	**Principal activity**
Quadscot Precision Engineers Limited	England & Wales	Manufacturing

Quadscot Holdings Limited and Quadscot Precision Engineers Limited have their registered office at the following address: C/O Blackadders LLP, 53 Bothwell Street, Glasgow, G2 6TS.

All other UK based subsidiaries have as their registered office the following address: Pressure Technologies Building, Meadowhall Road, Sheffield, S9 1BT.

Notes to the Company financial statements (continued)

4. Investments in subsidiary companies (continued)

Pressure Technologies plc has issued guarantees over the liabilities of the following companies at 28 September 2024 under section 479C of the Companies Act 2006 (the "Act") and these companies are exempt from the Act relating to the audit of individual accounts by virtue of section 479A of the Act:

Company Name	Company Number
Roota Engineering Limited	0114 0986
Martract Limited	0140 6106
Al-Met Limited	0189 7307
Quadscot Holdings Limited	SC 430 424
Quadscot Precision Engineers Limited	SC 124 213

5. Property, plant and equipment

	Land and Buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 30 September 2023	3,370	519	3,889
Additions - Owned assets	-	154	154
Disposals - Owned assets	-	(139)	(139)
Disposals - Leased assets	-	(64)	(64)
At 28 September 2024	**3,370**	**470**	**3,840**
Depreciation			
At 30 September 2023	758	436	1,194
Charge for the period - Owned assets	10	61	71
Charge for the period - Leased assets	-	21	21
Disposals - Owned assets	-	(139)	(139)
Disposals - Leased assets	-	(64)	(64)
At 28 September 2024	**768**	**315**	**1,083**
Net book value			
At 28 September 2024	**2,602**	**155**	**2,757**
At 30 September 2023	2,612	83	2,695
Leased assets			
Carrying value at 28 September 2024	**-**	**16**	**16**
Carrying value at 30 September 2023	-	37	37

Land and buildings include the CSC division's main manufacturing facility at Meadowhall Road, Sheffield site, which is leased to other Group companies. As part of discussions to refinance the Company's banking facilities during the period ended 1 October 2022, the Directors obtained two valuations from independent chartered surveyors, Lambert Smith Hampton and Knight Frank, of the Meadowhall Road site which indicated that no impairment was required. Whilst these valuations were not formally updated in FY24, informal discussions with the valuers as to changes in market conditions for assets of this sort during FY24 indicated that there had not been a material change in value during the year.

The Directors are satisfied it is comparable with market value. The original cost of the land and buildings was £3.4 million, which is currently held at a carrying value of £2.6 million following an impairment charge of £0.7 million made in the period to 2 October 2021.

Notes to the Company financial statements (continued)

6. Receivables

	2024 £'000	2023 £'000
Prepayments	**17**	41
Amounts owed by Group companies	**3,613**	3,288
	3,630	3,329

Amounts owed by Group undertakings are charged at nil interest and are repayable on demand.

7. Trade and other payables

	2024 £'000	2023 £'000
Trade creditors	**139**	336
Other tax and social security	**186**	252
Accruals	**605**	152
Amounts owed to Group companies	**6,147**	3,417
	7,077	4,157

Amounts owed to Group undertakings are charged at nil interest and are repayable on demand.

8. Borrowings

	2024 £'000	2023 £'000
Amounts: falling due within one year		
Term loan/Revolving credit facility	**1,000**	907

Details of borrowings are set out in Note 18 to the consolidated financial statements.

During the period, the revolving credit facility was fully paid off from the proceeds of a new term loan agreed with two of the major shareholders of the Company (see Note 18).

Notes to the Company financial statements (continued)

9. Lease liabilities

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

	2024 £'000	2023 £'000
Current		
Right of use asset lease liabilities	**10**	20
	10	20
Non-current		
Right of use asset lease liabilities	**6**	16
	6	16

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

The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 5). Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

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

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

	Within one year £'000	**Over one to five years £'000**	**Total £'000**
28 September 2024			
Lease payments	**11**	**6**	**17**
Finance costs	**(1)**	**-**	**(1)**
Net present value	**10**	**6**	**16**

	Within one year £'000	Over one to five years £'000	Total £'000
30 September 2023			
Lease payments	22	17	39
Finance costs	(2)	(1)	(3)
Net present value	20	16	36

Notes to the Company financial statements (continued)

10. Taxation

	2024 £'000	2023 £'000
Deferred tax credit / (charge)		
Origination and reversal of temporary differences	**314**	33
Under provision in respect of prior years	**(117)**	(7)
	197	26
Total taxation credit	**197**	26

An increase in the UK corporation tax rate to 25% was substantively enacted in May 2021 and took effect from 1 April 2023. As the most significant timing differences are not expected to unwind until 2025 or later, the deferred tax rate was maintained at 25% in the period.

11. Share capital

Details of the Company's authorised and issued share capital and of movements in the year are given in Note 23 to the consolidated financial statements.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

12. Deferred tax

	2024 £'000	2023 £'000
Opening deferred tax asset	**238**	212
Credit for the period	**197**	26
Closing deferred tax asset	**435**	238

The deferred tax asset is made up as follows:

	2024 £'000	2023 £'000
Accelerated capital allowances	**(29)**	(27)
Unutilised losses recognised	**461**	263
Other temporary differences	**3**	2
	435	238

13. Contingent liabilities

At the year end, management bonus awards related to the sale of PMC of £579,000, including employer's NIC, were contingent on the final completion of the transaction and a disclosure has been made in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". These bonus awards were paid in the first quarter of FY25.

14. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Pressure Technologies plc Group have not been disclosed.

For details on other related party transactions, see Note 31 in the consolidated financial statements.

Notes to the Company financial statements (continued)

15. Ultimate controlling party

The Directors consider that the Company has no ultimate controlling party.

16. Subsequent events

On 8 October 2024, the sale of the Precision Machined Components division was completed by the Company. Proceeds of the sale were used to strengthen the Company's balance sheet.

On 10 October 2024, the £1.0 million term loan facility provided by Rockwood Strategic plc and Peter Gyllenhammar AB, two of its major shareholders, was repaid by the Company and all security granted by the lenders was released.

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

17. Reserves

The profit and loss account includes retained profits and losses for all current and prior periods.

18. Prior period adjustment

During the year ended 30 September 2023 ("FY23"), the Company reviewed its past accounting treatment in respect of share option costs relating to its subsidiary companies between the years ended 27 September 2008 ("FY08") and 28 September 2019 ("FY19").

The Group and the subsidiary entities have consistently recognised all share option costs in their profit and loss account on a correct basis during this period.

However, during the period FY08 to FY15, the share option costs of the Company's subsidiaries were also credited to the Company's non-distributable reserves, with a corresponding debit to the Company's investment in subsidiaries balance. In the period FY16 to FY22, the cumulative position up to FY15 and subsequent annual credits were added to the Company's distributable reserves.

The accumulated share option costs included in the Company's investment in subsidiaries balance amounted to £718,000 during the period FY08 to FY19.

During FY23, the Company concluded that this treatment incorrectly increased both its distributable reserves and its investment in subsidiaries. As a result, the financial statements for FY22 are restated with investments in subsidiaries reduced by £718,000, retained earnings reduced by £718,000 and net assets reduced by £718,000.

There is no impact on the retained earnings or net assets of the Group.

No dividends have been paid by the Company since 2016. For FY16, the Company had sufficient distributable reserves, after allowing for the cumulative impact to that point of the incorrect accounting treatment above, from which to distribute the actual dividends declared in that year. For the period FY08 to FY15, distributable reserves were not overstated and the Company had sufficient distributable reserves to distribute the actual dividends declared in each year during that period.

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