

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION



## WELCOME

Our Purpose

To engineer and manufacture electronic solutions enabling a safer, healthier and more sustainable world.

We design custom technology solutions that enable smaller, lighter, and more energy-efficient products used in performance critical applications. Our global manufacturing capability provides solutions for customers in highly regulated markets, from new product introduction to full scale production of complex systems.





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### Chair's statement

Despite a tough year, the Board is pleased with the way the organisation has faced the challenge. We look forward to seeing the results of these efforts in 2025.

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### **CEO 0&A**



During the year we have reorganised our management structure, refreshed our strategy, and introduced a significant self-help programme, Project Dynamo, across the business.

**Read more** on page 5

### Our people, communities and environment



We made a fundamental change to how we work in 2024, designed to unlock value in efficiency and opportunity. We have also continued to make progress on our environmental agenda.

**Read more** on page 28

#### Governance

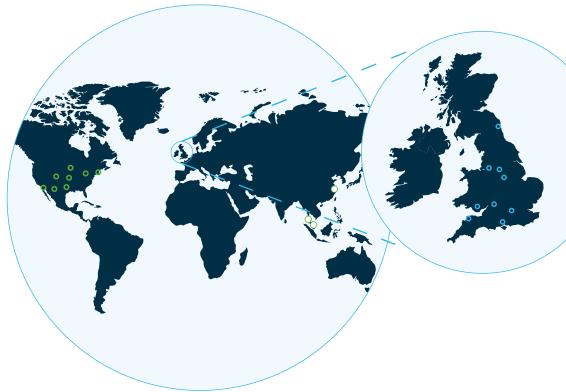


The Board continues to drive high standards of governance across the Group.

**Read more** on page 58

#### **INSIDE TT ELECTRONICS**

# **WHO WE ARE**



#### **OUR REGIONS**

#### **EUROPE**

Power, sensors & specialist components

#### Locations (UK)

Abercynon, Barnstaple, Bedlington, Eastleigh, Fairford, Manchester, Nottingham, Sheffield, Woking

28%

Group revenue

#### NORTH AMERICA

Power, manufacturing, sensors & specialist components

#### Locations

Boston, Cleveland, Dallas, Denver, Juarez, Kansas City, Mexicali, Minneapolis

35% Group revenue

#### **ASIA**

Power, manufacturing

#### Locations

Kuantan (Malaysia), Singapore, Suzhou (China) 0

37%

#### **CUSTOMERS**

Our customers range from global multinationals to innovative start-ups operating in the healthcare, aerospace, defence, automation, electrification, electronics and energy sectors. We aim to work as part of the customer's team, driving solutions, and with our products and services integral to customers' designs and the lifecycle of their products.

#### **OUR PEOPLE AND CULTURE**

TT is truly a people business. The passion, expertise and values of our people drive our success. Our culture gives us a competitive advantage, making us a great company to work for and with, enabling us to attract and retain talented people, grow productivity, build strong partnerships with our customers and, ultimately, deliver our business goals.

#### **SUSTAINABILITY**

We aim to positively impact the world by creating value and enhancing sustainability through our products, business practices, employee care, community engagement, and environmental responsibility. Sustainability is integrated into all aspects of our strategy to reduce risk and maximise opportunities.

- 1 Our KPIs include a number of Alternative Performance Measures (APMs) which have been adopted by the Directors to provide further information on underlying trends and the performance and position of the Group. Details of these APMs and a reconciliation to statutory measures can be found on pages 161 to 166.
- 2 The reported operating profit for 2023 has been retrospectively adjusted by £(5.7) million as described further in note 1. This is principally related to our Cleveland site where as part of our project to address operational execution challenges, we identified issues in relation to the recoverability of certain assets recognised in prior periods.

#### REVENUE

£521.1m

2023: £613.9m

### ORGANIC REVENUE GROWTH<sup>1</sup>

(5)% 2023: 1%

ADJUSTED OPERATING PROFIT MARGIN<sup>1</sup>

7.1%

2023: 7.7%2

### STATUTORY OPERATING PROFIT MARGIN

(4.5)% 2023: 0.5%<sup>2</sup>

#### CASH CONVERSION<sup>1</sup>

117%

2023: 104%2

### RETURN ON INVESTED CAPITAL<sup>1</sup>

10.0%

2023: 10.9%2

#### LEVERAGE

1.8x

2023: 1.9x<sup>2</sup>

#### **INSIDE TT ELECTRONICS** CONTINUED

**OUR MARKETS** 

GROUP REVENUE (%)	
• HEALTHCARE	23%
AEROSPACE & DEFENCE	27%
AUTOMATION & ELECTRIFICATION	33%

#### **HEALTHCARE**

#### Direct patient care and monitoring

- Patient monitoring equipment, including remote applications
- Anaesthesia machines
- Surgical lighting
- Cardiopulmonary perfusion equipment
- Ventilators and defibrillators
- Fluid monitoring
- Wearable technologies

#### Advanced interventional and surgical devices

- Surgical navigation technology
- Implantable pacemakers and defibrillators
- Neuromodulators
- Implant programmers and chargers
- Ventricular assist systems
- Robotic assisted surgery

#### Innovative diagnostic and imaging

- Ultrasound, X-ray and MRI
- Radiotherapy equipment for cancer treatment
- Sensor-enabled diagnostic devices

#### Laboratory and life sciences

- Therapeutic drug monitoring
- Gene seguencing
- Blood analysis

17%

- Portable haemodialysis systems
- Scientific instrumentation

#### AEROSPACE & DEFENCE

#### Cockpit avionics and flight controls

- Avionics and display units
- Flight controls
- Landing gear
- Joystick controls
- Wing de-icing

#### Engine controls and fuel systems

- Engine control units
- Fuel distribution systems
- Engine ice protection
- Auxiliary power units

#### **Electric propulsion**

- On board systems for electric flight

#### Aircraft interiors

- Passenger control units
- In-flight entertainment systems
- Cabin signage
- Mood and ambient lighting

#### Precision guidance, communication and navigation systems

- Laser targeting and inertial navigation
- Communications, signalling and navigation
- Precision guidance
- Global positioning ("GPS")
- Radar and radar jammers

#### **AUTOMATION & ELECTRIFICATION**

#### Factory automation and electrification

- Industrial robotics and automation equipment
- Power monitoring
- Industrial safety and security controls
- Smart packaging and labelling equipment
- Electric vehicle inverter technology

#### Clean energy and smart cities

- Renewable energy generation and smart grid
- Power management and energy control
- Water and wastewater measurement and monitoring
- Smart lighting, security systems and fire detection
- Secure access and safety controls
- Energy-efficient home appliances

#### Smart infrastructure and industrial connectivity

- Transportation communication systems
- Electric vehicles and charging stations
- Railway signalling systems and temperature control
- Data centre power
- Asset tracking and inventory management
- Communication and cloud service connectivity

#### **PRODUCTS AND CAPABILITIES**

DISTRIBUTION SALES CHANNEL

SENSORS	Optoelectronic, temperature, pressure and flow sensor technologies for control and signal conditioning	•	•	•
RESISTORS	Power, control and variable resistors	•	•	•
MAGNETICS	Custom electromagnetic components, transformers and inductors	•	•	•
PCBA	Printed circuit board design and assembly	•	•	•
CABLES & CONNECTOR	S Harsh environment wiring harnesses and rugged interconnects	-	•	•
POWER MANAGEMENT & CONVERSION	Power supplies, inverters, converters and hybrids	•	•	•
COMPLEX ELECTRONIC ASSEMBLIES	Manufacture of complete, complex electronics assemblies, power & control cabinets and test systems	•	•	•

#### **CHAIR'S STATEMENT**

# FACING THE CHALLENGE

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Despite a tough year, the Board is pleased with the way the organisation has faced the challenge. We look forward to seeing the results of these efforts in 2025."

Warren Tucker Chair

#### **BUSINESS PERFORMANCE**

After a number of years of good results, 2024 has been a challenging year for TT and, regrettably, the Group performance was down compared with the previous year. Business performance has been mixed, in particular hampered by difficult component market conditions and operational challenges in our business in North America. While we saw a strong performance in Europe and Asia, and strong revenue growth in our Aerospace & Defence end market, our adjusted operating margin closed the year down 60 bps at 7.1 per cent.

Supported by the Board, our Executive team has faced these challenges head on. To offset lower component demand we took cost action in the form of headcount reductions in North America, and we have implemented a business-wide operational improvement programme, Project Dynamo, to unlock opportunities and make TT stronger for the future.

We successfully divested sites in Hartlepool, Cardiff and Dongguan (China) in the first half of the year and reorganised the business from three divisions to a function-led regional structure to support future improved customer service, execution and performance. We have also set out new medium-term targets for revenue growth, operating margin, cash conversion and ROIC.

The organisation continues to focus on long-term collaboration with customers through product lifecycles and the Board is pleased to note the healthy number of new business wins and grants in the year, across all of our end markets.

#### **PROJECT DYNAMO**

Our self-help programme, Project Dynamo, was launched in the early part of the year to drive productivity and efficiency at all of our sites. We have eight key workstreams underway, as well as an immediate focus on operational execution issues at two North American sites.

Longer term, we expect Dynamo to yield benefits on innovation as we enhance product and technology roadmaps at our sites and effectively prioritise resources to deliver at pace for our customers.

#### **APPOINTMENT OF NEW CFO**

In November we announced Mark Hoad's intention to retire in 2025. Our ongoing succession planning activity meant that we were able to move quickly and expedite a process to assess both internal and external candidates to succeed him. Eric Lakin was identified as the standout candidate at the end of the year, and we are pleased that Eric was able to join the team as CFO Designate at the beginning of 2025.

Eric transitions to the CFO role and is appointed to the Board at the date of the full year results. He is a highly experienced CFO with a proven track record in engineering and industrial sectors. He was previously CFO of Ceres Power, a FTSE clean energy technology business, and spent ten years in senior leadership roles at Smiths Group.

On behalf of the Board, I welcome Eric and express sincere thanks to Mark for his many years of service to TT. Mark leaves the Group with our very best wishes for a happy retirement.

#### **PEOPLE AND CULTURE**

As noted above, the business had to take the difficult decision to reduce headcount at certain sites during the year, as well as say goodbye to employees of our sites moving to new ownership. We also made a fundamental change to the structure of the business and to the way we work. While the right thing to do for our employees in the longer term, the Board does not underestimate the impact of these changes on the individuals involved and the cohesiveness of the organisation and its culture.

### 2024 FINANCIAL HIGHLIGHTS

- Revenue at constant currency, down 2% excluding unwind of pass-through revenue, 5% down organically. Growth from Europe and Asia offset by North American region.
- Adjusted operating profit down 17% to £37.1m.
- Adjusted operating margin at constant currency 7.1%.
- Strong Éuropean delivery with margin up 580 bps to 12.9%.
- Asian margin improved 400 bps to 15.0%.
- North American performance impacted by subdued components market and operational challenges at two sites
- Statutory operating loss £23.5 million.
- Statutory basic EPS of (30.2)p



#### **CHAIR'S STATEMENT CONTINUED**

We have regular discussions at the Board on purpose, culture and values, and are proud of the work that has been done on safety, pay and benefits, recognition, community and leadership in recent years. We have also enjoyed the direct engagement we have had with TT teams in 2024 through our site visits to Manchester and Suzhou China, and face-to-face sessions with site leaders and divisional/functional heads.

#### **NET ZERO**

We recorded another year of strong progress in our emissions reduction programme. Two major solar photovoltaic installations came on stream at our Mexicali and Suzhou sites in 2024. These investments will generate 1.4 GWHrs of renewable electricity per annum and have already contributed to Scope 1 & 2 reductions. Our emissions intensity ratio is now 15 vs 56 in our 2019 baseline year and the Board was pleased to support bringing our Scope 1 & 2 Net Zero target forward by five years to 2030.

#### **GOVERNANCE AND BOARD ACTIVITY**

During the year the Board received an unsolicited conditional proposal for the Group from two parties, as disclosed to the market in November, both of which were rejected as undervaluing the Group and its long-term prospects. Before rejecting these proposals, the Board was grateful to be able to engage appropriately and candidly with shareholders.

We were delighted to appoint Anne Thorburn as the Group's Senior Independent Director in May and welcome Inken Braunschmidt to the Board as Non-executive Director in July. Anne joined the Board in 2019 and also serves as Chair of the Audit Committee. Her wise counsel is greatly appreciated by all Board members. Inken is currently non-executive director of both James Fisher and Sons plc and Xaar plc. Her executive experience includes six years with FTSE 100 industrials business Halma plc and the Group is already benefiting from her expertise. It is intended that Inken will succeed Alison Wood as Chair of the Remuneration Committee when Alison steps down from the Board at the AGM. Jack Bover stepped down as a Non-executive Director during the vear. The Board have greatly appreciated Alison and Jack's wisdom and commitment over their respective tenures.

#### **DIVIDEND AND OUTLOOK**

Given the current uncertainty over the macroeconomic environment and associated business risks, the Board has concluded that it is prudent to pause the dividend and will not be recommending a final dividend for 2024.

The Board is mindful of the increased market uncertainty arising from the recently announced trade tariffs and the potential impact on demand patterns. Given the current macro backdrop the Board sees a wider range of potential outcomes for 2025. We remain resolutely focused on our operational improvement plan, Project Dynamo, and our clear action plan to improve operational efficiency and productivity, however the current uncertainty has increased the downside risk for the Group, and the Board now expects adjusted operating profit to be in the range of £32 million to £40 million

The Board also remains focused on driving performance towards its medium-term financial framework and, while it does not expect to achieve a 12% operating margin in 2026, its confidence in the medium term for the business is underpinned by its operational improvement plans, expectation of continued momentum in Europe and Asia, and an anticipated improvement in the North American region.

The Board has noted a material uncertainty relating to going concern as a result of the current challenging macroeconomic environment. See note 1d for further details.

#### **Warren Tucker**

Chair 9 April 2025



#### **NET ZERO 2030**

Our emissions intensity ratio is now 15 vs 56 in our 2019 baseline year and the Board was pleased to support bringing our Scope 1 & 2 Net Zero target forward by five years to 2030.



**Read more** page 35

#### CHIEF EXECUTIVE OFFICER



My first 12 months have been incredibly busy. We have reorganised our management structure, refreshed our strategy, and introduced a significant self-help programme, Project Dynamo, across the business.

Clearly we have had our challenges in our North American business, but we have made good strategic progress across Europe and Asia."

Peter France



#### Can you reflect on your first year at TT?

Our regions have had a mixed year, reflecting their respective product mix and end market focus. We have delivered a strong European performance, predominantly driven by Aerospace & Defence end market growth, and good profit growth in Asia. This has been more than offset by weakness in our North American region, where we have experienced significant headwinds in the shorter cycle components business due to persistent de-stocking. We also suffered operational performance issues in two North American sites which, together with the de-stocking, significantly impacted profitability in the North American region.

Despite these issues, the quality of the business, and our capabilities are good, and we have clear plans in place to deliver the improvements required. I remain excited by the huge potential of the Group. We have started a series of workstreams to unlock this and deliver shareholder value, including the change from a divisional to a function-led regional structure with functional experts in commercial, operations and engineering. I believe this will optimise resources and enhance collaboration across the company.

This change is already delivering benefits to our customers, as evidenced by recent results from our "Voice of the Customer" feedback programme. A refreshed approach, combined with the efforts of our regional teams, resulted in record-breaking customer participation and a 7-point NPS score improvement. This early progress supports our view that we are well positioned for significant further improvement over the coming years.



#### Please describe Project Dynamo in more detail?

The Project Dynamo self-help programme was introduced in April. It underpins our strategic focus on improving performance in three critical areas: efficiency, growth and innovation. The central theme

running through all workstreams is driving excellence through disciplined execution.

To date, we have identified £17 million of potential cost saving and incremental margin opportunities, net of £4 million reinvestment in the business in efficiency, growth and innovation projects. We will continue to seek further opportunities. Eight workstreams are underway: with £6 million of expected SG&A savings, £8 million from efficiency projects, and £7 million from growth and innovation. In the short term we have been prioritising operational execution improvements in North America.

As part of our efficiency savings, we have identified more than £30 million of external spend on things which have the potential to be insourced such as machining, calibration testing and printed circuit board assemblies ("PCBAs"), which should lead to increased productivity and profit over time. For connectors and cable harnesses we are establishing regional centres of excellence, thus allowing us to focus on scoping more TT content on bills of materials, where possible.

We have a clear remediation plan underway to resolve the operational execution challenges experienced in Kansas City and Cleveland unearthed as part of the Dynamo project.

On growth, we have already made some progress on the contracts where the margin is below our expectation and we are strengthening our sales structure to deal with these. Teams have been reorganised with a renewed focus on developing new business opportunities and supporting regional activities, as well as using our Group resources to unlock opportunities that we would have missed in our old structure.

On innovation there is a clear, untapped opportunity to leverage engineering expertise across the Group aided by process and software standardisation, and collaborating as one team, to drive new business opportunities. We have a good pipeline of new product launches, a great recent example being a technology platform of high voltage DC power conversion solutions which enable more efficient, longer-duration flights at higher altitudes in both civil aerospace and air mobility vehicles. This was developed in collaboration with the Aerospace Technology Institute.

#### **CHIEF EXECUTIVE OFFICER Q&A CONTINUED**



#### What is the update on North America performance?

The supply chain issues experienced in the years following COVID-19 with extended lead times, component shortages and notable cost inflation created an artificial peak of stock in the distribution channels. Our higher margin component factories continue to be impacted by prolonged de-stocking in these channels, the route to market for most of our components. We have good visibility of stock held within our distribution channels and, while stock levels peaked in December 2023, they have been slow to return to an equilibrium, particularly as lead times have reduced

We have made tough decisions to reduce headcount, the majority of which is in our North American components business. It is our shortest lead time business area and where we can usually expect to book and ship product orders as late as the end of the third quarter and, for some products, the beginning of the fourth quarter. However, while order intake remained positive in the second half of 2024, orders for execution in year were materially weaker than we anticipated, with orders being more weighted for delivery in 2025. As a result of revised forecasts for this business, there was a non-cash write-down in respect of assets in the region.

We continue to expect a slow recovery in order intake through 2025, with actions taken over the last few months positioning us to benefit from any volume improvement through operational gearing.

As part of Project Dynamo, we have identified opportunities to significantly improve operational execution at four sites across the Group. In two of these sites, Kansas City and Cleveland, in North America, productivity issues were previously masked by lower volumes and a simpler product mix but, as the business has evolved to greater product complexity on long-term programmes, increased volumes at these sites have exacerbated underperformance. We have in train a number of corrective plans to rectify these issues, including bolstering management teams and

adding specialist resource, and improving factory inventory and planning management. These measures will improve efficiency and streamline our processes to address the issues we have identified and thus support our medium-term plans.



#### How is employee engagement?

As I travel around our global locations, I remain impressed by the quality of our people and their commitment to deliver on our growth plans in Europe and Asia. In North America, against a difficult backdrop, the teams have remained focused on the improvement plans required to get the business back to profitable growth.

We have recently worked to improve the pay and earnings potential for our direct labour employees, including training to grow their skills, and investment in hourly rates.

In 2024 we have pulse surveyed our employees and I believe it's testament to the strength of our culture that some of our sites hit hardest by change have retained excellent employee surveys through this period.



#### What are your thoughts on reducing Group leverage?

I believe we are well placed to continue to reduce our debt and leverage.

TT is a cash generative business, but we are very conscious that this has not been our recent experience due to the absorption of a succession of cash exceptional costs. The situation has also been exacerbated by the impact of external supply chain issues and growth in our order book over the last two to three years, which have pushed up inventory levels. In some instances, this has been aggravated by our own internal inventory and production planning processes.

As part of Project Dynamo, inventory management is a priority focus area. We are making good progress with the appointment of a Group lead focused on inventory management and there was a £13 million inventory reduction delivered in 2024. We are targeting a further £15 million of additional cash benefit from inventory reduction by the end of 2026.

We have made excellent progress on the UK pension scheme which is approaching the final stages of buy-out. There was a further surplus return to the company of £11.2 million (after tax) in 2024.

I am pleased we generated strong free cash flows in 2024 to keep leverage in our 1-2x target range.



#### What are your priorities as you look into 2025?

Put simply, we will deliver value to all our stakeholders if we execute on our performance improvement plans.

Our focus is on improved execution, reducing debt and leverage, and delivering shareholder value. However, we are mindful of the increased market uncertainty arising from the recently announced trade tariffs and the potential impact on demand patterns.

This all positions us well as we make TT stronger for the future.

#### **Peter France**

Chief Executive Officer 9 April 2025

#### **OUR BUSINESS MODEL**

# **ROBUST PLATFORM**

We are a business with high-quality assets and a differentiated offer. Long-term collaboration with our customers on innovation, design and product delivery creates value for all our stakeholders.

#### **ASSETS/EXPERTISE**

#### **Engineering and** manufacturing capability

- Deep domain knowledge
- Years of embedded experience and skills
- Strength in smaller, lighter, energy-efficient solutions
- Low volume, high mix ability

#### Innovation/development proficiency

- R&D. IP and specialist product development skills
- Agility in products to market
- Experience in complex regulatory approvals

#### Global footprint

 Locations in Europe. North America and Asia, enabling customer proximity worldwide

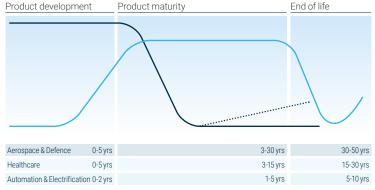
#### Customer relationships/ access

- Customer credibility and long-term value creating partnerships
- Business development organisation to maximise opportunities

#### People and culture

- Talented, passionate and service-driven experts

#### **EMBEDDED IN PRODUCT LIFECYCLES THROUGH** LONG-TERM COLLABORATION WITH CUSTOMERS



#### Key

- Engineering effort
  - Sales volume/revenue
- ..... Potential engineering opportunity

#### **KEY FEATURES OF OUR MARKETS**

Performance critical

High complexity

Significant market regulation

Requiring customisation for specific applications



#### Read more in Our markets on page 8

#### LIFECYCLE SUPPORT

Collaboration

Size, Weight, Efficiency and Cost Engineering

Manufacturing

Testing

#### STRATEGY TO DELIVER



Focusing on efficiency to boost productivity and reduce costs



Enhancing collaboration and commercial focus



Developing our people, products and market positioning to propel sustainable growth



Promoting innovation, design, engineering and manufacturing expertise



Read more in Our strategy on page 14

#### **VALUE CREATION**

Compelling business fundamentals with a strong platform for above market growth and value creation for all stakeholders

#### **Customers and suppliers**

- R&D spend 4.2% of sales
- Regional connection via new organisational structure
- Voice of Customer integration
- Fair treatment of suppliers

#### Our people

- Recordable Incident Rate significantly better than industry average
- Investment in talent pipeline
- ED&I strategy

#### Communities

- STEM partnerships
- Fundraising and volunteering

#### **Environmental**

- On trajectory for Net Zero Scope 1 & 2 by 2030
- Zero waste to landfill and single-use plastics by 2035

#### Shareholders

- Dividend 2.25 pence per share

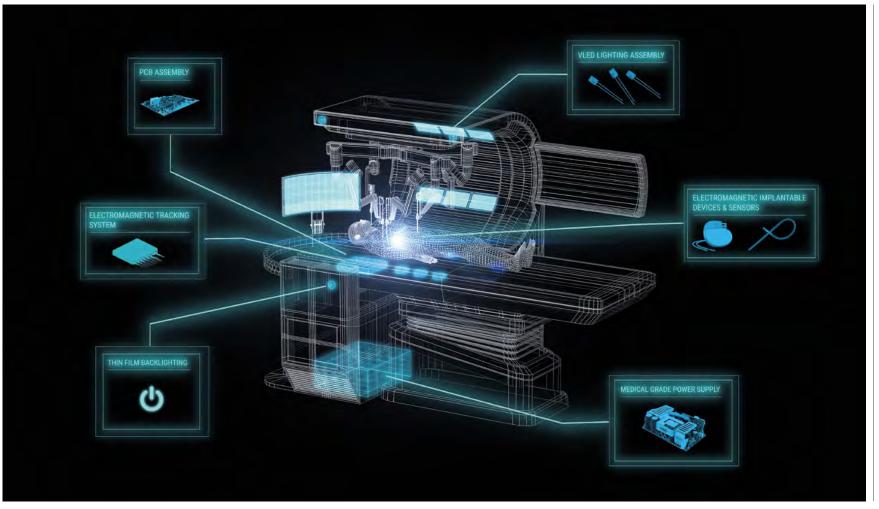


Read about stakeholders on page 47

#### **OUR MARKETS**

# **HEALTHCARE**

We provide electronic products and manufacturing solutions that enable healthcare innovation.



From supporting the digital healthcare transformation in medical and life sciences equipment to improving patient outcomes through implantable devices, we are at the forefront of the next generation of healthcare technologies.

#### **OUR MARKETS: HEALTHCARE CONTINUED**

#### **MARKET**

TT is positioned to address transformative trends within healthcare, through advanced technologies and robust global manufacturing capabilities. From powering next-generation medical and life sciences equipment to enabling precision in robotic surgery through our sensor technologies, our products and expertise continue to meet the stringent requirements of medical technology markets.

Healthcare advancements are shaped by evolving illness patterns, shifting demographics and scientific development. By 2025, those over 65 will comprise 11 per cent of the global population, creating new demands for healthcare solutions as life expectancy rises. These factors are driving innovation in surgical navigation tools, miniaturised implantable devices, advanced diagnostics, life sciences equipment and remote health monitoring.

Supply chain considerations remain high on the agenda for medical OEMs globally. The trend of re-shoring continues as OEMs establish a manufacturing footprint that mitigates supply chain risk and serves their local end markets.

Speed to market is especially important for a medical OEM bringing an innovative product to market. New product introduction services, engineering support and design for supply chain considerations are driving increased collaboration in manufacturing partnerships. TT's expertise in electronic design, complex electronic manufacturing, and a global manufacturing footprint enables medical technology customers to bring innovative products to market faster.

#### PRECISION ROBOTIC SURGERY: ENHANCING **PATIENT OUTCOMES**

The rise of digital healthcare is set to revolutionise the industry, with robotic surgery leading advancements in precision and safety. Combining AI, surgical navigation, and imaging technologies, robotic systems enhance procedural accuracy by offering real-time decision support and enabling repetitive tasks to be performed autonomously. These innovations optimise surgical efficiency and free up staff for other vital roles.

TT's sensors, electromagnetic components and power supplies meet the stringent reliability and safety standards required for life-saving robotic systems, ensuring stable and precise performance in critical applications.

#### **IMPLANTABLE DEVICES THAT SAVE LIVES**

Implantable medical devices address growing needs in patient care, offering safer alternatives to drugbased management. These devices are integral to minimally invasive surgeries for applications like heart monitoring, pacing, pain management and nerve stimulation through neuromodulation. TT's precision miniature sensors and implantable devices support surgical navigation instruments, helping OEMs deliver safe, reliable technologies that improve patient outcomes.

#### **BIOTECH & AUTOMATION IN THE LIFE SCIENCES LABORATORY**

An aging population, longer life spans, and rising chronic disease rates, are driving demand for advanced diagnostics, personalised medicine and advanced therapies. The life sciences tools and diagnostic equipment market, valued at approximately £125 billion, is expected to grow at an 11 per cent CAGR through 2026.

Emerging trends like biotech advancements in cell and gene therapies, personalised medicine, and laboratory automation are revolutionising the sector. TT's products and manufacturing capabilities are instrumental in these developments, enabling researchers and healthcare providers to push the boundaries of innovation and develop new diagnostic tools and treatments.

#### **KEY CONTRACT WINS IN 2024**

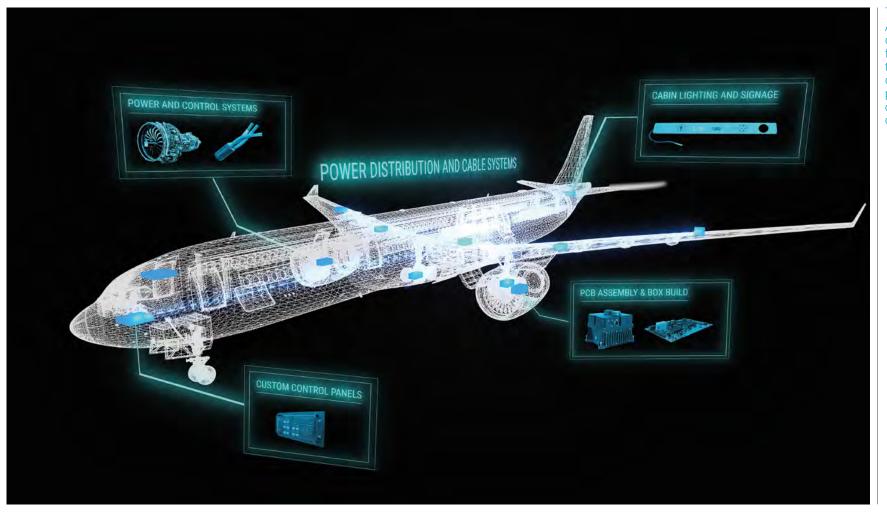
- A long-standing customer in the life science sector has selected one of our North American facilities for PCBA assembly for an innovative cellular imaging system.
- TT has secured a new contract with one of the world's leading manufacturers of radiotherapy systems. TT will manufacture large-scale cabinets that support highly sophisticated linear accelerators, which help deliver radiation quickly and effectively to patients undergoing cancer treatment.
- In Europe we have secured a two-year contract from a medical device innovator for the production of high voltage chip resistors. These resistors will support one of the newest, most modern automated external defibrillators



#### **OUR MARKETS**

# **AEROSPACE & DEFENCE**

We provide high-reliability solutions for applications across a broad range of mission-critical platforms operating on land, air and sea. Growth for TT is driven by increasing air travel and global investment in national security.



As a trusted partner, we deliver tailored solutions for the diverse needs of the aerospace & defence sector – from power and propulsion to control and advanced communication.

#### **OUR MARKETS: AEROSPACE & DEFENCE CONTINUED**

#### **MARKET**

TT's products and manufacturing solutions provide size, weight and efficiency benefits for aerospace and defence applications. Our power solutions enhance operational efficiency in commercial and defence aircraft by supporting critical systems and enhancing efficiency, while our sensors drive precision and performance in applications such as jet engines and missile guidance. Our electronics manufacturing services provide customisation and rigorous testing solutions to meet the demanding requirements of advanced aerospace and defence electronics.

TT's global footprint gives us a strategic edge, enabling localised production to meet regional security regulations, and scalable solutions to meet customers' regional market demands. With facilities located worldwide, we deliver high-quality products wherever our customers operate. In today's rapidly evolving market, this global reach ensures OEMs can expand seamlessly to meet growing multi-regional demands.

The global aerospace & defence industry is experiencing robust growth, driven by Western economic recovery, a resurgence in air travel, and heightened geopolitical tensions. Air traffic in the US has already surpassed pre-pandemic levels, with other regions following suit. Meanwhile, rising defence budgets reflect a renewed focus on national security while investments in emerging technologies that will enable more sustainable aviation are creating substantial growth opportunities across the commercial aerospace and defence sectors.

Our ability to address a wide array of these industry needs across multiple technologies and manufacturing capabilities makes us a valuable partner to our customers. We are uniquely positioned to help our customers navigate these evolving demands and seize these new growth opportunities.

#### **COMMERCIAL AEROSPACE: STRONG DEMAND FOR NEW AIRCRAFT**

The commercial aviation sector is experiencing strong demand for new aircraft as airlines respond to rising passenger volumes and modernise fleets. Order backlogs remain significant, with manufacturers ramping up production to meet the need for fuelefficient, reliable aircraft. This demand reflects both the resurgence of air travel and a long-term commitment to reducing emissions and improving operational efficiency.

While supply chain challenges persist, the industry is steadily recovering, enabling increases in production rates. Our portfolio of advanced power conversion technologies, precision components and contract manufacturing capabilities is critical to supporting these next-generation aircraft. These solutions position us as a trusted partner for commercial and business aviation manufacturers striving to meet ambitious production targets and operational demands.

#### **DEFENCE SECTOR: BOLSTERED** BY GEOPOLITICAL TENSIONS

Geopolitical uncertainties have driven significant increases in global defence spending, particularly among NATO countries. Governments are prioritising military modernisation, fuelling demand for advanced aircraft, missiles, drones and other critical systems. Global defence spending is projected to continue to grow as NATO members commit to higher levels of spend.

Defence aerospace production is forecasted to grow at a 3 per cent CAGR to 2033, driven by demand for next-generation fighter jets, hypersonic systems, precision-guided missiles and smart munitions. TT plays a key role in this market with strengths in power converters, sensors and complex electronic manufacturing solutions that enable these technologies. In maritime defence, programmes like the AUKUS partnership are boosting investments in undersea security across the UK, USA and Australia, driving demand for systems such as submarines and sonobuoys. Across air, land and sea, TT supports platforms including the Tempest fighter jet, the Boxer land defence vehicle, various maritime systems, and many more classified programmes.

TT's products are engineered to meet the stringent demands of defence applications. Our power solutions deliver reliable performance in high-stress environments, while our sensors provide precise, real-time data essential for navigation, targeting

and threat detection in modern defence systems. Additionally, our PCBA and complex manufacturing services supply custom assemblies critical to mission success.

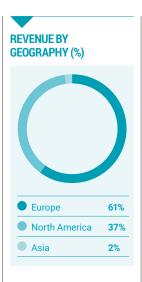
As defence production accelerates, TT is prepared to meet the growing demand with high-performance components designed to exceed industry standards and support mission-critical technologies.

#### SUSTAINABLE AVIATION DRIVING **ELECTRIFICATION**

Electrification is a notable trend, particularly in the aerospace industry. More electric aircraft ("MEA") technology, which replaces traditional hydraulic and pneumatic systems for key functions in aircraft, offers reduced weight, increased fuel efficiency, and lower maintenance costs. This technology also eliminates environmentally hazardous hydraulic fluids and enhances data analytics capabilities, thus supporting both cost efficiency and sustainability as airlines and manufacturers look for ways to move to Net Zero aviation. TT is actively investing in R&D, in power management in particular, to help enable this shift.

#### **KEY CONTRACT WINS IN 2024**

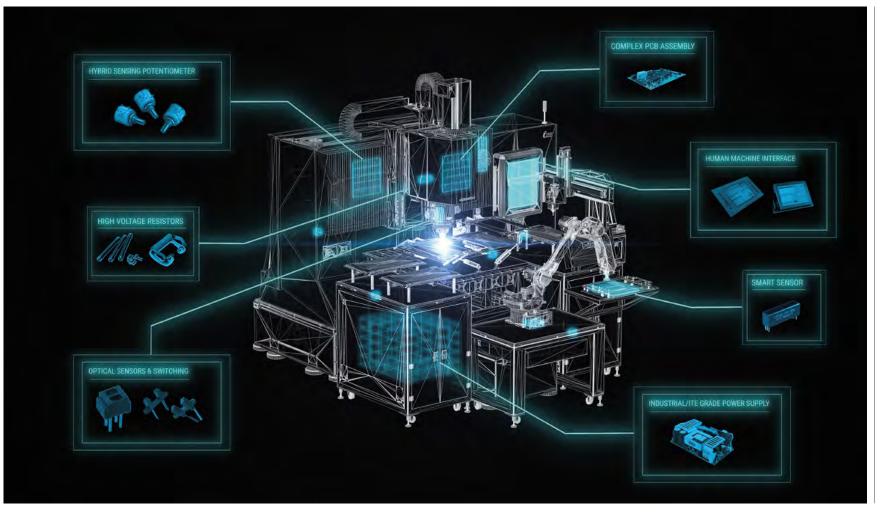
- Our North America team secured multiple contracts with a leading provider of naval power systems for a variety of engineering services and custom technologies including large-scale transformers and moulded coil assemblies. End applications include motor controllers, and power and energy storage systems for several naval platforms.
- Our Europe team secured a multi-year contract to support a significant MOD combat air platform with power conversion technology.
- We secured a grant worth £2.6 million over three vears from Innovate UK for the development of innovative high voltage power conversion technology, which will enable the future of sustainable aviation including more electric aircraft.
- A leading defence contractor and long-time customer awarded TT a new contract for custom, radiation-hard microcircuit hybrids used on various defence platforms.



#### **OUR MARKETS**

# **AUTOMATION & ELECTRIFICATION**

Customers rely on TT to help solve their toughest automation and electrification challenges by streamlining their supply chains, driving performance and increasing efficiency.



Continued adoption of advanced technologies, supported by government policies and shifting market demands, will drive improvements in the industrial sector's resilience and productivity.

#### **OUR MARKETS: AUTOMATION & ELECTRIFICATION CONTINUED**

#### **MARKET**

Market dynamics in the industrial automation sector were mixed in 2024, with semiconductor capital equipment customers showing resilience despite cyclical pressures. However, the broader industrial distribution channel experienced more pronounced softening as distributors and OEM customers worked through elevated inventory positions accumulated in prior periods. While this temporary inventory correction impacted our components business, our strategic position in high-reliability industrial applications and semiconductor manufacturing remains strong, supported by long-term automation and electrification trends. Looking ahead, these forces, supported by government policies and shifting market demands. are reshaping the sector, driving productivity and enhancing resilience.

Semiconductors are at the heart of industrial innovation, powering advancements in automation, electric vehicles and high-performance computing. TT's expertise in precision components, power conversion and complex manufacturing supports the semiconductor market's growth, enabling breakthroughs in energy efficiency. Al-driven systems and next-generation industrial technologies. Key government initiatives such as the CHIPS and Science Act of 2022 in the United States, the National Semiconductor Strategy in the United Kingdom, the European Chips Act, and similar programmes across Asia have further propelled the industry, supporting sales of semiconductor capital equipment projected through 2025 and 2026.

With a robust network of global facilities and advanced capabilities in power solutions, sensor technology and contract manufacturing, TT is well-positioned to help customers navigate these shifts and capitalise on emerging opportunities.

#### LOCALISATION: A NEW PRODUCTION **PARADIGM**

Trade tensions, tariffs and fluctuating logistics costs are driving a shift towards localised production. This "local-for-local" approach prioritises supply chain resilience and responsiveness over cost, reducing dependency on overseas markets while enhancing operational stability.

Government incentives such as US federal investments in onshoring, and the growing focus on domestic manufacturing, are accelerating this trend. Industries like semiconductors, electric aircraft and automation are leading the charge, creating additional demand for maintenance, repair and industrial services. Simultaneously, countries like China are investing heavily in localised supply chains, bolstering sectors from healthcare to semiconductors.

TT's regional facilities and expertise in automation and complex electronic assembly support these shifts, enabling customers to manage higher labour costs while enhancing productivity. By integrating advanced technologies, we help OEMs achieve sustainable, competitive domestic production with a resilient supply chain.

#### **EMERGING TECHNOLOGIES: ROBOTICS AND AI**

Advances in industrial automation are unlocking new growth pathways, with robotics adoption accelerating to meet the need for intelligent, adaptive manufacturing capabilities. Technologies like Edge Al are transforming factory operations, enabling real-time robotic control, predictive maintenance and quality inspection. These innovations promise significant efficiency gains and position manufacturers to thrive in a rapidly evolving market.

Semiconductors play a critical role in these advancements. TT partners with leading semiconductor equipment manufacturers, delivering sensors, resistors, PCBA, cable harnesses and complex electronic assemblies. These solutions ensure equipment reliability in demanding

environments, enabling breakthroughs in AI, 5G and automation. TT's high-precision technologies and deep industry expertise position us to support manufacturers in staying ahead of shifting industrial demands

TT plays a vital role in enabling this progress. Our customised components deliver the precision and reliability needed for advanced automation systems, empowering manufacturers to stay ahead of the curve

#### **KEY CONTRACT WINS IN 2024**

- In North America we secured two new programmes from a strategic customer in semiconductor equipment manufacturing for PCBA and power distribution units.
- Building on a 10+ year relationship, TT secured a new contract with China's leading rail transit control system integrator to deliver complex, high-level assembly of large-scale cabinets for the signal control systems on the longest metro line in Asia.
- In Europe, an energy technology customer awarded us a new contract for custom test equipment used for offshore, sub-sea oil and gas production.



**OUR STRATEGY** 

# MAKING TT STRONGER FOR THE FUTURE



#### Efficiency

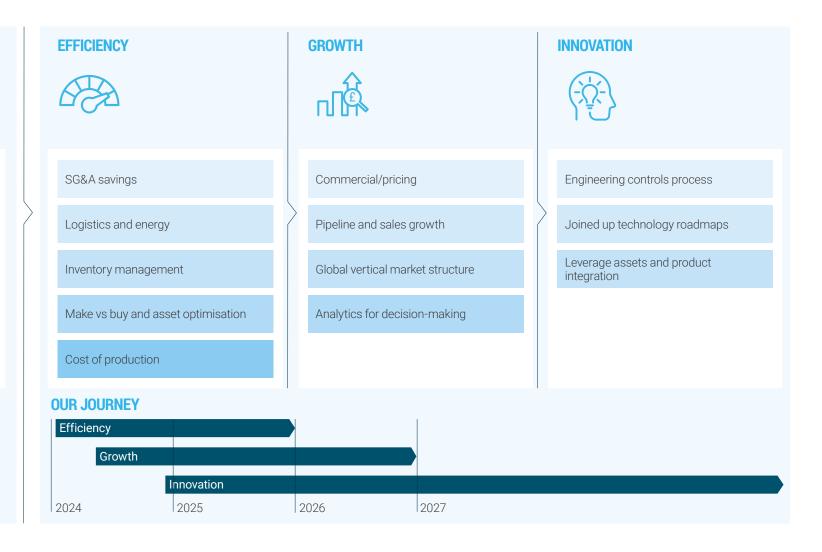
Focusing on efficiency to boost productivity and reduce costs.

#### Growth

Developing our people, products and market positioning to propel sustainable growth.

#### Innovation

Promoting innovation, design, engineering and manufacturing expertise. Enhancing collaboration and commercial focus.



#### **CHIEF EXECUTIVE OFFICER'S REVIEW**

# A CLEAR ACTION PLAN

//

Our European and Asian regions have delivered strong improvements in profitability in 2024, though this performance has been more than offset by continued demand softness in our components business in North America and operational issues in Kansas City and Cleveland.

As we look into 2025, our focus is on improved execution, reducing debt and leverage and delivering shareholder value. Our operational improvement plan, Project Dynamo, and our clear action plan to improve operational efficiency and productivity will benefit our financial performance in the current year and beyond."

Peter France CEO

#### INTRODUCTION

2024 has been a challenging year for the Group with strong performances in Europe and Asia offset by difficult market conditions in our shorter cycle components business as well as operational challenges, impacting North America in particular. I would like to thank my colleagues for their hard work in often very difficult circumstances.

On an organic basis revenue was down 2 per cent excluding the unwind of pass-through revenue and the impact of Project Albert, the divestment of our business units in Cardiff and Hartlepool, UK and Dongguan, China which completed at the end of Q1 2024. Adjusted operating margin of 7.1 per cent was down 40 basis points on a constant currency basis but was 7.4 per cent excluding the Project Albert divestment. Adjusted operating profit included circa £2.3 million of severance costs expensed.

The performance of our Europe and Asia regions was excellent with organic growth of 14 per cent and 6 per cent excluding pass-through respectively. The operational leverage on this growth, coupled with strong efficiency improvements in a number of sites resulted in strong margin improvement in both regions. This was further enhanced as a result of the divestment of margin dilutive businesses at the end of the first quarter.

In North America, distributor de-stocking, which has continued for longer than originally expected, had a significant impact on demand for our components products. We took cost action, reducing headcount by almost 400 in the first half equating to £9 million of annualised benefit, to offset the lower demand; the £1.7 million severance costs were incurred within adjusted operating profit in the period. In the second half we took further cost action reducing headcount by a further 100 heads (severance costs of £0.6 million) and bringing the annualised benefits to £12 million in total. Furthermore, we experienced operational execution issues in two North American sites. Cleveland and Kansas City. This, combined with the performance of the component business created a significant profit shortfall in North America. In light of this trading performance and reflecting a revised view

of recovery, we have booked a £52.2 million non-cash write-down being a £36.7 million non-cash impairment of goodwill for the region and a £15.5 million write-down in respect of assets within a North American components site.

In terms of our end markets, there was strong growth in Aerospace & Defence, up 27 per cent organically and Automation & Electrification markets were flat organically, excluding pass-through revenues. Healthcare revenues decreased by 14 per cent organically, or 7 per cent excluding zero margin pass-through revenues. Revenues from Distribution, which is the main route to market for our components business, reduced by 27 per cent organically.

Book to bill in the year was positive at 103 per cent and order intake was 9 per cent higher than the prior year on an organic basis.

The successful divestment of the Hartlepool, Cardiff and Dongguan businesses (Project Albert) completed in the first half supporting improvement in Group margin, and we have re-organised the business from three divisions to a function-led regional structure which will enable improved business performance.

Significant benefits will be delivered through our self-help programme, Project Dynamo, through eight initial workstreams across the Efficiency, Growth and Innovation headings. Of the opportunities we have scoped to date, we expect cost savings and margin improvements of £17 million, net of £4 million of reinvestment in the business, to drive long term growth and underpin our medium-term targets.

There are eight areas of near-term focus under Project Dynamo which can be summarised under the headings:

- SG&A savings
- Logistics & Energy
- Inventory management
- Make vs Buy & Asset optimisation
- Cost of Production
- Commercial Pricing
- Pipeline expansion & sales growth
- Innovation

#### **CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED**

Our focus on building close, long-term relationships further up the value chain and collaborating on design-led solutions often leads to us being designed in for the life of the product. This is evidenced by new business, with 58 significant new wins in the year delivering over £150 million of potential lifetime revenues and further key customer growth from pipeline opportunities. Furthermore, we believe we are well placed, with our broad geographic footprint, to offer our customers choice and support their near-shoring activities.

Following the success of adding manufacturing services into Kuantan, Malaysia, we have taken the same, low capital intensity model and established these capabilities within our existing facility in Mexicali, Mexico. Here, Surface Mount Technology (SMT) equipment has been installed, teams have been trained and initial product qualification has been completed. We are also in the process of increasing further our capacity within our Malaysian facility in advance of anticipated customer demand growth and transfer of programmes from other sites. The preparation and transfer of work, together with associated one-off costs, will take place over the course of 2025 with revenue being delivered from Malaysia from 2026.

Environmental, social and governance ("ESG") principles are central to our purpose, and our growth expectations partly reflect opportunities presented by the move to a lower carbon world for our design-led technologies. We have made further excellent progress in 2024 to reduce our Scope 1 & 2 carbon emissions, down 23 per cent (adjusting for the impact of the Project Albert divestment); a 73 per cent reduction against our 2019 baseline. More detail on page 35.

#### **STRATEGY**

A focus on improved execution, supported by the move from our previous divisional structure to a function-led regional structure, has started to leverage our strong engineering and manufacturing capabilities to unlock value and improve returns.

This focus will drive enhanced performance and underpins our medium-term financial targets:

- Revenue growth ahead of end market growth of 4-6%
- 12% adjusted operating margin
- Strong cash conversion of 85%+
- ROIC target of mid to high-teens

#### PROJECT DYNAMO

We have made good progress on Project Dynamo as we target £17 million of potential benefits from cost savings and incremental margin, net of £4 million of planned reinvestment in the business. As part of our inventory management workstream, we delivered a £12.8 million cash benefit from inventory reduction in 2024 and expect a further £15 million reduction by the end of 2026.

All sites have rolled out Project Dynamo communications and set up Company-wide teams and processes. Any employee can submit an idea for improvement under the efficiency, growth and innovation categories which is evaluated by the site and can also be promoted to a region or group project for implementation.

We can see good margin progression in our European and Asian regions that support our view that the Dynamo initiatives are having a positive impact and give us confidence in delivering the £17 million of benefit by 2026.

The eight key project workstreams are:

#### SG&A savings

At our Capital Markets Event in April, we shared that we had identified £5–6 million of annual SG&A savings, many of which were actioned during 2024 to achieve £2 million savings in the year and we now expect to realise a run rate saving of £6 million in 2026. This included travel savings, headcount savings and pension and other discretionary savings.

#### Logistics & Energy

We have already made savings in logistics, particularly inbound freight costs, where we have consolidated down from multiple freight suppliers to a limited

number of preferred suppliers. We have also secured upside, particularly in the UK, through centralised buying of forecasted energy demand across our sites.

#### Inventory management

During 2024 we have completed an inventory process diagnosis and implemented improvement actions including a review of key parameters such as processing times and safety stock. We have focused on our factory planning capabilities revising lead times and capacity models and believe there is improvement potential in some of our order management procedures.

Short term actions taken to reduce inventory include:

- Group oversight with seven sites placed in special measures
- site by site inventory reduction plans; and
- high frequency reviews to ensure delivery of reduction plans.

We are also focused on medium term structural actions which include:

- setting standard TT ways of working for planning and demand management
- site by site planning and scheduling capability assessments; and
- disciplined execution of plans to close gaps.

These actions will improve our inventory health over time and drive increased inventory turns. The inventory reduction of £12.8 million in the year supported our improved second half working capital performance and full-year cash conversion, and we are targeting an additional £15 million reduction in net inventory by the end of 2026.

#### Make vs Buy & Asset optimisation

We have identified more than £30 million of external spend on areas such as machining, calibration testing, connectors and PCBAs, which has the potential to be insourced. We plan to insource around a third of this spend and are reviewing the most cost-effective locations to manufacture our products to serve global markets. Short term, we have been prioritising the operational improvement plans.





#### **CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED**

#### Cost of Production

Of our 18 manufacturing locations, there are four sites, previously identified, with specific cost of production issues and the opportunity for improvement. The product mix in Cleveland and Kansas City, in our North America region, has become increasingly complex and this highlighted underlying inefficiencies, inadequate capacity planning and scheduling, and is exacerbated by factory layouts. A focus on strengthening planning and inventory management, adding specialist resource and reducing the costs of re-work and improving process yield, will contribute to the required performance improvement. In Kansas City, the operational improvement plan is already delivering with factory layout improvements facilitating increases in throughput on affected production lines. Given the strength of the order book here, we expect a significant step up in the productivity of the engineering team in 2025 and improved efficiency.

The improvement plan for Cleveland is underway but the full benefits will take longer to realise than originally anticipated. The site leadership team will be at full strength during Q2 and key workstreams such as cost reduction, a thorough overhaul of demand, production and resource planning and inventory control is being rolled out. There will be further learnings to implement in due course from lean processes.

#### Commercial - Pricing

We have identified a number of contracts where the margin is below our expectation and the new sales organisation and operations teams are working together to address them. Actions taken through 2024 have included increasing pricing, focused efficiency improvements and transfers to lower cost sources and we are seeing the benefits of this in our European margin improvement.

#### Pipeline management and sales growth

We have deployed a global sales and business development structure to enable us to sell all of TT's engineering and manufacturing capability to our global customer base. The previous divisional structure was a barrier to us capturing the full benefits of a global approach.

The function-led regional structure is already increasing the pipeline with a fully integrated transfer of opportunities between the regions, adding vertical

integration options and the ability to cross-sell other products within the TT portfolio using existing sales relationships.

Additionally, the function is targeting improvements in forecasting, quote turnaround and responsiveness to support the changing needs of our customers.

#### Innovation

We prioritise organic investment in the business, investing in R&D and capital equipment to drive differentiation in our offer to customers, resulting in us becoming firmly embedded as valued partners on long-term programmes. This expenditure totalled £18.2 million in 2024 (2023: £33.2 million) including £11.3 million (2023: £10.8 million) in R&D spend, representing 4.2 per cent (2023: 3.4 per cent) of the aggregate product revenues. Capital expenditure was reduced in the year in response to the trading performance.

While we expect the majority of innovation benefits under Project Dynamo to be realised over the longer term, we have already made good progress with the establishment of an Engineering function with key roles appointed. Product and technology roadmaps have been established for all sites and the process and software standardisation is expected to deliver savings and make collaboration easier. This has also enabled us to reprioritise resources and projects consistently across the business to deliver key programmes sooner, and to stop certain activities where the economic payback was uncertain.

A great example of our teams starting to collaborate across regions is our Kansas City site in the US and Manchester in the UK working together to respond to a request for a quotation from a market leading Aerospace & Defence player for a power converter system. We are using power electronics technology developed in Kansas City combined with the technology developed in the UK; this includes a high to low voltage conversion which was developed under the ATI programme AEPEC (Aerospace Electric Propulsion Equipment) and is being further developed in FABB-HVDC (Future Aircraft Building Blocks for High Voltage DC). This allows TT to offer tailored power solutions for our customers' unique programme requirements by leveraging our global capability.

#### **OUTLOOK**

In 2024, our European and Asian regions have delivered strong improvements in profitability. However, this progress has been more than offset by continued demand softness in our components business in North America and operational issues in Kansas City and Cleveland.

The Board is mindful of the increased market uncertainty arising from the recently announced trade tariffs and the potential impact on demand patterns. Given the current macro backdrop the Board sees a wider range of potential outcomes for 2025. We remain resolutely focused on our operational improvement plan, Project Dynamo, and our clear action plan to improve operational efficiency and productivity, however, the current uncertainty has increased the downside risk for the Group and the Board now expects adjusted operating profit to be in the range of £32 million to £40 million.

The Board also remains focused on driving performance towards its medium-term financial framework and while it does not expect to achieve a 12% operating margin in 2026, its confidence in the medium-term for the business is underpinned by its operational improvement plans, expectation of continued momentum in Europe and Asia, and an anticipated improvement in the North American region.

### R&D AND CAPITAL SPENDING

£18.2m

#### **CFO REVIEW**



#### **RESULTS AND OPERATIONS**

Revenue for the year was £521.1 million, 13 per cent lower than the prior year at constant currency. Excluding the impact of the Project Albert divestment and lower pass-through revenue, Group revenue was down 2 per cent. Reported revenue included £5.3 million of zero margin pass-through revenues, a £13.5 million reduction on 2023 at constant currency. This relates to materials where we experienced very significant cost inflation during the supply chain problems which were being transparently passed on to customers with no margin mark-up.

Adjusted operating profit was £37.1 million, 17 per cent lower than the prior year at constant currency, reflecting the significant headwinds in our components business and operational execution issues in our North American region. Adjusted operating margin of 7.1 per cent was down 40 basis points on a constant currency basis but was 7.4 per cent excluding the Project Albert divestment. Adjusted operating profit included £2.3 million of severance costs. After the impact of adjusting items, including pension restructuring, and non-cash asset impairment costs, the Group's statutory operating loss was £23.5 million (2023 restated: £3.0 million profit) and operating margin was (4.5) per cent (2023 restated: 0.5 per cent).

ADJUSTED OPERATING PROFIT AT CONSTANT CURRENCY

£37.1m

#### **RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

		Adjusted re	esults1		Statutory re	sults
£million (unless otherwise stated)	2024	2023²	Change	Change constant FX	2024	2023²
Revenue	521.1	613.9	(15)%	(13)%	521.1	613.9
Revenue ex divestment	505.0	545.3	(7)%	(5)%		
Operating profit/(loss)	37.1	47.1	(21)%	(17)%	(23.5)	3.0
Operating profit ex divestment	37.3	45.2	(17)%	(13)%		
Operating profit margin	7.1%	7.7%	(60)bps	(40)bps	(4.5)%	0.5%
Operating profit margin ex divestment	7.4%	8.3%	(90)bps	(70)bps		
Profit/(loss) before taxation	27.2	37.3	(27)%	(23)%	(33.4)	(6.8)
Earnings/(loss) per share	11.0p	16.7p	(34)%	(30)%	(30.2)p	(6.4)p
Return on invested capital	10.0%	10.9%				
Cash conversion	117%	104%				
					2024	2023
Free cash flow <sup>1</sup>					27.7	23.9
Net debt <sup>1</sup>					97.4	126.2
Leverage <sup>1</sup>					1.8x	1.9x
Dividend per share					2.25p	6.8p

- 1 Throughout this report we refer to a number of alternative performance measures which provide additional useful information. The Directors have adopted these measures to provide additional information on the underlying trends, performance and position of the Group with further details set out on pages 26 to 27. The adjusted measures used are set out in the "Reconciliation of KPIs and non IFRS measures" section on pages 161 to 166.
- 2. The reported operating profit for 2023 has been restated by £(5.7) million as described further in note 1. This is principally related to our Cleveland site where as part of our project to address operational execution challenges, we identified issues in relation to the recoverability of certain assets recognised in prior periods at this site in North America.

Non-cash write-down costs totalled £52.2 million (2023: £32.5 million relating to businesses held for sale in our IoT Solutions and GMS CGUs) being a £36.7 million non-cash impairment of goodwill for the region and £15.5 million write-down in respect of assets within a North American components site. This is linked to revised forecasts for the business in the context of our recent trading performance and based on a revised recovery assumption.

As at December 2024 we derecognised £16.0 million of deferred tax assets reflecting the recent performance and near term outlook for the North American region. The associated losses remain available to the Group once the North American region returns to taxable profit.

The reported operating profit for 2023 has been restated by £(5.7) million as described further in the Audit Committee report and note 1. This is principally related to our Cleveland site where as part of our project to address operational execution challenges, we identified issues in relation to the recoverability of certain assets recognised in prior periods at this site in North America. We are strengthening the local finance team and actions to address the associated control deficiencies are being incorporated into our ongoing work to improve the effectiveness of our internal controls over financial reporting.

A separate issue was identified in relation to inappropriate recording of certain prepaid assets in North America, restatement was also required for this item

Cash flow impacting adjusting items totalled £0.6 million (2023: £ 4.0 million)

Adjusted earnings per share ("EPS") reduced to 11.0 pence (2023 restated: 16.7 pence), reflecting the reduced adjusted operating profit in the period. Basic EPS was a 30.2 pence loss (2023 restated: 6.4 pence loss).

Cash conversion improved to 117 per cent (2023) restated: 104 per cent) including the benefit of a £12.8 million inflow from inventory reduction delivered as part of the Project Dynamo workstream which targeted a £15 million reduction in 2024 and a further £15 million by the end of 2026. Good cash conversion also reflects lower capital expenditure levels given management actions taken in the second half, to significantly reduce cash outflows from discretionary spend. There was a total working capital outflow of £1.2 million (2023 restated: £6.8 million inflow). There was a free cash inflow of £27.7 million in the year (2023: £23.9 million inflow) as a result of these factors and the benefit of a further surplus refund from the UK defined benefit pension scheme as detailed below. The strong free cash flow performance, together with the proceeds from the Project Albert divestment. contributed to leverage remaining within our stated 1-2x range despite the reduction in adjusted EBITDA. Adjusted operating cash inflow post capital expenditure during the period was £43.4 million (2023: £48.8 million inflow). On a statutory basis, cash flow from operating activity was an inflow of £51.2 million (2023: £62.9 million inflow).

Following the buy-in of our UK defined benefit pension scheme (the "Scheme") in November 2022, the Scheme was de-risked with scheme liabilities matched by the buy-in insurance policy. There remains a small surplus of £7.1 million at 31 December 2024, following a further £15.0 million gross return to the Company in December 2024, in addition to the gross return of £5.0 million in 2023 (£11.2 million and £3.2 million respectively net of tax). Workstreams to finalise all details of the buy-in and transfer all scheme data to Legal and General are well progressed and we are now planning the steps to move to buy-out after which we can proceed with the wind up of the scheme.

We completed the buy-out of our smaller US defined benefit scheme for a cash contribution of £1.8 million in January 2024. This leaves the UK Scheme nearing buy-out and there is just one small £1.5 million unfunded US scheme remaining.

At 31 December 2024 net debt was £97.4 million (31 December 2023: £126.2 million), including IFRS 16 lease liabilities of £17.3 million (31 December 2023: £20.8 million), and leverage was stable at 1.8x (31 December 2023 restated: 1.9x). We expect leverage to reduce during 2025.

Our return on invested capital was 10.0 per cent (2023: 10.9 per cent), with the benefit of the Project Albert divestment more than offset by the reduction in adjusted operating profit.

On 4 March 2024 we announced the divestment of our business units in Cardiff and Hartlepool, UK and Dongguan, China. After costs of disposal and normal working capital adjustment, the divestment realised net proceeds of £12.2 million. The loss on disposal was £4.4 million.

**CASH CONVERSION** 

**NET DEBT** 

2023: £126.2m

# **EUROPE**

Revenue decreased by £23.3 million to £146.3 million (2023: £169.6 million) but excluding the divestment of the Hartlepool and Cardiff locations, as part of Project Albert, organic revenue was 14% higher at £134.5 million (2023: £118.3 million) driven by increased demand from the Aerospace & Defence market.

Adjusted operating profit increased by £7.0 million to £18.9 million (2023: £11.9 million) given healthy levels of operational leverage on the organic growth and efficiency improvements from Project Dynamo. Excluding the impact of Project Albert organic adjusted operating profit increased by 64 per cent and adjusted operating margin increased 440 basis points to 14.4 per cent (2023: 9.9 per cent).

Overall order intake remains strong. As we look into 2025, we expect continued revenue growth supported by a strong order book.

Contract awards and growth drivers during the year, giving us confidence as we look forward, include:

#### Innovate UK - Sustainable aviation tech win

TT has won a grant over three years from Innovate UK for the development of high voltage power conversion technology, which will support a range of future aerospace platforms for leading Aerospace OEMs. TT received the funding award as part of a £200 million joint government and industry investment plan to boost British manufacturing and R&D. The funding is being awarded to Aerospace R&D projects across the UK that support the development of energy-efficient and zero-carbon aircraft technology and accelerate the transition to net zero aviation.

#### Medical device

Our Bedlington team has secured a two-year contract from a medical device innovator for the production of high voltage chip resistors. These resistors will support one of the newest, most modern automated external defibrillators

#### Defence

A leading defence contractor and long-time customer has awarded TT a new contract for custom, radiation-hard microcircuit hybrids that support an inertial measurement unit used on various defence platforms. This latest award reflects the collaborative relationship that has grown over seven years and the customer's recognition of our advanced capabilities to produce complex electronic solutions for use in high-reliability applications in harsh environments.

#### Energy technology

A customer in the energy technology sector has awarded TT a new contract for custom test equipment used for offshore, sub-sea oil and gas production. TT's Barnstaple facility will design and manufacture the new test technologies, which will enable the customer to integrate and test equipment in the platform and factory environment. The success of this win has resulted in the customer awarding TT an additional contract with similar requirements.

#### FINANCIAL HIGHLIGHTS - EUROPE

	2024	2023	Change	Change constant fx
Revenue	£146.3m	£169.6m	(14)%	(14)%
Revenue ex divestment	£134.5m	£118.3m	14%	14%
Adjusted operating profit 1	£18.9m	£11.9m	59%	58%
Adjusted Operating profit ex divestment	£19.4m	£11.7m	66%	64%
Adjusted operating margin <sup>1</sup>	12.9%	7.0%	590bps	580bps
Adjusted operating margin ex divestment 1	14.4%	9.9%	450 bps	440 bps

1 See note 1c for an explanation of alternative performance measures. Adjusting items are not allocated to regions for reporting purposes. For further discussion of these items please refer to note 7.

#### REVENUE BREAKDOWN



# **NORTH AMERICA**

Revenue reduced by £45.1 million to £184.4 million (2023: £229.5 million) reflecting significant volume headwinds in our components' businesses impacting the region. In the sites serving the components market, significant cost action has been taken, to mitigate the volume declines experienced.

Adjusted operating profit decreased by £22.1 million to a loss of £2.7 million (2023 restated: £19.4 million profit) including a £1.0 million foreign exchange headwind. The adjusted operating profit margin was (1.5) per cent (2023 restated: 8.5 per cent) reflecting the impact of volume declines in higher margin component lines and associated factory inefficiencies and operational issues in Kansas City and Cleveland. Excluding severance costs, adjusted operating margins were (0.6) per cent.

We have a clear remediation plan well underway to resolve the operational issues experienced in two sites with various workstreams in train. In Kansas City we are seeing the improvements coming through. The improvement plan for Cleveland, which involves process refinements together with headcount reductions, underpinning the required productivity improvements, are underway but the full benefits will take longer to realise than originally anticipated and exacerbated by £10 million of revenue which has moved from 2025 into the 2026 order book

Compared to 2023, orders were up 10 per cent at constant currency in 2024. We are planning for a gradual improvement in Components order intake but no meaningful revenue growth in 2025. Profitability is expected to benefit from our self-help actions.

Notable wins and growth drivers in the period include the following:

#### Life sciences win

A long-standing customer in the life science sector has selected TT's newest Mexicali facility for PCBA assembly requirements for an innovative cellular imaging system. TT already provides manufacturing

for this customer at our locations in Suzhou, Kuantan and Cleveland. The expansion into Mexicali reflects confidence in TT's ability to support this strategic account globally, leveraging best-cost-geographies and providing global business continuity for this important customer. The customer's selection of this location and entrusting TT is a testament to the partnership and proven performance of our teams globally. Value of this initial award is around £2 million over five years, with potential for additional growth opportunity.

#### Semiconductor equipment

Our Cleveland facility was awarded two new programmes from a strategic customer in the semiconductor equipment manufacturing space. The programmes over the next six years, will see Cleveland supplying PCBA and power distribution units.

#### Naval power systems

Our Kansas team secured nine new contracts with a leading provider of naval power systems for a variety of engineering services and custom technologies including large-scale transformers and molded coil assemblies. End applications include motor controllers, power and energy storage systems for several naval platforms. These latest awards highlight our success in developing deep relationships and demonstrating superior technical capability – enabling us to secure sole source positions on key defence platforms.

#### Medical technology

Through a focused account development approach, TT Minneapolis was awarded four new contracts from a leading provider of medical and surgical equipment. TT will provide custom 5DOF Aircoil Sensor Assemblies for a next-generation balloon dilation system that will offer a minimally invasive alternative to traditional endoscopic sinus surgery.

#### FINANCIAL HIGHLIGHTS - NORTH AMERICA

	2024	2023	Change	Change constant fx 1
Revenue	£184.4m	£229.5m	(20)%	(17)%
Adjusted operating profit 1	£(2.7)m	£19.4m	(114)%	(115)%
Adjusted operating margin <sup>1</sup>	(1.5)%	8.5%	(1000)bps	(980)bps

1 See note 1c for an explanation of alternative performance measures. Adjusting items are not allocated to regions for reporting purposes. For further discussion of these items please refer to note 7. Note: No divestment impact here. The reported operating profit for 2023 has been restated by £(5.7) million as described further in note 1h. This is principally related to our Cleveland site where as part of our project to address operational execution challenges, we identified issues in relation to the recoverability of certain assets recognised in prior periods at this site in North America.

#### **REVENUE BREAKDOWN**



# **ASIA**

Revenue reduced by £24.4 million to £190.4 million (2023: £214.8 million) including a £9.2 million foreign exchange headwind. Organic constant currency revenue was down 1 per cent excluding the impact of the Project Albert divestment to £186.1 million (2023: £197.5 million), and 6 per cent higher also excluding the £5.3 million unwind of pass-through revenue.

Adjusted operating profit increased by £4.6 million to £28.5 million (2023: £23.9 million) with the benefit of volume growth and efficiencies in part offset by a £1.3 million foreign exchange headwind and a £1.4 million reduction from the disposal of the Dongguan site, as part of Project Albert. The adjusted operating profit margin increased to 15.0 per cent (2023: 11.1 per cent) due to good operational leverage on volume increases, site efficiencies and the reduction in zero margin pass-through revenues. Excluding £5.3 million of pass-through revenues and Project Albert, adjusted operating margin was 15.6 per cent (2023: 12.5 per cent).

We are in the process of increasing further our capacity within our Malaysian facility in advance of anticipated customer demand growth and transfer of programmes from other sites. The preparation and transfer work, together with associated one-off costs, will take place over the course of 2025 with revenue being delivered from Malaysia from 2026.

Order intake in the year was 6 per cent lower than the prior year, although this is largely timing related due to the orders relating to the transfer of activity from Suzhou to Kuantan being delayed in 2025, with revenues for 2025 expected to be up low single digit excluding the pass-through revenue unwind.

There have been a number of key wins during the year including:

#### Life sciences and diagnostics

TT has been awarded a five-year contract from a global provider of life sciences and diagnostics equipment. Our Suzhou facility, which has also been designated as a "preferred supplier", will provide complex PCBA that support microplate readers used in various laboratory environments.

#### Railway signalling

Building on a 10+year relationship, TT has secured a new contract with China's leading rail transit control system integrator. The award will involve delivering complex, high-level assembly of large-scale cabinets for the signal control systems that will support Wuhan Metro Line 12 – the longest metro line in Asia and the second-longest in the world. TT now supports more than eight metro line projects, with more on the horizon.

#### Radiotherapy equipment

TT has secured a new contract with one of the world's leading manufacturers of radiotherapy systems. TT will manufacture large-scale cabinets that support highly sophisticated linear accelerators, which help deliver radiation quickly and effectively to patients undergoing cancer treatment. The three year contract is worth over £2 million.

#### FINANCIAL HIGHLIGHTS - ASIA

	2024	2023	Change	Change constant fx
Revenue	£190.4m	£214.8m	(11)%	(7)%
Revenue ex divestment	£186.1m	£197.5m	(6)%	(1)%
Adjusted operating profit <sup>1</sup>	£28.5m	£23.9m	19%	26%
Adjusted Operating profit ex divestment	£28.2m	£22.2m	27%	34%
Adjusted operating margin <sup>1</sup>	15.0%	11.1%	390bps	400bps
Adjusted operating margin ex divestment	15.2%	11.2%	400bps	410bps

1 See note 1c for an explanation of alternative performance measures. Adjusting items are not allocated to regions for reporting purposes. For further discussion of these items please refer to note 7.

#### **REVENUE BREAKDOWN**



#### **FINANCIAL OVERVIEW**

Group revenue was £521.1 million (2023: £613.9 million). This included a currency translation headwind of £16.7 million. Group revenue was 13 per cent lower than the prior year at constant currency. Adjusting for the impact of the divestment and excluding zero margin pass-through revenues, revenue was 2 per cent lower on an organic basis.

The Group's adjusted operating profit was £37.1 million (2023 restated: £47.1 million) and statutory operating loss was £23.5 million (2023 restated: £3.0 million profit) after a charge for items excluded from adjusted operating profit of £60.6 million (2023: £44.1 million) including:

- restructuring credit of £0.1 million (2023: £2.0 million costs);
- pension restructuring costs of £1.3 million (2023: £1.9 million) relating mainly to work to prepare the UK defined benefit scheme for buy-out;
- acquisition and disposal costs totalled £4.5 million (2023: £3.1 million) relating to the Project Albert divestment, Torotel and Ferranti integration;
- amortisation of intangible assets arising on business combinations of £2.7 million (2023: £4.6 million); and
- non-cash asset write-down in the North American region of £52.2 million linked to revised forecasts for the business (2023: £32.5 million relating to businesses held for sale in our IoT and GMS CGUs) being a £36.7 million non-cash impairment of goodwill for the region and a £15.5 million asset write-down in relation to one North American components site.

The Group generated an adjusted operating margin of 7.1 per cent (2023 restated: 7.7 per cent) with the decrease as a result of the significant headwinds faced in our North American components business, severance costs incurred in response to this and operational issues at Kansas City and Cleveland in North America.

The reported operating profit for 2023 has been restated by  $\pounds(5.7)$  million as described further in note 1. This is principally related to our Cleveland site where as part of our project to address operational execution challenges, we identified issues in relation to the

recoverability of certain assets recognised in prior periods at this manufacturing site in North America.

The net finance cost was £9.9 million (2023: £9.8 million) with the impact of higher base rates and being offset by lower drawn debt levels. The Group's overall tax charge was £20.0 million (2023 restated: £4.5 million), including a £12.3 million charge (2023: £3.5 million credit) on items excluded from adjusted profit. The adjusted tax charge was £7.7 million (2023 restated: £8.0 million), resulting in an effective adjusted tax rate of 28.3 per cent (2023 restated: 21.4 per cent). Loss after tax was £53.4 million (2023 restated: £11.3 million). Adjusted EPS decreased to 11.0 pence (2023 restated: 16.7 pence), reflecting the reduction in adjusted operating profit in the period. Basic EPS was a loss of 30.2 pence (2023 restated: 6.4 pence loss).

Adjusted operating cash inflow after capex was £43.4 million (2023: £48.8 million inflow). The reduction was as a result of lower adjusted operating profit offset by a significantly reduced outflow on capital expenditure. Capital and development expenditure of £8.7 million (2023: £24.0 million) reflected management actions to reduce discretionary spend. There was a total working capital outflow of £1.2 million (2023 restated: £6.8 million inflow), including a £12.8 million inflow from inventory reduction. This resulted in adjusted operating cash conversion of 117 per cent (2023 restated: 104 per cent). On a statutory basis, cash flow from operating activities was £51.2 million (2023: £62.9 million).

There was a free cash inflow of £27.7 million (2023: inflow £23.9 million), net of £0.6 million of restructuring and acquisition related costs (2023: £4.0 million) primarily pension costs of £0.1 million (2023: £0.2 million) and other costs of £0.5 million (2023: £0.6 million). In 2024 there was a £11.2 million pension surplus refund from the UK defined benefit scheme after tax (2023: £3.2 million) and there was a £1.8 million cash outflow on the buy-out of a smaller US defined benefit scheme which completed in January 2024. Dividend payments totalled £12.2 million (2023: £11.3 million).

At 31 December 2024, the Group's net debt was £97.4 million (31 December 2023: £126.2 million), including £17.3 million of lease liabilities (31 December

#### CASH FLOW, NET DEBT AND LEVERAGE

fmillion	2024	2023 restated
Adjusted operating profit	37.1	47.1
Depreciation and amortisation	13.8	16.5
Net capital expenditure	(6.9)	(22.4)
Capitalised development expenditure	(1.8)	(1.6)
Working capital	(1.2)	6.8
Other	2.4	2.4
Adjusted operating cash flow after capex.	43.4	48.8
Adjusted operating cash conversion	117%	104%
Net interest and tax	(20.3)	(19.7)
Lease payments	(4.2)	(4.4)
Restructuring, acquisition and disposal related costs	(0.6)	(4.0)
Retirement benefit schemes	9.4	3.2
Free cash flow	27.7	23.9
Dividends	(12.2)	(11.3)
Lease payments	4.2	4.4
Equity issued/acquired	0.8	1.3
Albert divestment costs	12.2	(3.6)
Other	(2.1)	(1.2)
Decrease in net debt	30.6	13.5
Opening net debt	(126.2)	(138.4)
New, acquired, modified and surrendered leases	(3.0)	(3.4)
Leases transferred to liabilities held for sale	2.6	2.6
FX and other	(1.4)	(1.5)
Closing net debt as per balance sheet	(97.4)	(127.2)
Cash and leases held within assets and liabilities held for sale	-	1.0
Closing net debt including assets and liabilities held for sale	(97.4)	(126.2)

2023: £20.8 million). Leverage at 31 December 2024, consistent with the bank covenants, was 1.8 times (31 December 2023 restated: 1.9 times). As detailed on page 24 below, the Group's net interest covenant has been relaxed from 4.0 times to 3.0 times at 30 June 2025 and 3.25 times at 31 December 2025, before reverting to 4.0 times.

#### Summary of adjusted results

To assist with the understanding of earnings trends, the Group has included non-GAAP alternative performance measures including adjusted operating profit and adjusted profit. Further information is contained in the "Reconciliation of KPIs and non IFRS measures" on pages 161 to 166.

A summary of the Group's adjusted results is set out below:

£million	2024	2023 restated
Revenue	521.1	613.9
Operating profit	37.1	47.1
Operating margin	7.1%	7.7%
Net finance expense	(9.9)	(9.8)
Profit before tax	27.2	37.3
Tax	(7.7)	(8.0)
Tax rate	28.3%	21.4%
Profit after tax	19.5	29.3
Weighted average number of shares	176.9 million	175.6 million
EPS	11.0p	16.7p

#### **FUNDING AND LIQUIDITY**

The Group funds its operations through retained earnings, equity, and borrowings, typically raised at the Group level and lent to subsidiaries. Sufficient committed borrowings are maintained to cover forecasted funding requirements.

As of 31 December 2024, the Group's net debt was £97.4 million compared to £126.2 million at year-end 2023 (including cash and leases of £1.0 million held for sale). Lease liabilities included in net debt amounted to £17.3 million versus £20.8 million in 2023 (£2.6 million held for sale).

Metric	2024	2023 restated
everage ratio	1.8x	1.9x
let interest cover	4.4x	5.6x

The Group's debt covenants state that the leverage ratio (net debt to EBITDA) must not exceed 3.0 times and that interest cover must be more than 4.0 times. The Group obtained a relaxation to the interest cover ratio in December 2024 to reduce the interest cover requirements for the measurement periods ending 31 December 2024 (3.75x), 30 June 2025 (3.0x) and 31 December 2025 (3.25x). Our current forecasts indicate sufficient headroom against these covenants in both base case and downside scenarios.

The Group's borrowings comprise a multi-currency Revolving Credit Facility (RCF) maturing in June 2027 and private placement (PP) fixed-rate loan notes with maturities of seven and ten years. These facilities maintain covenants aligned with the Group's bank agreements.

#### Leverage ratio

As of 31 December 2024, the Group's leverage ratio of 1.8 times remains within the 1–2 times target range. The net debt/adjusted EBITDA calculation excludes IFRS 16 lease liabilities and incorporates adjustments for specified items. The Group maintains a capital allocation policy targeting net debt/EBITDA within this range under prevailing market conditions.

Further details on borrowings and maturities are provided in note 20.

#### **GOING CONCERN**

The financial statements have been prepared on a going concern basis, but the Board has noted a material uncertainty relating to going concern as a result of the current challenging macroeconomic environment, see note 1d for further details.

#### **DIVIDEND POLICY AND DIVIDEND**

The Board has a progressive dividend policy, considering adjusted earnings cover as a primary factor. Additionally, it evaluates other key aspects, such as the Group's anticipated business growth, capital and

investment requirements, and pension obligations, as well as current year trading performance. The balance sheet position and cash generation capability also play a crucial role in dividend decisions.

As part of the agreed covenant relaxation, the Group has committed to testing the interest cover covenant ratio before paying any dividend. In the event that interest cover falls or is expected to fall below 4.0 times in the measurement period preceding the distribution or in the forecasted ratios for the following two testing periods then no dividend will be paid while the relaxation is in place.

The Board assesses these factors within the broader context of the Group's principal risks (outlined on pages 53 to 56) and its overall risk profile. The Group's ability to pay dividends is supported by distributable reserves within the parent company, which functions as a holding company and primarily derives its income from subsidiary dividends. As of 31 December 2024, TT Electronics had £157.6 million in distributable reserves (2023: £199.7 million), ensuring sufficient funds for future dividend payments. The parent company's balance sheet is available on page 155.

Given the current uncertainty over the macroeconomic environment and associated business risks, the Board has concluded that it is prudent to pause the dividend and will not be recommending a final dividend for 2024.

#### SIGNIFICANT ACCOUNTING MATTERS

#### Impairment

The impairment of goodwill, tangible and intangible assets in the current period relates to goodwill (£36.7 million), property, plant and equipment (£15.3 million) and capitalised development costs (£0.2 million) in the North American region reflecting recent trading performance and based on a prudent recovery assumption. For further details see notes 12, 13. 14 and 15.

The Group also derecognised £16.0 million of deferred tax assets as at 31 December 2024 reflecting the recent performance and near term outlook for the North American region. The associated losses remain available to the Group once the North American region returns to taxable profit.

#### Restatement of prior period results

The reported operating profit for 2023 has been retrospectively adjusted by  $\pounds(5.7)$  million and net assets reduced by  $\pounds5.7$  million (before the impact of tax) associated with the Cleveland operational execution challenges and confirmed through the year end process and in consultation with our external auditors. These adjustments primarily relate to the incorrect interpretation of contractual provisions for the recovery of cost variances from customers as well as aged inventory and preparation and review of related reconciliations. For further details see the Audit Committee report and note 1.

Recommendations on control findings and required improvements have been reviewed by the Audit Committee and are being incorporated into our on-going programme to improve the effectiveness of our internal controls over financial reporting.

#### **PENSIONS**

The Group operates one significant defined benefit scheme in the UK alongside one smaller scheme in the US. All these schemes are closed to new members and future accrual.

In December 2024, TT received an additional refund from the Scheme escrow account, amounting to £15.0 million before tax (£11.2 million net), following a previous refund of £5.0 million before tax (£3.2 million net) in 2023. Additionally, the Group completed the buy-out of its primary US-approved defined benefit pension scheme at a cash cost of £1.8 million.

As of 31 December 2024, the total net accounting surplus under the Group's defined benefit pension schemes stood at £5.6 million (2023: £22.2 million). The decrease was primarily driven by a £15.0 million refund repayment (£11.2 million net of tax).

Following the buy-in of the TT Group scheme in November 2022, the primary financial risk associated with the scheme is insurer credit risk, which remains low

Emillion	2024	2023
air value of assets	317.1	363.5
_iabilities	311.5	341.3
JK scheme (surplus)	7.1	25.3
Overseas schemes (deficit)	(1.5)	(3.1)
Total Group surplus	5.6	22.2

The April 2022 triennial valuation of the TT Group scheme reported a net surplus of £45.4 million against the Trustee's funding objective, a significant improvement from the £0.3 million surplus in April 2019.

Further details on the Group's defined benefit schemes can be found in note 22.

## FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES

The Group's Treasury function, reporting to the Chief Financial Officer, manages treasury activities centrally. Treasury operations adhere to Board-approved policies and delegation levels.

The Group's primary financial risks include funding and liquidity, interest rate fluctuations, and currency exposure. Financial instruments are used solely to manage these risks, with no speculative transactions undertaken

The Group hedges at least 75% of expected net cash flow exposure for the next 12 months and 50% for the following 12-24 months. Further details on Treasury operations are available in note 21.

#### Interest rate management

The Group seeks to stabilise borrowing costs, maintaining 25%-75% of debt at fixed interest rates.

#### **FOREIGN CURRENCY TRANSLATION**

The exchange rates impacting the Group's financial statements are:

£million	<b>2024</b> 2023
Income Statement	Average rate
\$/£	<b>1.28</b> 1.24
RMB/£	<b>9.20</b> 8.78
Balance Sheet	Closing rate
\$/£	<b>1.25</b> 1.27
RMB/£	<b>9.14</b> 9.04

The Group manages foreign exchange translation exposure, primarily arising from US and China-based earnings.

#### **HOW WE ARE PERFORMING**

# **OUR KPIs**

#### **FINANCIAL**

KPI DESCRIPTION AND WHY IT IS IMPORTANT	MEDIUM-TERM TARGET	FIVE-YEAR I	PERFORMANCE CHART	2024 PROGRESS	LINK TO STRATEGY
Organic revenue growth (%) The percentage change in revenue from continuing operations in the current year compared to the prior year, excluding the effects of currency movements, divestments and acquisitions. This measures the like-for-like growth or decline of the business. Sustainable organic revenue growth is an indicator of value creation. It reflects a combination of conditions in our markets and our success in gaining market share from serving our customers better.	4–6% organic revenue growth annually over the medium term	(5)% 2023: 1%	2024 (5)% 2023   1% 2022   20% 2021   10% 2020 (12)%	Organic revenue, adjusting for the Albert divestment and excluding pass-through revenue, was down 2%.	Enhancing collaboration and commercial focus  Developing our people, products and market positioning to propel sustainable growth  Promoting innovation, design, engineering and manufacturing expertise
Adjusted operating profit margin (%) Adjusted operating profit as a percentage of revenue. Adjusted operating profit margin is an indicator of our ability over the longer term to extract fair value from our products and services, driven by a mixture of increasing revenue and an optimised cost base.	Double-digit margin	7.1% 2023: 7.7% <sup>1</sup>	2024         7.1%           2023         7.7%           2022         7.6%           2021         7.3%           2020         6.4%	Positive adjusted operating profit margin progression in both Europe and Asia was more than offset by the impact of weakness in the components market and North American operational issues.	Focusing on efficiency to boost productivity and reduce costs  Enhancing collaboration and commercial focus
Adjusted earnings per share (pence) The profit for the year attributable to shareholders excluding items not included within adjusted operating profit divided by the weighted average number of shares in issue during the year. Adjusted EPS summarises the overall financial performance of the Group, including revenue growth, operating margin, the cost of debt finance and the rate of underlying taxation.	Double-digit adjusted EPS growth annually at constant currency over the medium term	11.0p 2023: 16.7p <sup>1</sup>	2024 11.0p 2023 16.7p 2022 18.2p 2021 14.5p 2020 11.7p	Adjusted EPS of 11.0p reflects the reduction in operating profit.	Focusing on efficiency to boost productivity and reduce costs  Enhancing collaboration and commercial focus  Developing our people, products and market positioning to propel sustainable growth  Promoting innovation, design, engineering and manufacturing expertise
Cash conversion (%) Adjusted operating cash flow including capital expenditure, divided by adjusted operating profit. Cash conversion measures how effectively profit is converted into cash and, within this, reflects the management of working capital and capital expenditure. A high level of cash conversion aids investment in the business, enables the Group to deliver increased returns for shareholders and supports a strong balance sheet.	90%+ cash conversion annually over the medium term	117% 2023: 104% <sup>1</sup>	2024     117%       2023     104%       2022     33%       2021     65%       2020     130%	Strong cash conversion of 117% in 2024 reflects the £13 million inventory reduction and lower capital expenditure, given management action to reduce discretionary spend in H2 2024.	Focusing on efficiency to boost productivity and reduce costs

Our KPIs include a number of APMs which have been adopted by the Directors to provide further information on underlying trends and the performance and position of the Group. Details of these APMs and a reconciliation to statutory measures can be found on pages 161 to 166.

<sup>1</sup> As part of our project to address Cleveland operational execution challenges, we identified issues in relation to the recoverability of certain assets recognised in prior periods. As a result, the reported operating profit for 2023 has been retrospectively adjusted by £(5.7) million as described further in note 1.

#### **FINANCIAL**

KPI DESCRIPTION AND WHY IT IS IMPORTANT	MEDIUM-TERM TARGET	FIVE-YEAR PERFORMANCE CHART	2024 PROGRESS	LINK TO STRATEGY
Return on invested capital  Adjusted operating profit for the year divided by average invested capital for the year. Average invested capital excludes pensions, provisions, tax balances, derivative financial assets and liabilities, cash and borrowings. It is calculated at average rates taking into account monthly balances. Return on invested capital is a measure of how efficiently the Group is utilising its assets, relative to profitability, in generating shareholder returns.	Exceed the cost of holding assets with year-on-year increases	10.0%     2024     10.0%       2023: 10.9%1     2023     10.9%       2022     10.5%       2021     9.1%       2020     7.7%	The benefit of the Project Albert divestment was more than offset by the reduction in adjusted operating profit.	Focusing on efficiency to boost productivity and reduce costs  Enhancing collaboration and commercial focus  Promoting innovation, design, engineering and manufacturing expertise
NON-FINANCIAL				
KPI DESCRIPTION AND WHY IT IS IMPORTANT	MEDIUM-TERM TARGET	FIVE-YEAR PERFORMANCE CHART	2024 PROGRESS	LINK TO STRATEGY

#### R&D investment as a % of sales R&D cash investment as a percentage of revenue. This metric

people on our journey to zero harm.

Employee engagement score

excludes manufacturing services revenue which has no R&D. A consistent and sustainable level of R&D investment enables us to introduce new products that increase our revenue and deliver on our Purpose.

The number of recordable workplace health and safety incidents per

Results from a Best Companies Ltd third party survey which gathers

anonymous employee feedback and scores against eight success

factors. Having engaged employees is crucial to attracting and

maintaining the talent we need to execute our strategy.

200,000 work hours. Measures how well we are executing on our

commitment to raise safety standards globally and protect our

Safety performance (recordable incident rate)

#### Year-on-year reduction in incident rate.

term

Target R&D

investment at

around 5% of

revenue annually

over the medium

ultimately leading to zero harm

### 0.31 2023:038

2023:

771.7

4.2%

2023: 3.4%

2024 0.31 2023

2024 Interim pulse surveys

Interim pulse surveys

4.2%

4.5%

4.8%

0.38

771.7

718.5

694.8

3.4%

3.7%

2024

2023

2022

2021

2020

2023

2022

2021

2020

#### RIR fell by 18% to 0.31, well below the industry average of 1.2, reflecting our strong commitment to safety awareness and building a proactive safety culture.

R&D investment at 4.2% of product

revenue was in line with our target.

as we continue to invest in new

product development.





#### Scope 1 & 2 emissions

Total amount of carbon dioxide equivalent tonnes (tCO2e) of Scope 1 & 2 emissions from operations. Details of the calculation method are set out on page 37. Reducing our Scope 1 & 2 emissions is a critical part of reducing our environmental footprint.

#### Annual reductions vs our 2019 baseline. Net Zero by 2030

Survey-on-survey

increase in the

engagement

score over the

medium term

Group's

## 73% 2023: 62%

#### 2024 7,506 10.533 2023 2022 12.782 2021 15.740 2020 20.875

In 2024 we delivered good progress on our path to Net Zero in 2030. The reduction was driven by two new solar programmes coming online and includes the impact of the three divested locations.



Focusing on efficiency to boost productivity and reduce costs

Promoting innovation,

manufacturing expertise

Developing our people,

products and market

positioning to propel

Developing our people,

products and market

positioning to propel

sustainable growth

sustainable growth

design, engineering and

#### **OUR PEOPLE, COMMUNITIES AND ENVIRONMENT**

# POSITIVE IMPACT

We aim to positively impact the world by creating value and enhancing sustainability through our products, business practices, employee care, community engagement, and environmental responsibility.

#### **OUR PURPOSE**

To engineer and manufacture electronic solutions enabling a safer, healthier and more sustainable world.

#### **SUSTAINABILITY**

- Sustainability is integrated into all aspects of our strategy to reduce risk and maximise opportunities.
- Key efforts include improving fuel efficiency, enhancing productivity with automation and advancing precise medical technologies.
- We help customers develop efficient, durable and eco-friendly solutions to combat climate change and resource scarcity.

#### **PEOPLE AND COMMUNITIES**

- Regularly survey our employees to provide insight and nurture our culture.
- Group standards and policies on engagement, wellbeing, community and ED&I matters.
- Committed to enhancing safety awareness and fostering a proactive safety culture across the organisation.
- Focused on unlocking potential by upskilling leaders and giving line managers the right tools.
- Pay fairly and equally for like-for-like roles within each of our labour markets.
- Play an active role in communities through STEM promotion, volunteering and fundraising.

#### **ENVIRONMENTAL COMMITMENTS**

- Committed to achieving Net Zero Scope 1 & 2 emissions by 2030, having already reduced emissions by 73% since 2019.
- Actively improving data for Scope 3 emissions and targeting reductions.
- Focusing on minimising water usage, eliminating single-use plastics, and eliminating waste to landfill
- Progress includes renewable energy installations generating 1.4 GWh annually.

#### **ETHICS AND INTEGRITY**

- We maintain a single global ethical standard based on fairness, honesty and compliance with the law.
- Our Business Ethics Code addresses behaviour, conflicts of interest, bribery and fair competition.
- Issues can be reported anonymously via a multilingual whistle-blower hotline.
- Oversight is managed by our Governance and Risk Committee.

#### **SUPPLY CHAIN AND MODERN SLAVERY**

- Our Procurement Code ensures suppliers align with our ethical and sustainability standards.
- Policies include zero tolerance for modern slavery and specific measures to uphold workers' rights.
- Suppliers undergo regular assessments, and violations result in termination of partnerships.

#### **ALIGNMENT WITH GLOBAL GOALS**

 Our efforts support seven of the UN's Sustainable Development Goals.

#### **KEY METRICS**

- Employee engagement: 3\*\*\* in 2023. Transitioning to new survey methodology in 2025.
- Group safety record: As measured by recordable incident rate. Improved by 18% in 2024.
- **Net Zero target**: 2030 for Scope 1 & 2 emissions.
- **Emission reductions**: 73% vs 2019 baseline.
- Renewables contribution: Increase in renewable electricity usage to 62%.
- Waste reduction: Eliminating single-use plastics and waste to landfill by 2035.

#### **GOVERNANCE AND RISK MANAGEMENT**

Environment and people matters including culture, strategy, compliance, risk and internal controls are governed as part of our overall governance and risk management frameworks, ultimately overseen by the Board. An update on key people, safety and environmental metrics and activities is discussed at the Corporate Social Responsibility meetings four times per year and subsequently provided at Board meetings. In-depth reviews are undertaken by the Board on at least an annual basis

### Non-financial and Sustainability Information Statement

In accordance with Sections 414CA and 414CB of the Companies Act 2006, our non-financial and sustainability information can be found on the following pages of this 2024 Annual Report: business model page 7; environment matters pages 35 to 37; climate-related financial disclosures pages 38 to 46; social matters pages 31 to 33; employees pages 29 to 33; human rights page 34; anti-corruption and anti-bribery page 34; principal risks pages 53 to 56.



Read more about Governance on page 58



Our continuing progress on ESG matters is recognised externally, with a rating of "AA" in the latest MSCI ESG Ratings assessment.

#### PEOPLE AND CULTURE

"Our TT culture gives us a true competitive advantage and makes us a great company to work for and with. Walk onto any of our sites - regardless of location, product or market focus and you will meet open and caring people, proud of what they do, and who work together to bring out the best in each other

2024 has been a year of change for our company. In early 2024, we made a fundamental change to how we work, moving to a functionally led regional model, which has unlocked huge value in both efficiency and future opportunity. In response to our market and production challenges, we also took the difficult decision to make over 500 of our employees redundant, predominantly in our North American operations. Our foundational values of engagement, integrity and community have sustained us through this period and will support our recovery in 2025."

#### **Clare Nicholls**

**EVP Human Resources** 

TT Electronics is truly a people business. The passion, expertise and values of our people drive our success. and our most critical job is to value them and support them to achieve great things for our business, our customers and the communities we serve

#### Our culture and values

Our TT culture gives us a true competitive advantage and makes us a great company to work for and with. Walk onto any of our sites - regardless of location. product or market focus – and you will meet open and caring people, proud of what they do, and who work together to bring out the best in each other. We are incredibly proud of the work we have done over the last few years to build this culture through our focus on safety, pay and benefits, recognition, community and leadership.

It is this culture that has enabled us to respond to the challenges we have faced this year. Our market and performance challenges have impacted each one of our businesses differently. Where we had to, we took the difficult decision to make over 500 of our employees redundant, predominantly in our North American operations. Carrying out these changes with care and dignity is core to our culture and many exiting employees have said openly that they would work for us again in the future. Many of our sites in Europe and Asia have continued to improve their performance and we are proud of the way that all teams have adopted a One TT mindset in facing our challenges as a group.

Following our 3\*\*\* Best Company engagement rating for the Group as a whole in 2023, in 2024 we continued to pulse survey our employees and work hard on the tangible things they value. It's a testament to the strength of our culture and approach to engagement that some of our sites most impacted by market and performance issues have retained excellent employee survey ratings through this period. Examples of this include our Mexican facilities retaining their 3\* and 2\* ratings. Businesses with high employee engagement ratings in Europe and Asia, for example Fairford, Manchester, Suzhou and Kuantan, continue to go from strength to strength in performance.

Our experience shows that where TT leaders focus on creating and nurturing a culture in which employees thrive, our businesses rise to the challenge. Being a great company to work for enables us to attract and retain talented people, grow productivity, build strong partnerships with our customers and, ultimately, deliver our business goals.

TT's culture is overseen and supported by the Board. While some aspects, such as ethics and safety, are aligned and reinforced by policy, others are governed by frameworks originated at the centre which empower our sites to work appropriately in their jurisdictions and according to local needs and norms.

The TT Way connects us all and guides how we work with each other and our stakeholders every day. They are supported by our focus on leadership, knowledge and performance to drive progress, innovation and service as well as build respectful, happy and supportive work environments.

Up to and including 2024, we have evaluated our culture and employee engagement every two years through our Employee Engagement Survey using Best Companies Ltd methodology and metrics, and used pulse surveys for the latest feedback and an indication of progress. Results from these surveys drive HR and local planning in the form of targeted action plans created by site management teams in response to their results. Each manager receives a personal engagement score relating to their team, and we use these results, and the wider engagement results, when considering management discretionary incentive payments.

During 2025, we will start the transition towards a new employee survey methodology to provide a greater level of insight and focus on the actions of managers at all levels and how this affects the work culture and employee experience. Giving managers the tools and skills to engage, inspire and develop employees will deepen and strengthen our ability to unlock business performance through our people.

#### **EMPLOYEE ENGAGEMENT SURVEY RATING (2023)**



#### **OUR TT WAY VALUES**



We do the right thing



We bring out the best in each other



We achieve more together



We champion expertise



We get the job done... well



Read more about Board oversight of culture

on page 67

#### EMPLOYEE ENGAGEMENT AND COMMUNICATION

We communicate frequently and openly with employees using a range of methods.

At Group level, our intranet, ConnecTT, enables employees to communicate with each other and easily find and share resources and news in their local language. We regularly publish news items celebrating business and personal successes as well as reporting on events across the Group. ConnecTT also hosts employee communities for skill specialisms, equality, diversity & inclusion progress, and personal interests.

Regular communication is critical to the success of our sites. Activities include regular all-hands meetings, daily stand-ups to drive productivity and team meetings. As part of our HSE improvements this year, sites are required to conduct daily safety walks, which also further facilitates communication and feedback. Several of our sites have established employee forums to ensure robust two-way communication and feedback, Our CEO, Peter France, has made it a priority to regularly visit and talk directly with employees at each of our sites.

Social and fundraising events are also a big part of our culture, helping to create strong personal and social bonds both within our sites and with our local communities. Members of the senior leadership team regularly visit, giving Town Halls, walking the floor, and recognising outstanding performance and improvement. Members of our Board also take the time to visit sites, with the Board group visiting Manchester and Suzhou in 2024.

#### Employee voice at the Board

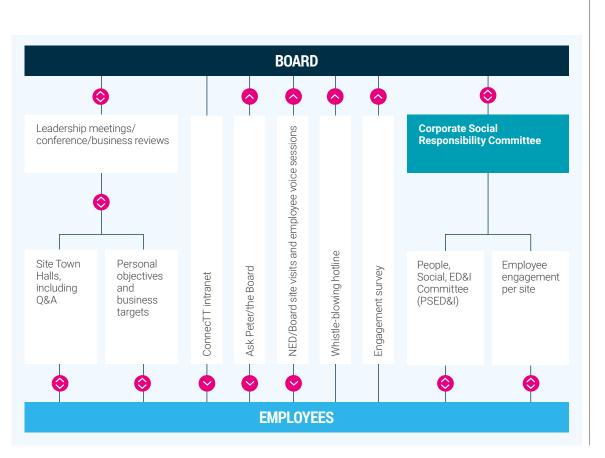
It is important that the employee voice is heard at the highest levels of the organisation. The results of our engagement surveys are reviewed by the Board. In previous years, this information was discussed at a specific Board subcommittee (the People, Social, Environment and Ethics Committee) with a single designated NED.

In 2024, we changed our approach in two ways. Firstly, we established the People, Social, ED&I Committee ("PSED&I") at TT-level, with representatives from our five key geographies, which works to set standards and policy in the areas of engagement, wellbeing. community and ED&I. During 2025, this Committee will roll out a set of minimum standards in these areas for all sites to follow, in addition to sponsoring specific initiatives to drive these topics forward. Secondly, Board members undertook employee engagement sessions for the first time at our Suzhou and Manchester sites, with a cross section of employees, independently of TT management. The sessions

voice directly, and for employees to ask questions and talk about topics important to them. This activity was hugely valuable to both our Board members and the employees who attended, and we will continue this approach into 2025 and expand this approach to all senior leaders.

For the purposes of the UK Corporate Governance Code, all Board members participate in these sessions on a rolling basis and regular updates on progress in employee engagement is shared with the Board through reports and physical meetings.

enabled our Board members to hear the employee



#### LOCATIONS VISITED BY **BOARD IN 2024**

#### **SAFETY, HEALTH AND WELLBEING**

## Health, Safety and Environment ("HSE") are fundamental company values at TT.

Our HSE framework and tools are specifically designed to ensure compliance while fostering the identification and implementation of best practices. Site HSE professionals report to their respective General Managers, with a dotted line to our Global Director of HSE. The Global Director leads progressive HSE programmes and provides support across the business, ensuring a consistent and proactive approach to HSE management.

In 2024 we took further steps to enhance our safety KPIs by expanding our tracking to include not only cases involving lost time but also incidents requiring medical treatment and those where first aid was given. This shift allows for a more comprehensive approach to safety management by enabling us to monitor a broader spectrum of incidents.

Additionally, we conducted a deeper review of root causes to ensure that we not only understand the underlying factors contributing to injuries, but also implement sustainable corrective actions aimed at preventing recurrence. This focus on root cause analysis ensures that our safety efforts are both effective and forward-looking, supporting long-term injury reduction and safer work environments.

Safety performance remains a key Group KPI. Over the past year, we have placed strong emphasis on increasing proactive hazard observations, leading to a significant improvement in safety reporting. This initiative resulted in an 80% increase in reported hazards vs 2023, an 18% reduction in injuries requiring medical treatment or resulting in lost time, and a 22% reduction in injuries requiring first aid. These positive outcomes highlight our continued commitment to enhancing safety awareness and fostering a proactive safety culture across the organisation. We've strengthened our reporting, made progress vs 2023 and now outperform the industry average.

A Health, Safety, Security, Environmental and Quality ("HSSEQ") Committee has also been established, comprising key operational leaders. The Committee will lay the foundation for global alignment and collaboration, ensuring a unified approach to risk reduction and compliance, and drive the rollout of a standardised approach to managing health, safety, security, environmental and quality practices across all TT Electronics locations.

#### HSE compliance

In 2024 we also introduced an HSSEQ functional group through which we reviewed our approach to compliance by compiling a comprehensive list of all accreditations held by sites across the organisation. And, over the course of the year, we hosted more than 50 external accreditation and compliance audits.

In 2025, a key focus will be ensuring that improvement actions are "horizontally deployed" across the organisation to ensure that corrective measures are effectively implemented throughout the business. We are also working towards standardising our approach to managing non-conformances identified during audits, with clear timeframes for closure.

As part of this process, audit management will be integrated into Q-Pulse, our electronic quality management system, which will enhance visibility, standardise workflows, and provide clear escalation paths when necessary. Additionally, the introduction and standardisation of investigation stages will ensure that robust containment, root cause analysis, corrective and preventative actions are consistently implemented across the business for effective management of non-conformances.

#### Health and wellbeing

Supporting our employees to take care of their health is also important to us. It is the right thing to do, and it supports business needs by ensuring that our teams are fit and well to be at work and feel supported to give their best.

We see a strong crossover between all types of health – physical, mental and financial health – and we take opportunities to raise awareness and make

conversations on these matters normal and expected, as well as giving employees access to resources and things they need such as medical assessments.

In the US we continue to drive preventative healthcare, working with the providers of our healthcare schemes. This has included rolling out zero copay on maintenance drugs to support proactive health management; a communication campaign to ensure employees are aware of, and can access, the tools and support they need; and onsite provision of healthcare such as mini medicals, biometric screening and mammograms. During 2024 75% of scheme members completed a medical and 22% engaged in a wellbeing programme.

We also have an Employee Assistance Programme ("EAP") available to all employees through which our people can seek help from a third party organisation.

	2024	2023	Industry average
Total recordable incident rate ("RIR")	0.31	0.38	1.2
First aid incident rate	2.76	3.54	
Proactive observations	12,226	6,763	
Near misses	268	291	

### PROACTIVE HAZARD OBSERVATIONS IN 2024

12,226

up 80% vs 2023

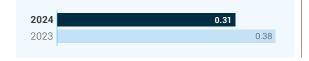
#### **SAFETY RIR**

0.31

down 18% vs 2023, well below industry average of 1.2

#### **RECORDABLE INCIDENT RATE**

2024: 0.31



#### **DEVELOPMENT AND CAREERS**

Investing in the training and development of our people is key to helping them to work efficiently, grow our business, and pioneer new ways of doing things.

Two specific areas of focus are key to our future success. We have commenced a process to establish common organisational roles, competencies and skills across our major functional groups – for example engineering – driven by our functional operating model. Secondly, we believe that our managers, at all levels, hold the keys to unlock the potential in our people – and therefore development and assessment of line management at all levels of our organisation will be our focus going into 2025 and beyond.

Following the continued success of our first line leadership "bite size" development programme, in which first line leaders from across the UK and US were brought together for two days of training, our focus in 2025 will be on upskilling our middle managers and continuing to foster networking for these groups.

For the wider workforce, we have improved our processes, systems and support to enable line managers to develop and improve the performance of their people going into 2025. We take pride in the fact that anyone, at any level, will always be given the opportunity, encouragement and support to progress if they wish to. Our line managers hold regular career conversations with their direct reports and create personal performance development plans that align with wider site, region, function and Group objectives. We assess performance both on what is done and how it is done – i.e. in line with our TT values.

Our summer internship programme for our US sites has gone from strength to strength this year, with 13 interns completing a 10-week programme of on-the-job training, mentoring and support. Of the interns from our 2023 cohort, a third have chosen to join us on a permanent basis following the end of their education. A number of our UK sites also invest in apprentice and graduate roles, and expanding this programme is a key area of focus for 2025. Several of our sites draw on regional and national funding to help existing employees train for new roles in the business.

Our strategy moving into 2025 and beyond is to invest in developing a truly robust talent pipeline for leadership and key skills across the business. This will involve a renewed focus on early careers talent, the development of functional competence frameworks and development, and implementing standard organisational roles to enable both upwards and lateral career development.

#### REWARD AND RECOGNITION

Being fairly rewarded and recognised for your contributions is an important part of our culture.

#### Reward

We ensure we pay fairly and equally for like-for-like roles within each labour market. Over recent years, we have worked to improve pay and earnings potential for our direct labour employees through significant investment in hourly rates and via frameworks and training which allow employees to earn more as they grow their skills. In 2024, we were able to match or exceed the Real Living Wage for our UK employees in semi-skilled operator roles, representing a significant investment in the community. We aspire to maintain this approach subject to affordability.

Our approach to flexible working makes it possible to balance work and personal commitments so that employees can take care of all the things that matter. The majority of our office staff have the opportunity to work on a hybrid basis. Our parental leave policy allows men and women to share responsibility and time at home with new additions to the family.

Over and above salary all employees are able to participate in site-specific pay-for-performance schemes, be it our site incentive schemes, or annual incentive schemes, and we operate attractive all-employee share plans for UK and US employees.

In line with Corporate Code Provision 41 we have undertaken reward workforce sessions which cover our reward principles, the role of the Remuneration Committee and how we achieve alignment of remuneration.

#### Recognition

Our BE Inspired recognition scheme is extremely popular with employees as an opportunity to recognise teams and individuals who demonstrate our TT Way values and have a positive impact on the business. Winners receive a sum of money and are celebrated at their site. In 2024, we reviewed and revised the programme for relaunch in early 2025, including a greater focus on peer-to-peer recognition, an online nominations portal, and enhanced award payments for some geographies.

INTERNS CHOOSING TO JOIN TT PERMANENTLY

#### **EQUALITY, DIVERSITY AND INCLUSION**

We see equality, diversity and inclusion ("ED&I") as a fundamental cornerstone in ensuring we can attract, develop and retain the talent we need to achieve our ambitions as a company.

The need for equality and fairness at work is a given. All employees and potential employees must be treated fairly and have equal access to opportunities in a workplace that is tolerant, respectful and ensures dignity for all. As set out in our employment policies, no employee, applicant, contractor or temporary worker should be treated less favourably or victimised or harassed on the grounds of disability, sex, marital or civil partnership status, race, nationality, colour, ethnicity, religion or similar philosophical belief, sexual orientation, gender identity, age or any distinction other than merit.

An inclusive culture is an essential building block for everyone in our company to thrive, and this has been a key focus for leadership over the past few years. Site employees and leaders have driven this agenda with passion and creativity – celebrating the diversity inherent in their cultures and communities, creating psychologically safe environments to discuss such topics, and providing training and support to all employees to build awareness.

Efforts to grow the diversity of our workforce have continued this year, especially regarding gender diversity. Our highly successful Northern Women ConnecTT event in 2023 evolved into a UK-wide event for 2024, with 60 women from all businesses and levels of role brought together for an overnight networking and development event in May. Diversity is also essential in our early careers pipeline.

Our ED&I policy explains our approach to equality, diversity and inclusion including such matters as harassment, victimisation and bullying, recruitment and promotion, religious accommodations, gender confirmation and workplace adjustments; the expected standards for employees and their responsibilities; and how we will deal with infringements of the policy. In October 2024, we

evolved our UK policy to recognise the change in employer responsibilities to proactively prevent sexual harassment in the workplace. Senior leaders have been trained in their responsibilities and further ongoing training and awareness activities are planned for 2025.

#### Gender diversity

We are pleased to have three women Board members and a female member of our Management Board ("TMB") which replaced the Executive Leadership Team ("ELT") on 1 March 2024. In addition, we appointed two female site general managers during 2024, one externally and one through internal promotion. In total, we have more women employees than men. Our UK Gender Pay Gap report is published annually on the TT website. Our gender diversity disclosure, as required by UK listing rules is provided below.

#### GENDER DIVERSITY AT 31 DECEMBER 2024

Employees – full-time equivalents	Men	Women
Non-executive Directors	2	3
TT Management Board ("TMB")	5	1
TMB and direct reports	18	17
Senior managers (ex-TMB) <sup>1</sup>	44	21
All employees:		
Europe	626	329
North America	675	714
Asia	445	1,040
Head Office	42	30
Total	1,788	2,113

1 Senior managers (ex-TMB) includes TT's regional and functional senior leaders and Directors of subsidiary companies.

#### **COMMUNITIES**

We encourage our teams to take an active role in their local communities, whether fundraising and volunteering for chosen charities or committing time and resources to promoting STEM education and careers.

#### STEM skills

Our teams of engineering, technology and manufacturing experts are passionate advocates for the development of STEM skills and engaging with the next generation of potential talent. We are particularly keen to encourage more women and under-represented groups to take up STEM subjects and careers.

Many of our employees give up their time to develop local STEM partnerships to promote careers in electronics and related fields, undertaking talks, demonstrations and attending careers fairs to interest and educate young people in the sector. Across the world we also aid school curriculums directly by supporting science projects and engineering competitions to highlight the importance of STEM subjects in everyday life.

#### Volunteering and charitable giving

TT has a big fundraising and volunteering culture – our efforts bring our employee teams together as well as benefiting our communities. Each site chooses a local charity to support through the year and our "hours for giving" programme enables employees to take five hours of paid leave per year to support local causes. In 2024 1,250 hours were taken under the programme. Our teams support many other local and national causes and are able to request matched funding from TT through the "giving the TT Way" programme.

VOLUNTEER HOURS
RECORDED IN OUR HOURS
FOR GIVING PROGRAMME

1,250



#### **ETHICS**

We are an ethical company, acting worldwide with integrity and within the law.

The fundamental principles of fairness, honesty and common sense are at the heart of our philosophy and corporate standards. We have one ethical standard worldwide to create an environment where TT businesses can flourish within an appropriate compliance and risk management framework in line with our TT Way values.

Our Statement of Values and Business Ethics Code sets out these standards and covers a comprehensive range of ethical matters including the working environment, standards of behaviour, avoiding conflicts of interest, hospitality and entertainment, bribery, intellectual property protection and fair competition. We do not tolerate fraud, corrupt practices or behaviour not in line with our standards and have in place systems and processes to effectively detect and deal with any contraventions of our code.

Any concerns relating to matters covered by the code and behaviour more generally can be reported, either to management, or by using our anonymous whistle-blower hotline by telephone or through our ethics and integrity portal. Reports are investigated thoroughly, and any significant concerns are reported to the Audit Committee. Our Whistle-blowing Policy describes how employees should raise matters of concern, our approach to dealing with concerns, and examples of the types of issue employees should bring to our attention.

Day-to-day oversight of ethical matters is the responsibility of our Governance and Risk Committee. An Ethics Committee of our senior leaders can also be convened on an as-needed basis. Mandatory ethics training covering TT's code of ethics, anti-bribery and corruption practices and policies, cybersecurity and data protection is provided for relevant employees on an annual basis

Regulatory requirements are different around the world, so we have a core structure which Group businesses comply with, beyond which they are empowered to tailor their approach to local needs. The nature of our business and the markets we work in means that legal and regulatory compliance is a principal risk for TT.

#### Human rights

Upholding human rights is the responsibility of everyone at TT and, as part of our ethics framework, human rights are treated as an equal priority to other business issues. We are committed to upholding human rights of workers (at all points in our supply chains) and to treating them with dignity and respect.

#### Supply chain

We procure from a wide network of suppliers and distributors through global supply chains. It is important to us that our suppliers share our values and our approach, and we seek out those that do.

Our Corporate and Social Responsibilities – Supplier Requirements Policy sets out our required standard with regard to supplier social and environmental practices. The policy is provided to all suppliers with purchase orders. We carry out regular assessments of our suppliers to ensure compliance with our requirements and we will not do business with suppliers that violate them.

Our Procurement Code of Conduct outlines the standards expected for the purchase of goods and services across the Group. This code focuses on the approval process required for the appointment of new suppliers, together with our ongoing supplier monitoring process which includes the application of a digital supplier risk rating tool.

Our Supply Chain Council forum meets on a monthly basis and comprises a senior group of executives with responsibility for global purchasing and supply chain activities across TT. The Council considers ethical matters including modern slavery as part of its remit.

#### Modern slavery

We have a zero-tolerance approach to modern slavery – whether in the form of servitude; forced, bonded or indentured labour; slavery; child labour; human trafficking or any other activity that amounts to an unreasonable restriction on the free movement of workers.

We recognise that the rights of individual workers can, potentially, be violated within our supply chain and other partnerships. We have had a Modern Slavery Policy since 2016 which applies to all persons working for TT and its subsidiaries or acting on its behalf in any capacity. The Policy is reviewed each year.

Our approach to addressing the challenge of modern slavery is to ensure that there is transparency in our own business and throughout our supply chains. We expect the same high standards from all our contractors, suppliers, distributors and other business partners, consistent with our obligations under the Modern Slavery Act 2015. We include specific prohibitions in our contracting processes against the use of forced, compulsory or trafficked labour, or any other activity that amounts to an unreasonable restriction on the free movement of workers, and we expect that our suppliers will hold their own suppliers to the same high standards.

Our Modern Slavery Statement and our Modern Slavery Policy are published on our website.



Upholding human rights is the responsibility of everyone at TT and, as part of our ethics framework, human rights are treated as an equal priority to other business issues.



Read more about our employee engagement survey on page 29

### **OUR PEOPLE, COMMUNITIES AND ENVIRONMENT CONTINUED**

### **ENVIRONMENT**

Application of our Group-wide Energy Strategy and the work of our highly motivated site teams has seen us deliver further reductions in energy consumption, steadily increase the share of our electricity coming from renewables and take benefits from our own renewable electricity generation."

Peter France CEO

### Sustainability

This year has seen TT make further good progress on our sustainability strategy and deliver further, tangible results in our transition to achieve Net Zero. Our Purpose is to engineer and manufacture electronics solutions enabling a safer, healthier and more sustainable world, and we are ever mindful to manage and reduce the impact of our own operations on the environment.

First and foremost, in our day-to-day actions is a constant drive to reduce TT's Scope 1 & 2 emissions and we have continued to deliver meaningful results in 2024. Application of our Group-wide Energy Strategy and the work of highly motivated teams at our sites has seen us deliver further reductions in energy consumption, steadily increase the share of our electricity coming from renewables and increase our own renewable electricity generation. Each site has its own energy saving projects which include energy-efficient lighting and controls, furnace use optimisation, reducing out of hours energy use and upgrading facilities.

As a result of these efforts, we have seen another excellent year of performance, with Scope 1 & 2 emissions falling 29% year-on-year and 73% from our 2019 baseline. Adjusting for the impact of the Project Albert divestment in 2024. Scope 1 & 2 emissions were down 23% year-on-year. Such is the progress we have made that in April we committed to a new target of Net Zero Scope 1 & 2 by 2030, five years ahead of our previous target. We are also mindful of our impact on the environment relating to external factors, including our supply chain, and this year we have made further progress on our measurement and publication of TT's Scope 3 emissions. We will continue to improve data collection in this area, but have made progress in 2024 on our ability to accurately size and analyse TT's material Scope 3 emissions. A more comprehensive dataset is reflected in some of our Scope 3 categories showing year-over-year increases.

In addition to our work on  $\mathrm{CO}_2$  emissions we are also committed to reducing our impact on the environment from our use of precious resources such as water, use of single-use plastics and the waste we send to landfill. Again, we continue to improve the capture of data in these areas and are committed to eliminating single-use plastics and waste to landfill by 2035.

We note recent guidance on transition planning, and we state our intention to publish a Transition Plan in the future. In 2024 we formally committed to Science-Based Targets and this has been acknowledged by the Science-Based Targets initiative ("SBTi"); we will submit our plan for approval within the required time scale.

We continue to be consistent with ten of the eleven disclosures in our Task Force on Climate-related Financial Disclosures ("TCFD") statement following the work undertaken in 2023 which assessed our climate-related risks and opportunities, including a range of relevant scenarios. Our work is ongoing to deliver a quantitative assessment of the impact of climate-related risks and opportunities. See page 38 for our TCFD disclosure. See page 39 for Board oversight of environment and climate matters.

In 2024 we have made further progress on our Net Zero journey and for our successful transition towards a future low-carbon economy.

### Scope 1 & 2 emissions

We have taken a further step forward this year by delivering a 29% reduction versus 2023, taking us to a 73% reduction versus our 2019 baseline. In 2024 two new major solar photovoltaic installations came on stream in Mexicali, Mexico and Suzhou. Together these two installations will generate around 1.4 GWHrs of renewable electricity per annum. Given this progress, we have now committed to achieve our target of Net Zero Scope 1 & 2 emissions by 2030, five years earlier than our previous target of 2035.

The main drivers to achieve this target are further switch of purchasing to renewable electricity; utilisation of self-generated renewable electricity from solar panel installation at suitable locations; moving production to modern energy-efficient facilities; and further improvements in the energy efficiency of our sites.

ACTUAL REDUCTION VS 2019 BASELINE

73%

RENEWABLE ELECTRICITY
AS A % OF TOTAL
ELECTRICITY CONSUMED

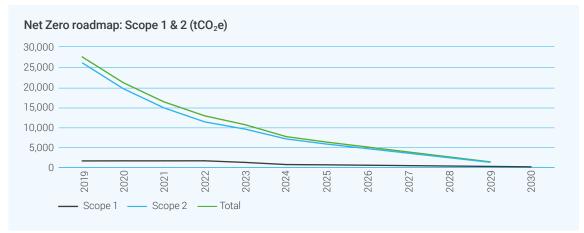
62%

### **OUR PEOPLE, COMMUNITIES AND ENVIRONMENT** CONTINUED

### **ENVIRONMENT** CONTINUED

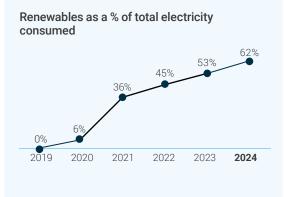
### **OUR SCOPE 1 & 2 NET ZERO ROADMAP**

In 2024 we have formally committed to Science-Based Targets, and we committed to being Net Zero Scope 1 & 2 emissions by 2030, five years ahead of our previous target.





### SWITCHING TO RENEWABLE ELECTRICITY



### Scope 3 emissions

In 2024 our focus has been on improving methods of collecting and qualifying our data following an assessment and preliminary measurement of our most material Scope 3 emissions which was completed in 2023. For Category 1 – Purchased Goods and Services, which is our most material, we have surveyed double the number of our major suppliers in 2024 and had a higher response rate with a higher inclusion of emissions data, which we have used to calculate emissions factors. We are committed to reporting, managing and eliminating all categories of emissions from our value chain where possible, while maintaining the immediate priority on eliminating emissions from our own operations. The reported emissions are calculated directly, where possible, with data gaps covered by proxy data, extrapolation, and use of sampling as appropriate.

### Waste, water and energy

As well as managing and progressing to eliminate our  $\mathrm{CO}_2$  emissions, we are also committed to measuring and eliminating, or at least reducing, the amount of electricity we use from non-renewable sources, waste sent to landfill, and single-use plastics used at TT. We continue to improve our data gathering ability in the latter two areas and we have a target of zero waste to landfill and single-use plastics by 2035. We also track our water consumption and are committed to minimising water use.

### Scope 3 categories Category 1: Purchased goods and services

We have a process to measure our emissions using a combination of direct input from our suppliers and estimates where necessary.

### Category 4: Upstream transportation and distribution We have partnered with our logistics providers

our logistics providers to gain access to emissions data.

# Category 5: Waste generated in operations

We have constructed a robust system to measure and report all of our waste streams at our facilities.

### Category 6: Business travel

We have partnered with our centralised travel providers to gain access to emissions data.

### Category 7: Employee commuting

We have calculated these emissions centrally taking into consideration employee data supplied by all locations.

Category 9: Downstream transportation and distribution Included in Category 4.

### **OUR PEOPLE, COMMUNITIES AND ENVIRONMENT CONTINUED**

### **ENVIRONMENT CONTINUED**

### Data

Our results are calculated centrally from data collected locally. For 2024 we have applied a consistent methodology with the prior year to enable us to better understand the reported movements. We use the market-based method for emissions calculations and, in line with GHG Protocol guidelines, we use the following information in this order of priority: energy attribute certificates; contracts; supplier emission rates; residual mix or grid average emission factors.

We are using an operational control boundary for direct GHG emissions. We have adopted a cross-sector calculation method in line with the GHG Protocol Corporate Standard. For Scope 1 emissions, we include our total owned and leased vehicle direct emission impact. Emissions factors, for conversion of activity or energy consumption into emitted  $\mathrm{CO}_2\mathrm{e}$ , are taken from widely used sources, often governmental. The emissions factors used in this report are the most recent available at time of publication.

- 1 Entries for Scope 1 include emissions related to fugitive GHG release, where data is available. The level of emissions is not material but this is being included to improve inventory completeness.
- 2 Categories 3, 8, 10, 11, 12, 13, 14 and 15 are not included as they are not relevant to the Group business model. Category 2 (Capital Goods) is included in Category 1 (Purchased Goods & Services).
- 3 Downstream transportation (services paid for by ourselves) is included in Category 4 (Upstream Transportation & Distribution) per GHG Protocol guidance. The remaining Downstream Transportation & Distribution (not paid for by ourselves) cannot currently be measured and we are assessing the viability of measuring this in the future.
- 4 Excluding diverted from landfill (typically incineration).
- 5 Single-use plastics utilised for packaging. TT does not have any widespread or significant single-use plastics consumption, other than for packaging.

### **EMISSIONS, WATER AND WASTE DATA**

	Change vs previous year	Change vs 2019 baseline	2024	2023	2019
GHG emissions Scope 1 & 2 (tCO₂e)					
Scope 1 <sup>1</sup>	(17)%	(38)%	991	1,102	1,479
Scope 2 (location-based)	(7)%	(39)%	15,582	17,107	26,066
Scope 2 (market-based)	(30)%	(75)%	6,587	9,431	26,066
Scope 1 & 2 (location-based)	(8)%	(39)%	16,772	18,209	27,545
United Kingdom only	(32)%	(49)%	2,484	3,670	4,862
Scope 1 & 2 (market-based)	(29)%	(73)%	7,506	10,533	27,545
United Kingdom only	(17)%	(91)%	456	549	4,862
Intensity ratio Group (market-based tCO <sub>2</sub> e/£m revenue)	(14)%	(74)%	15	17	58
GHG emissions Scope 3 (tCO <sub>2</sub> e) <sup>2</sup>					
Category 1 – Purchased Goods & Services	18%	-	187,394	158,998	_
Category 4 – Upstream Transportation & Distribution	19%	-	4,310	5,329	_
Category 5 - Waste	31%	_	277	212	_
Category 6 – Business Travel	(33)%	_	1,264	1,883	_
Category 7 – Employee Commute	(17)%	_	3,478	4,202	-
Category 9 – Downstream Transportation & Distribution <sup>3</sup>	NA	_	Included in	Category 4	
Scope 3 Total	15%	_	196,723	170,624	_
Intensity ratio Group (tCO2e/£m revenue)	40%	-	388	278	_
Energy consumption (MWhs)					
Electricity (non-renewable)	(28)%	(73)%	15,729	21,985	59,261
Electricity (renewable)	6%	_	25,883	24,435	-
Natural gas	(24)%	(29)%	2,971	3,912	4,185
Vehicle fuel	20%	(83)%	493	409	2,890
Total energy	(11)%	(32)%	45,076	50,741	66,336
United Kingdom only	(22)%	(43)%	11,782	15,182	20,509
Intensity ratio Group (Total energy/£m revenue)	8%	(36)%	89	83	139
Water and Waste					
Total waste (tonnes)	(2)%	_	1,381	1,406	_
Waste to landfill (tonnes) <sup>4</sup>	29%	-	539	417	_
Single-use plastics (tonnes) 5	48%	-	63	43	_
Intensity ratio Group (Total waste/£m revenue)	19%	-	3	2	_
Water use (m³)	(10)%	-	126,785	140,175	_
Intensity ratio Group (Water use/£m revenue)	10%	_	250	228	_

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

TT Electronics solves technology challenges for a sustainable world. We do this by delivering solutions for our customers that enable products that are cleaner, smarter and healthier, and that will benefit our planet and people for future generations.

As a global manufacturer of electronic components and provider of manufacturing services, we understand the importance of analysing the current and future potential impacts of climate change on our activities and the urgent need to protect the environment for future generations given the severity of the climate crisis. A more comprehensive analysis of our climate-related risks and opportunities, taking into consideration their impact under different timeframes and scenarios was undertaken in 2023. We support the transition to a low-carbon economy through our products and through our operations via our

commitment to becoming a Net Zero emissions business on a Scope 1 & 2 basis by 2030.

The Board has noted the requirement for mandatory climate-related disclosures arising from the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, as well as FCA Listing Rule 9.8.6R(8). Below we have set out our climate-related financial disclosures which demonstrate consistency with ten of the eleven TCFD recommended disclosures as detailed in "Recommendations of the Task Force on Climaterelated Financial Disclosures". 2017, with use of additional guidance from "Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures". 2021. The disclosure that we are not consistent with is Strategy (b) where we have provided qualitative but not fully quantitative analysis of our physical risks and transition risks and opportunities. TT Electronics will look to refine the financial impact analysis, relevant to Strategy (b)

and Physical Risk, with a view to updating the disclosures when the analysis is complete. The climate-related financial disclosures made by the Group comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

In 2024 we have performed an internal review of the Group's climate-related risks and opportunities, building upon the work performed in the prior year, which is detailed in the Strategy section of this TCFD disclosure (see page 40). Our view remains that significant financial planning or budgetary change as a result of climate change is not likely to be required and the transition to Net Zero is taken into account in the Group's strategic planning.

Detail on the 11 recommended disclosures can be found on the pages highlighted below.

"We understand the importance of analysing the current and future potential impacts of climate change on our activities and the urgent need to protect the environment for future generations given the severity of the climate crisis."

**Peter France** CFO

#### **ANNUAL REPORT** TCFD RECOMMENDATION RECOMMENDED DISCLOSURE REFERENCE a. Describe the Board's oversight of climate-related risks and opportunities Page 39 **GOVERNANCE** Disclose the organisation's governance around b. Describe management's role in assessing and managing climate-related risks and opportunities. Page 39 climate-related risks and opportunities. **STRATEGY** a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium Page 40 and long term. Disclose the actual and potential impacts of climate-related risks and opportunities on the b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. Page 41 organisation's businesses, strategy and financial c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, Page 41 planning where such information is material. including a 2°C or lower scenario. a. Describe the organisation's processes for identifying and assessing climate-related risks. Page 40 RISK MANAGEMENT Disclose how the organisation identifies, assesses b. Describe the organisation's processes for managing climate-related risks. Page 41 and manages climate-related risks. c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's Page 40 overall risk management. a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk METRICS AND TARGETS Page 46 management process. Disclose the metrics and targets used to assess and manage relevant climate-related risks and b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks. Page 36 opportunities where such information is material c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against Page 46 targets.

### **GOVERNANCE**

### BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

At TT, the Board of Directors oversees all ESG matters, including climate-related issues, across Group culture, strategy, compliance, risk and internal controls as part of our overall governance, budgetary approval and risk management frameworks. The Board receives regular updates on the status of Group environmental issues (including sustainability and climate-related risks and opportunities). The Board also receives regular updates on the progress made against targets and ongoing action items in the form of a presentation and supplementary written document.

An overview of risks and opportunities is provided in addition to an update on the progress of current projects related to strengthening the reporting infrastructure for climate-related risks and opportunities. A review by the Board of the Group's Net Zero planning and Sustainability Strategy is undertaken at least annually.

The Board's oversight and support for the acceleration of the Group's Net Zero targets has resulted in further investment in renewables enabling the 2024 installation and activation of solar panels at our Suzhou and Mexicali sites.

### Audit and Risk Committees

The Board is also responsible for risk management, supported by the Audit Committee and informed by the executive Governance and Risk Committee, under which there is a periodically scheduled meeting focused on the climate risk register. The Board defines risk appetite and monitors the management of significant risks. Climate-related risks are included in the Group risk register.

Corporate Social Responsibility ("CSR") Committee

Beneath Board level, the CSR Committee provides oversight of and decision-making on matters including our environmental strategy and performance. The CEO chairs the CSR Committee, which also includes the members of the TT Management Board. The CEO

reports directly to the Board following each CSR Committee meeting, which occur four times per year.

The CSR Committee receives updates on the progress of climate-related strategic initiatives and is advised by our Group Head of Sustainability who provides on-the-ground insight and specialist advice as well as enabling the sharing of best practice and ideas across the Group. The climate-related content of the CSR Committee agenda is closely aligned with the Board report, albeit being more detailed in analysis and more strategically focused.

Reporting into the CSR Committee is the Sustainability Committee chaired by the EVP Operations and with the purpose to ensure that TT can meet the needs of the present without compromising the ability of future generations to meet their own needs. The Sustainability Committee meets regularly to oversee sustainability activities.

### Management's role in assessing and managing climate-related risks and opportunities

At the direction of the Board, management are assigned the responsibility to assess, monitor and manage climate-related risks and opportunities. We have put in place a process for our Executive team to be fully engaged in the governance process and monitor progress through monthly reports/dashboards and more detailed quarterly reviews. We use our existing structure to manage these processes. Management receives information on emissions, and details of any actions, strategic or financial planning required to address climate-related issues. Executive management are represented in the CSR Committee and are also informed by the Group Head of Sustainability.

Responsibility for local risk management, planning and performance lies with our site managers who work with our site environmental champions and employee Green Teams to formulate and deliver projects and engage employees with our local and global agendas. Site managers are also responsible for the monitoring and management of any physical climate-related risk exposure.

### Climate-related governance framework

Board of Directors	Chair: Warren Tucker Number of meetings in 2024: 8	Overall responsibility for clin and budget as well as mitig risks and leveraging opport	ation of key climate-related
Audit Committee	Governance and Risk Committee	TT Management Board	Corporate Social Responsibility Committee
Chair: Anne Thorburn. Senior Independent Director Number of meetings in 2024: 4 Supports the Board on risk management. Oversees risk management and internal control processes.	Chair: Peter France, CEO  Number of meetings in 2024: 4  Supports the Board and the Audit Committee in monitoring the exposure to risks, reviewing risk management processes and controls. Provides the framework for managing Group risks and regularly reviews	Number of meetings in 2024: Scheduled weekly Responsible for implementation of the Group's ESG strategy, including climate change risks and opportunities.	Chair: Peter France, CEO Number of meetings in 2024: 4 Oversees the Group's ongoing commitment relating to sustainability and climate-related issues.

### **Sustainability Committee**

principal risks.

Reporting into the CSR Committee is the Sustainability Committee chaired by the EVP Operations and with the purpose to ensure that TT can meet the needs of the present without compromising the ability of future generations to meet their own needs. The Sustainability Committee meets regularly to oversee sustainability activities.

### Group Sustainability

Group Head of Sustainability updates the Board on risks and opportunities, the outcome of climate-related scenario analysis exercises, action plans and/or amends business processes.

### Management

Help achieve goals, feed back areas for improvement, and update business continuity plans. Responsible for data collection, reporting, risk assessment and mitigation at site level. Also, the integration of climate strategy into local business plans.

### **RISK MANAGEMENT**

### OUR PROCESSES TO IDENTIFY, ASSESS AND MONITOR CLIMATE-RELATED RISKS

Climate-related risks are fully integrated into and considered as part of our overall Group risk management processes. Our climate-related risk assessment considers existing and emerging risks and all risk categories outlined in the TCFD recommendations in relation to all of TT's global operations, selected key suppliers and selected key customer locations. Not all risk categories are applicable or material to the business.

Climate-related risk identification is performed both bottom-up, through a detailed assessment at operational site level, as well as top-down, through an assessment of strategic and market risks.

Site-level environmental risks are identified as part of our operational risk assessments. The work undertaken in 2023 enhanced our site-level

assessment of physical climate-related risks using a natural hazards risk analysis software tool, which provided greater depth to our analysis of all our global operations (see below). We also extended this analysis to some of our key suppliers and customers. Site-level risk assessments are monitored and consolidated at regional and then Group level. Alongside risk identification and assessment, regions provide action plans to incorporate a consideration for mitigation in the analysis. This assessment of physical climate-related risks was initially performed as a "one-off" and going forward will be repeated at least once every three years.

Climate-related transition risks are discussed in periodic Climate Risk Meetings. We have "sustainability and the environment" and 'health and safety' risks on our Group risk register which are captured as a principal risk in the Annual Report, see "sustainability, climate change and the environment" on page 56. The Group risk register is reviewed by the Governance and Risk Committee and the Board

Ongoing data and information relevant to climaterelated risks is supplied through regular Board reports in the form of dashboards and written submissions. As part of the risk management processes, the Board regularly considers its risk appetite in terms of the tolerance it is willing to accept in relation to each principal risk based on key risk indicators to ensure it continues to be aligned with the Group's goals and strategy. Each risk is considered as to whether it currently falls within the Group's appetite for that risk and a decision is made on whether to mitigate, control or accept that risk. As a result, the relative materiality and the prioritisation of climate-related risks is considered alongside other Group risks within the existing Group risk management framework. In addition to our disclosed climate-related risks and opportunities, sustainability, climate change and the environment is an identified principal risk of the Group.



The relative materiality and the prioritisation of climate-related risks is considered alongside other Group risks within the existing Group risk management framework.

### **STRATEGY**

### **CLIMATE-RELATED RISKS AND OPPORTUNITIES**

Outlined in detail from page 41 are climate-related physical risks, three headline climate-related transition risk categories, and three headline climate-related opportunity categories that have been identified as having an impact on our business. The Group's strategic planning for Net Zero and our emissions reduction initiatives form the basis of our mitigation strategies for our risks and our positioning to benefit from the opportunities.

For the purposes of this disclosure, TT defines time horizons of where our climate-related risks and opportunities first occur as follows:

SHORT-TERM	2025–2029	In line with specific business plan forecasting
MEDIUM-TERM	2030-2035	Encompassing the Group's ambition to achieve and sustain Net Zero Scope 1 & 2
LONG-TERM	2036-2100	Encompassing long-term industry and policy trends, such as UK Net Zero 2050, the useful life of our facilities and equipment (often >10 years and up to 50 years) and the manifestation of long-term climate-related risks

### **STRATEGY CONTINUED**

# Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The analysis and quantification of our climate-related risks indicates that the climate risk exposure of the Group in the short term is mostly Very Low (see scale below), rising to mostly Low in the medium term. Long term, some climate-related risks rise to Medium and High levels, but in that time horizon, the Group's operating profit can be expected to be larger and more able to withstand those risks. The Group's climaterelated opportunities are also expected to be mostly Low in the short term. In the medium and long term horizons the analysis indicates that climate-related opportunities are potentially transformational for the Group. The margin of error in long-term forecasting is high and thus there is a high level of uncertainty in our long-term impact calculations for both our risks and opportunities.

The identification of risks has allowed us to factor in certain specific risk management and mitigation actions into our plans. The Group's existing business strategy, disclosure and ambition for Net Zero already provide some financial resilience and strategic robustness to climate change, but the analysis will also help focus our product and service strategy towards exploiting the opportunities identified.

## Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The transition to Net Zero is already incorporated into the Group's strategic planning and is considered "business as usual" with respect to operational and capital costs. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements as a result. We will continue to develop our analysis as new data becomes available, both internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework

### Our approach to climate scenario analysis

We undertook a substantial qualitative and quantitative analysis of the resilience of our business model and strategy in 2023. Commonly referenced public climate scenarios were used to provide comparisons across potential climate outcomes. These were selected because the outcomes, supporting data and forecasts are appropriate for the nature of our business and our operating environment. The outcome of this analysis is a confirmation of the resilience of our strategy and that significant financial planning or budgetary change as a result of climate change is not likely to be required and the transition to Net Zero is already incorporated into the Group's strategic planning.

Physical risks were analysed using three scenarios from the Intergovernmental Panel on Climate Change ("IPCC") embedded in the software platform used to analyse physical risks of climate change:

- RCP 2.6: a "very stringent" pathway, likely to keep global temperature rise below 2°C by 2100.
- RCP 4.5: an intermediate more likely than not to result in global temperature rise between 2°C and 3°C, by 2100.
- RCP 8.5: a bad-case scenario where global temperatures rise between 4.1–4.8°C by 2100.

To understand their potential future impact, our transition risks and opportunities are modelled out to 2050 against two International Energy Agency's ("IEA") scenarios. These were selected as they are accompanied by supportive datasets, forecasts and industry projections which are useful for modelling climate positive outcomes:

- Net Zero Emissions by 2050 Scenario ("NZE"): a narrow but achievable pathway for the global energy sector to achieve Net Zero CO<sub>2</sub> emissions by 2050. This scenario meets the requirement for a "below 2°C" scenario. NZE also informs the decarbonisation pathways used by the SBTi.
- Stated Policies Scenario ("STEPS"): representing projections based on the current policy landscape. Global temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability.

### **CLIMATE-RELATED PHYSICAL RISKS**

With locations (including both offices and manufacturing sites) across the world, TT maintains a large and diverse geographical footprint. Work completed in 2023 enhanced our physical risk assessment, using geospatial risk modelling software to analyse the Group's exposure to natural hazards and how these risks may change in the future under various scenarios for global temperature rise by 2030, 2050 and 2100.

Physical climate-related risks incorporate changes to the environment from the impact of climate change. The assessment considers acute risks, defined by the TCFD as the change in frequency and/or intensity of extreme events, such as river flooding; and chronic risks, defined as longer-term shifts in climate such as rising mean temperatures, rising sea levels, changes in precipitation and weather extremes. The primary physical climate-related risks for TT are flood, storm and fire weather stress.

All Group sites were assessed. Five of our current sites (Suzhou, Kuantan, Dallas, Mexicali and Juarez) were deemed more susceptible to climate-related risk and the potential future risk for these sites, within the timescales presented here, was classified as serious. In 2023 Cardiff was included in this list, but this site was divested during 2024 as part of Project Albert. Our definition of "serious" in this case is a 100-year return period meaning that there is a 1 per cent chance (or 1 in 100 chance) of a significant weather event in a given year. The nature of the potential climate-related risk is detailed further in this section. Any other sites with heightened risk exposure were deemed to be of low impact to the Group's ongoing business resilience.

The primary potential financial impact of climate-related physical risks is business or production disruption and/or asset damage leading to loss of revenue, increased insurance premiums, reduced asset value and reduced labour productivity. In addition, climate-related physical risks may result in disruption to local or regional infrastructure or transportation, and thereby cause disruptions to our upstream and downstream supply chains.

Five of our current sites (Suzhou, Kuantan, Dallas, Mexicali and Juarez) are deemed more susceptible to climate-related risk.

### **STRATEGY CONTINUED**

We also conducted the same climate-related physical risk assessment on nine of our key customers (mostly distributors) and ten key suppliers.

On the back of the analysis, our site managers provided feedback on individual sites' historic exposure to natural hazards and their impact, which to date has been insignificant. Each individual site reviews and/or amends business continuity plans and investigates the requirement for mitigation. The following existing features and mitigations have been identified:

- All TT sites are insured for both property and asset damage as well as business interruption (i.e. loss of profit), which materially limits the Group's exposure to any climate-related financial impact. Sites are periodically visited by insurers, at their discretion, for risk assessment, including climate-related risk.
- Affected assembly operations can be moved and/or dual manufacturing strategies could be developed.
- Multiple sites operate on more than one floor for part of their operations. They could be consolidated on upper floors (partial manufacturing) with notice (c. one year).
- At least one site is at a higher elevation than the surrounding area.

For more complex manufacturing facilities a timeline for a factory move could be lengthy (in the region of two to three years); however, these facilities could be moved within the period implied by physical risks and therefore a plant move is possible as a pre-emptive mitigation action in the event that the physical risk were to be considered unacceptable.

TT does not extensively use water-intensive production processes, so drought risks are minor and relate to employee wellbeing and services.

Climate risks and opportunities are assessed on the timescale (below) and a five-point scale based on gross impact on business performance.



All TT sites are insured for both property and asset damage as well as business interruption (i.e. loss of profit), which materially limits the Group's exposure to any climate-related financial impact.

### **CLIMATE-RELATED TRANSITION RISKS**

We continue to leverage the work performed in 2023 where we enhanced our transition risk assessment via a more detailed analysis of our climate risk exposures and the impact of scenarios. Climate-related megatrends, which feature in our analysis, are powerful, transformative forces that can change the trajectory of the global economy by shifting the priorities of societies, driving innovation and redefining business models.

SHORT-TERM	2025–2029	In line with specific business plan forecasting
MEDIUM-TERM	2030-2035	Encompassing the Group's ambition to achieve and sustain Net Zero Scope 1 & 2
LONG-TERM	2036-2050	Encompassing long-term industry and policy trends, such as UK Net Zero 2050

### **CLIMATE-RELATED TRANSITION RISKS**

Very low

Impact

Low

Moderate

High

			FINANCIAL IMPACT		IMPACT			
RISK	RISK DESCRIPTION	RISK TYPE		MITIGATION AND RESPONSE	SHORT (2025 2029)	MEDIUM (2030 2035)	LONG (2036 2050)	SCENARIO IMPLICATIONS
Growing UK and global regulations on carbon emissions and	Operational exposure to carbon pricing mechanisms. The adoption of carbon pricing instruments is rising globally, driving the price levels of all carbon pricing systems and therefore the overall risk exposure. UK requirements may exceed global industry standards.	Current & Emerging Regulation	Higher energy costs or direct carbon tax related to Scope 1 & 2 emissions	Our target is to achieve Net Zero Scope 1 & 2 emissions by 2030.	•			No change in exposure between STEPS and NZE scenarios, given our projected emissions profile
increasing reporting requirements.	Value chain exposure to carbon pricing mechanisms. The adoption of carbon pricing instruments is rising globally, driving the price levels of all carbon pricing systems and therefore the overall risk exposure. The impact is likely to be felt through potential increases to the cost of raw materials and transport costs as suppliers pass on the added costs to their customers.	_	Higher cost of raw materials and transport should suppliers pass on added costs	Our ambition is to achieve Net Zero. We are working to set near-term targets for Scope 3.			•	No change in exposure between STEPS and NZE scenarios, given our Scope 3 projected emissions profile
	UK listed companies reporting requirements. UK listed companies reporting requirements become onerous. In addition, the risk that UK legislation becomes onerous for specific products and in the extreme drives them out of existence. Potential loss of revenue and risk of insufficient internal resource and data management for Group-level and product-level compliance reporting.		Loss of revenue	Resource and data management for Group-level and product-level compliance and reporting.		•	•	Requirements may increase under the NZE scenario, but we expect no change to our risk exposure
Growing global scrutiny of commercial businesses' impact on, and preparedness for,	TT's position within sustainability relative to performance and reporting. Investors, lending banks and customers represent the key stakeholders demanding sustainability performance from TT, especially around climate change. Areas of scrutiny may include the Group's relative sustainability performance, delivery on targets and the Net Zero roadmap and strategic plan.	Reputation	Not deemed reasonably possible to define reputational financial impact	Additional sustainability resources applied. Additional reporting and data management resource and systems.	•		•	No change in exposure between STEPS and NZE scenarios, given our projected emissions profile
climate change and the low- carbon transition.	Net Zero roadmap and targets. Investors, lending banks and customers represent the key stakeholders demanding sustainability performance from TT, especially around climate change.	-	Not deemed reasonably possible to define reputational financial impact	Additional sustainability resources applied. Additional reporting and data management resource and systems.				No change in exposure between STEPS and NZE scenarios, given our Scope 3 projected emissions profile
	Legacy business, new business and NPI supplied to fossil fuel industry. Risk related to TT's direct exposure to the fossil fuel industry.	_	Not deemed reasonably possible to define reputational financial impact	Reduce and phase out exposure to fossil fuel industries.				No change in exposure between STEPS and NZE scenarios, given our Scope 3 projected emissions profile

Very high

**IMPACT** 

### TCFD CONTINUED

Materiality

Impact

### **CLIMATE-RELATED TRANSITION RISKS** CONTINUED

							IMPACI	
RISK	RISK DESCRIPTION	RISK TYPE	FINANCIAL IMPACT	MITIGATION AND RESPONSE	SHORT (2025 2029)	MEDIUM (2030 2035)	LONG (2036 2050)	SCENARIO IMPLICATIONS
Rapid transition to a low-carbon economy and technological advancement	Legacy business, new business and NPI supplied to aerospace industry. Loss of revenue as aerospace industry becomes restricted and taxed to deter emissions.	Market	Loss of revenue	Additional sustainability resources applied. Additional reporting and data management resource and systems.				No change in exposure between STEPS and NZE scenarios, given our projected emissions profile
stranding legacy technology, or impeding businesses	Technology – excessive technology redundancy in our manufacturing, product and NPI portfolio. Our technology (design/manufacturing) must keep pace with market and customer requirements.	Technology	Loss of revenue	Additional sustainability resources applied.  Additional reporting and data management resource and systems.				Large impact under STEPS and NZE scenarios
supplying customers caught with legacy technology.	Technology – excessive technology redundancy in our customers' manufacturing, product and NPI portfolio. Our customers fail to transition to a low-carbon economy.		Loss of revenue	Reduce and phase out exposure to fossil fuel industries.				Large impact under STEPS and NZE scenarios

### **CLIMATE-RELATED TRANSITION OPPORTUNITIES**

Very low

Low

OPPORTUNITY	OPPORTUNITY DESCRIPTION	OPPORTUNITY TYPE	FINANCIAL IMPACT	ADAPTATION AND RESPONSE	SHORT (2025 2029)	MEDIUM (2030 2035)	LONG (2036 2050)	SCENARIO IMPLICATIONS
Ability to capitalise on megatrends	Annual profitability from alignment of products that drive a low-carbon economy.	Market	Increased revenue	Invest in aerospace and automation and electrification products that drive a low-carbon economy.				Large impact under STEPS and NZE scenarios
associated with the low-carbon economy.	Significant majority of products are universal enablers.	_	Increased revenue	Invest in aerospace and automation and electrification products that enable a low-carbon economy.				Large impact under STEPS and NZE scenarios
	Exposure to megatrends – technology and products (additional profitability).	_	Increased revenue	Invest in technology and products aligned to climate megatrends.				Large impact under STEPS and NZE scenarios

High

Moderate

Very high

### **CLIMATE-RELATED TRANSITION OPPORTUNITIES** CONTINUED

			FINANCIAL IMPACT				IMPACT		
OPPORTUNITY (	OPPORTUNITY DESCRIPTION	OPPORTUNITY TYPE		ADAPTATION AND RESPONSE	SHORT (2025 2029)	MEDIUM (2030 2035)	LONG (2036 2050)	SCENARIO IMPLICATIONS	
Products with applications that directly	In-house technology and products for decarbonising the aerospace industry.	Products & Services	Increased revenue	Expand our exposure to megatrends and applications related to aerospace.				Large impact under STEPS and NZE scenarios	
reduce energy consumption and emissions may				Product marketing and marketing resource in conjunction with future NPI.					
outperform market average	In-house technology and products for decarbonising the on-road vehicle, off-road vehicle and traction industries.	-	Increased revenue	Expand our exposure to megatrends and applications related to transport.				Large impact under STEPS and NZE	
for growth.				Product marketing and marketing resource in conjunction with future NPI.				scenarios	
	In-house technology and products for systems, software and devices that sense, control and manage energy consumption.		Expand our exposure to megatrends and applications related to energy.				Large impact under STEPS and NZE		
				Product marketing and marketing resource in conjunction with future NPI.			scenarios	scenarios	
Growth through sustained energy and carbon reductions, and exceeding	Renewables (Scope 2): purchase of renewable electricity certificates or corporate power purchase agreements ("PPAs"). Installation of solar photovoltaic ("PV") facilities, reducing reliance on local grid, emissions and operating costs.	Energy Source	Reduced costs, decreased exposure to carbon price risks (Scope 2)	Net Zero programme, switch to renewable electricity.		•		No change in exposure between STEPS and NZE scenarios, given our projected emissions profile	
sustainability requirements.	Energy strategy. Energy use reduction programmes, elimination of use of fossil fuel & related equipment (Scope 1 & 2 initiatives).	Resource Efficiency	Reduced costs	Net Zero programme, energy reduction.				No change in exposure between STEPS and	
·	Net Zero factory.			Employee engagement to reduce energy consumption.				NZE scenarios, given our projected emissions	
				LED lighting, renewable energy installations – solar PV, insulation, boilers.				profile	
	Reduce focus on airfreight, eliminate waste from operations, employee travel assistance, minimise business travel, partner	-	Reduced costs	Net Zero programme, Scope 3 reduction.				n/a	
	with suppliers on a Net Zero journey (Scope 3 initiatives). Logistics strategy.			Non-hazardous waste landfill target.					
	5			Recycling, waste reduction initiatives.					

### Materiality

 Impact
 Very low
 Low
 Moderate
 High
 Very high

### **METRICS & TARGETS**

### **CLIMATE-RELATED METRICS AND TARGETS**

TT uses a wide variety of metrics to assess climaterelated risks and opportunities. Metrics (and reduction targets) for emissions of GHGs play a key role in reducing our impact on the planet, addressing a principal risk of reputational damage and bolstering our recognised opportunities related to our purpose of engineering and manufacturing electronic solutions enabling a safer, healthier and more sustainable world. Comprehensive emissions statistics are used at monthly regional meetings and at Board meetings.

In addition to Scope 1 & 2, TT reports all material categories of Scope 3: purchased goods and services, employee commute, business travel, upstream transportation and distribution, waste and downstream transportation and distribution (the upstream element only of the latter). All other categories are deemed not material

### Targets to manage climate-related risks and opportunities

Our initial Scope 1 & 2 emissions target of 50% reduction by 2023 (from a 2019 base year) was achieved in 2022, one year early. Our remaining target is Net Zero Scope 1 & 2 by 2030. There are also additional targets to transition all sites to renewable electricity supply, where at all possible, either externally supplied or internally generated by 2030.

Executive Director remuneration is aligned with sustainability and the achievement of ESG targets. The 2024 Short-term incentive plan is weighted 70% to financial performance measures, 10% to ESG measures and 20% to strategic objectives. The ESG target in 2024 was exclusively linked to the delivery of quantitative reductions in our Scope 1 & 2 emission intensity ratio; a measure that also features in the Short-term incentive plan for the TT Management Board. Short-term incentive plans for the wider leadership group are weighted 75% to financial

performance measures and 25% to strategic objectives (inclusive of ESG measures). For 2025, it is intended that ESG targets in the Short-term incentive plan will cascade further down the organisation to include anyone in the TT bonus scheme.

Typically, ESG forms one of the focus areas within the strategic objectives, with metrics targeted to human capital management and achieving our carbon Net Zero ambitions. We have also widened our range of performance metric definitions that can be used across both short-term and long-term incentives to enable ESG measures to also feature in our long-term incentives as appropriate in the future.

The table below highlights some of the key metrics and targets used within the Group.

LINK TO CLIMATE-RELATED

Executive Director remuneration is aligned with sustainability and the achievement of ESG targets.

METRIC	DEFINITION	TARGET	RISKS AND OPPORTUNITIES	METRIC REPORTING STATUS
Energy consumption (intensity)	KWhs of consumption for all Group locations per annum, in ratio to revenue (£m)	Year-on-year reductions	Opportunity to reduce both emissions and costs with better use of energy source and efficiency.	Tracked monthly as part of our emissions data management system. Reported annually. Group intensity ratio in 2024 was 89, against 83 in 2023.
Switch to renewables	Percentage of consumed electricity derived from renewable sources	100% by 2030 (subject to availability)	Risk exposure to emerging regulation, reputation and future carbon pricing mechanisms.	Tracked monthly and reported annually. In 2024 62% of our electricity was from renewable sources, against 53% in 2023.
Emissions Scope 1 & 2 (absolute)	Absolute CO₂e emissions from our own operations	Net Zero 2030 Scope 1 & 2. Net Zero being a state where the amount of GHGs released into the earth's atmosphere is balanced by the amount of GHGs removed	Risk exposure to emerging regulation, reputation and future carbon pricing mechanisms.	Tracked monthly and reported annually. 2024 Scope 1 & 2 emissions 29% lower than 2023 and 73% down versus the 2019 baseline.
Emissions Scope 1 & 2 (intensity)	$\text{CO}_2\text{e}$ emissions from our own operations, in ratio to revenue (£m)	Net Zero 2030	Risk exposure to emerging regulation, reputation and future carbon pricing mechanisms.	Tracked monthly and reported annually. Group emissions intensity in 2024 was 15, against 17 in 2023.
Waste to landfill	General waste, that cannot reasonably be recycled or diverted, sent to landfill (measured as a percentage of total)	Zero by 2035	Opportunity to improve resource efficiency.	Tracked monthly as part of our emissions data management system and reported annually. In 2024 39% of our total waste was sent to landfill, with the increase versus 2023 more a reflection of improved data collection.
Single-use plastics	Consumption of single-use plastics in packaging (tonnes)	Zero by 2035	Opportunity to improve resource efficiency.	In 2024 TT used 63 tonnes of single-use plastics.

### STAKEHOLDER ENGAGEMENT AND SECTION 172 STATEMENT

# **ENGAGING OUR STAKEHOLDERS**

Under Section 172 of the Companies Act 2006, Directors are required to promote the success of the Company for the benefit of our shareholders, while having regard to the factors set out in Section 172 including the interests of our other stakeholders. The principal decisions taken by the Board in 2024 centred around:

- Revised purpose, strategic focus and organisational structure.
   Feedback from our customers, and employees fed into the new Purpose statement for TT and shaped the new organisational structure to support future improved customer service, execution and performance.
- Consideration of unsolicited conditional proposals for the Group. The Board's engagement with investors and advisers informed the Board's responses to the unsolicited conditional proposals received during the year.
- Organisational response to market and operational challenges.
   Feedback from our sites, senior management and customers all played a role in the Board's analysis and the Company's response to market and operational challenges in 2024.
- Divestment of the Cardiff, Hartlepool and Dongguan sites.
   Engagement with our teams at the three divested sites as well as customers and suppliers affected by the divestment played a significant role in the work undertaken to complete this project.
- Increasing capability in Mexicali and Kuantan to offer customer manufacturing flexibility. Led by key engagement work with senior management team, customers and suppliers.
- Brought forward Scope 1&2 Net Zero target by five years.
   Following extensive work with our global teams, we were able to pull forward our Net Zero target.

The Board believes that engagement with our stakeholders is key to the long-term success of our business. We use the knowledge and feedback gained from our stakeholders to push our business forward and respond to key requirements and challenges in the industries in which we operate. The Board considers its current engagement mechanisms to be effective.

The Board fully understands its role in this process and regularly reviews the Group's key stakeholders and the impacts our activities have on these groups. The Board encourages open and purposeful engagement so that they can use clear and honest feedback to assist in their decision-making processes. The nature of Board meetings allows information about our stakeholders to flow from the workforce, through commercial teams and senior management to the Board and back down the organisational structure. The Board also actively seeks feedback from external advisers to help form its strategic decisions. Throughout the year, the Board considered how stakeholders are affected by its key decisions.

The following engagement disclosures describe how the Board has had regard to the matters set out in Section 172 (1) (a) to (f) and forms the Directors' statement required under Section 414CZA of the Companies Act 2006.

### STAKEHOLDER ENGAGEMENT AND SECTION 172 STATEMENT CONTINUED

### STAKEHOLDER

### **OUR ACTIVITIES THAT** AFFECT THEM

### **HOW WE ENGAGE** AT BOARD LEVEL

#### **HOW WE ENGAGE ACROSS OUTCOMES OF ENGAGEMENT**

### **CUSTOMERS** AND SUPPLIERS

- R&D and new product introduction
- Products, including those supporting environmental sustainability
- Operations and production pipeline
- Safety, environmental quality control and reliability
- Sustainability targets
- Legal and regulatory compliance
- Payment practices/prompt payment
- Inventory management
- Responsible business practices
- Supply chain management
- Modern slavery review

- CEO, TMB and Board regularly receive reports from functional leads, regional divisions and internal Councils on key customer and supplier initiatives
- The Board reviews and approves payment times and practices
- The Board reviews and approves responsible business practices and targets
- Overview of environment and sustainability actions and targets through reports and updates from the CSR Committee
- Engagement with Executive Directors and senior management on organisational re-structuring to improve customer experience and product development

- Day-to-day contact on supply chain, products and service
- R&D partnerships with customers and universities
- Collaboration across divisions to meet customer needs including through our Business Development and Supply Chain Councils
- Undertaking Voice of the Customer surveys to receive customer feedback
- Supplier assessments

THE GROUP

- Engagement with customers regarding downturn in components business

- New organisational structure improves customer and supplier experience by ensuring we connect on a regional basis in the regions in which we operate.
- New Company Purpose with focus on cleaner, smarter and healthier solutions. reflecting customer growth markets
- Divestment completed whilst facilitating customer and supplier continuity
- Improved feedback from Voice of the Customer survey programme
- Increasing capability in Mexicali and Kuantan to offer customer manufacturing flexibility
- Monitoring of supplier payment times, global supply chain, inventory management and export risks

### **EMPLOYEES**

- Culture and purpose
- TT Way values and conducting business with
- Organisational re-structuring
- Safety and wellbeing, including financial planning and security
- Employee Assistance Programme
- Training and development
- Group employment policies
- Engagement and community support activities
- ED&I activities
- Environmental sustainability
- Pensions

- Oversight of Group culture
- HSE and Sustainability updates at each Board meeting
- Board, CEO, CFO and TMB site visits (see page 30)
- PSED&I Committee reports to the CSR Committee which feeds into the Board ensuring the voice of the employee is shared with the Board
- Employee engagement survey results and action plans
- Oversight of ED&I actions

Read more on page 30

- Regular workforce, talent and succession
- Support for Employee Assistance Programme
- Board carries out Employee Engagement Sessions with sample of workforce during site visits
- Approval of environmental sustainability targets
- Oversight and review of changing product priorities and the effects on the workforce

- Formal employee engagement survey (biannual) and regular engagement pulse
- Site employee forums and Town Halls with TMB members during site visits
- Regular Company-wide communication and on-demand access to information and employee forums via ConnecTT
- BE Inspired recognition scheme
- Training and development activities aligned to business and employee needs
- PSED&I Committee and ED&I Councils
- Regular employee information sessions on personal wellbeing, salary review, pay rates and company-wide employee benefits
- Employee consultation on proposed changes to executive remuneration
- Stakeholder consultation on major changes to process and policy
- Career conversations and personal performance development plans



Read more on pages 29 to 30

- 3\*\*\* employer rating employee engagement survey with 91% response rate (2023
- Changes to the organisational model to strengthen deployment of common functional standards and processes
- Divestment of three sites completed with appropriate employee engagement and consultation
- Employees engaged in creating new purpose and strategic focus
- Further development of the ED&I strategy at Group and site level
- Employee mindfulness and wellbeing activities
- Financial wellbeing initiatives
- Investment in functional and sales capability
- Ambitious environmental sustainability targets
- Flexible working initiatives

### STAKEHOLDER ENGAGEMENT AND SECTION 172 STATEMENT CONTINUED

### STAKEHOLDER

### **OUR ACTIVITIES THAT** AFFECT THEM

### **HOW WE ENGAGE** AT BOARD LEVEL

#### **HOW WE ENGAGE ACROSS OUTCOMES OF** THE GROUP **ENGAGEMENT**

### **INVESTORS**

- Financial performance
- Leadership
- Governance and transparency
- Sustainability/ESG
- Reputation
- Communication

- Regular report to the Board on investor views on the business including ESG matters
- Direct engagement through the Capital Markets Event
- Direct engagement with specialist advisers on geopolitical changes and emerging risks and challenges
- Shareholder engagement on the business including on ESG programme and targets
- Results, Annual Report and AGM
- CEO, CFO, IR and Board engagement with investors and advisers on enhancing the purpose of the Company and external comms to give a better understanding of our investment case

- Appropriate governance policies
- Alignment of business and employees around the Group strategy
- Collection of data supporting external reporting and ESG strategy
- Appropriate consideration and response to unsolicited conditional proposals for the Group
- Successful completion of divestment to simplify the operational footprint of the Group, enabling greater focus on growth opportunities
- Stable access to capital
- Revised strategic focus
- Ambitious environmental sustainability targets
- Enhanced Capital Markets Event to aid understanding of business and communicate medium-term financial targets
- Review decisions on site footprint and production pipelines in light of changing geopolitical situation

### Read more on page 64

SOCIETY

- Products that enable a safer, healthier and more sustainable world
- Responsible business practices
- Environmental practices and sustainability
- Employment training and apprenticeships
- ED&I focus
- Employee Assistance Programme
- Local supply chains
- Supporting local communities

- Oversight of Group strategy including ESG strategy and performance
- The Board reviews and approves responsible business practices and targets
- Receipt of reports from CSR Committee. which in turn receives reports from its focused subcommittees
- Net Zero consideration

- Legal and regulatory compliance
- Responsible business practices including environmental practices and approach to modern slavery
- STEM education activities in local communities
- Charitable initiatives in local communities
- Regular monitoring of our ESG and sustainability programmes
- Supply chain partnership with CDP
- Collaboration with IEMA



- Brought forward Scope 1&2 Net Zero target by five years
- Suzhou and Mexicali solar panel installation
- New Purpose with focus on products that enable a safer, healthier and more sustainable worlds
- Creation of a new CSR Committee with Sustainability, GRC, PSED&I and HSSEO subcommittees for greater engagement on areas including our society (further details on page 30)
- Driving ED&I strategy at Board, Group and site level



### ROBUST PRACTICES IN SUPPORT OF OUR BUSINESS MODEL

# RISK MANAGEMENT

//

Our focus is to ensure continuous improvement in our risk management processes and control environment. We have further refined our risk management and control framework and delivered a suite of training to further embed risk management and controls across the Group."

### **Jennifer Chase**

Group Financial Controller

The Board of Directors is responsible for risk management and internal controls, supported by the Audit Committee and informed by the executive Governance & Risk Committee. The Board defines risk appetite and monitors the management of significant risks to ensure that the nature and extent of significant risks taken by the Group are aligned with overall goals and strategic objectives.

The Governance & Risk Committee supports the Board and the Audit Committee in monitoring the exposure through regular reviews, including reviewing the effectiveness of risk management processes and controls

The Head of Internal Audit & Risk assists the Governance & Risk Committee by advising management on improvements to the overall risk management framework, facilitating the risk review process and providing independent experience and input to the process.

Risk management processes and internal control procedures are established within business practices across all levels of the organisation. Risk identification, assessment and mitigation, including climate-related risks, are performed at an operational level, as well as through top-down assessment of strategic and market risk at the Executive management and Board level.

### **RISK MANAGEMENT POLICY**

The Group's risk management strategy sets out the Group's approach to risk management including its risk appetite, oversight and monitoring and roles and responsibilities. The Group's risk management framework draws from the three lines of defence:

- The first line comprises the site operational and finance teams responsible for day-to-day management of risk and delivery of control procedures with oversight from site management.
- The second line reflects the risk management framework and includes regional and functional teams who drive compliance including Group Legal, Finance, Human Resources and HSE, with oversight and monitoring from senior management and the Management Board.
- The third line compromises oversight from the Board, Audit Committee and Governance & Risk Committee with independent assurance from the Group Internal Audit function.

### **RISK APPETITE**

Risk management and internal controls provide reasonable but not absolute protection against risk. The Board acknowledges and recognises that in the normal course of business, the Group is exposed to risk and that it is willing to accept a level of risk in managing the business to achieve its strategic priorities.

Risk appetite is not static and, as part of its risk management processes, the Board regularly considers its risk appetite in terms of the tolerance it is willing to accept in relation to each principal risk based on key risk indicators to ensure it continues to be aligned with the Group's goals and strategy.

Each principal risk is considered as to whether or not it currently falls within the Group's appetite for that risk. As part of the year-end risk assessment with the Board, it was confirmed that all of the principal risk areas continue to be within Board and Executive management's appetite for that risk.

Risk management processes and internal control procedures are established within business practices across all levels of the organisation.

### **OUR RISK MANAGEMENT FRAMEWORK**

### **Corporate-level steering**

Top-down oversight; set risk appetite; monitor significant risks; alignment with strategic objectives at corporate level

### **Board of Directors**

Primary responsibility for risk oversight; setting strategic objectives; and defining risk appetite

### **Audit Committee**

Oversees risk management and internal control processes

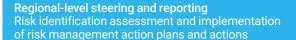
### **CSR Committee**

The CSR Committee, being chaired by the CEO and consisting of the TT Management Board, reviews detailed risk updates from the GRC and in turns reports these to the Board

### Governance & Risk Committee

Provides framework for managing risks; regular reviews of principal risks; and risk management processes

### Risk and Assurance function



Functional-level steering and reporting
Risk identification assessment and implementation
of risk management action plans and actions

Business units/site-level steering and reporting Implement and embed risk management at an operational level

### Operational steering and implementation

Bottom-up identification, assessment and mitigation of risk at operational level

### **RISK PROFILE AND EMERGING RISKS**

At the direction of the Board, Executive management performed a robust assessment of the principal and emerging risks facing the Group, taking into account those that would threaten the business model, future performance, solvency or liquidity, as well as the Group's strategic objectives. This process includes a bottom-up analysis of key risks at a site, functional and regional level, including climate-related risks. All principal risks identified by this process may have an impact on the Group's strategic objectives within the next six to twelve months. Executive management and the Governance & Risk Committee perform further analysis to prioritise these risks, with a focus on those principal elements posing the highest current risk to the achievement of the Group's objectives or the ongoing viability of the business. Risks assessed as higher priority are consolidated into a Group risk register. Risks included on the register are monitored closely by the Board in terms of both prioritisation and mitigation strategies.

It is recognised that, while these "top risks" represent a significant proportion of the Group's risk profile, Executive management and the Governance & Risk Committee continue to monitor the entire universe of potential risks to identify new or emerging threats as well as changes in risk exposure and a risk horizon scanning exercise is performed annually.

The risk horizon scanning exercise includes consideration of the emerging risks facing TT as a global provider of electronics technologies and, as a result, if any new emerging risks or additional mitigating controls require inclusion on the Group risk register. As a result of the risk horizon scanning exercise and consideration of new emerging risks throughout the year no new principal risks have been identified. The Governance & Risk Committee reviews the Group risk register at each meeting to ensure that the risk profile is appropriate and includes all relevant risks including emerging risks as appropriate. The assessment of principal risks during the year has identified that the Group has faced a period of change including the divestment of Hartlepool, Cardiff and Dongguan, the structural reorganisation

from a divisional to function-led regional structure, and difficult market conditions in North America set against improved performance in Europe and Asia. This is reflected in the table of principal risks.

The Group has long been conscious of the ESG agenda which is reported to the Board through our Corporate Social Responsibility ("CSR") Committee. There continues to be a risk that a negative perception of our ESG profile could impact on our ability to attract new talent to the business, build relationships with our customers, positively impact the communities in which we operate, and attract investment from potential shareholders. The risks in relation to these areas are captured in two principal risks, "Sustainability, climate change and the environment" and "Health and safety". TT is committed to achieving its sustainability objectives. reducing carbon emissions and improving efficiency. We have set out our approach and our progress in these areas in the "Our people, communities and environment" section of this report from page 28 and in the TCFD section of this report from page 38.

### INTERNAL CONTROL ENVIRONMENT

The Internal Audit function is operated under a directed co-sourced arrangement with PwC to enhance the levels of resource and expertise available to the Group in specific areas, with its activities under the direction of the Management Board and the Audit Committee. A risk assessment is performed each year when building our internal audit plan to ensure that it continues to be focused on the risks that are relevant and important to the Group and reflects the latest changes and developments. All of our manufacturing sites perform a self-assessment against the Control Framework and the results inform the internal audit programme of work and internal audit plan risk assessment. Enhancements to the Group's Control Framework have been made during the year as set out below in the "Key Areas of Focus during the Year" section.

The Board monitors the Company's internal control systems and has reviewed their effectiveness in 2024. The review process considered all material controls including, (i) the information relating to the general controls environment as outlined in the Internal Audit reports submitted to the Audit Committee at each meeting: (ii) financial controls: (iii) compliance controls: (iv) the key outputs of the controls framework programme; and (v) management actions in relation to internal and external audit findings. Whilst the Board has seen evidence of improvements in the Group's control environment, it continues to raise the bar on expected compliance with the Group's control framework and notes the control deficiency associated with the prior year adjustments set out on page 79. Plans are in place to conduct a comprehensive gap analysis to ensure our material controls sufficiently and appropriately address the Group's principal risks as outlined on pages 53 to 56.

### **KEY AREAS OF FOCUS DURING THE YEAR**

From a risk perspective, our Leadership Conference was both strategy and risk focused, reinforcing the importance of managing and mitigating risk in order to achieve our strategic objectives. Live exercises and workshops enabled our leadership team to come together in considering risk which has resulted in a fuller, more embedded focus.

In addition, during the year, Internal Audit reviewed and refreshed the Group's Control Framework by:

- further streamlining of the number of controls and added new controls where gaps were identified;
- updating control descriptions where appropriate; and
- providing clarity on the ownership and retention of evidence requirements.

Internal Audit took a risk-based approach to the review, assessing all the associated risks for each process area and mapping the existing controls in place against the risks to ensure adequate coverage was in place. We also delivered Control Framework training to aid the communication of the updates made and provide clarity on evidence requirements to support control compliance.

In response to the 2024 Corporate Governance Code, which has a broad, enterprise-wide impact, we have mobilised a project team, using internal resources, to assess and respond to the changes. This project is sponsored by the CEO, overseen by the Governance and Risk Committee, and is led by the new Deputy Group Financial Controller, and work will continue through 2025.

In 2025, we will conduct a comprehensive gap analysis to ensure our material controls sufficiently and appropriately address the Group's principal risks. This analysis will likely highlight opportunities for improvement and simplification. It also provides a chance to assess how effectively our Group functions and regional teams collaborate in addressing the areas of greatest importance to the organisation. Once the baseline of material controls is established, we will assess their effectiveness through an extended self-certification exercise in the second half of 2025.

These actions will position TT to meet the revised requirements by the start of 2026. With clear action plans in place, we will be ready to report on the effectiveness of these controls in the 2026 Annual Report, ensuring compliance and demonstrating our commitment to robust governance.

Internal Audit also completed a number of activities during 2024 to strengthen the Group's fraud risk framework including updating the Fraud Risk Assessment to ensure we cover all possible fraud risk scenarios in response to the failure to prevent bribery offence introduced by the Economic Crime and Corporate Transparency Act 2023. We have also refreshed our Group risk registers and delivered training to communicate the updates made, enhanced supporting guidance and updated the Risk Management Strategy to align with the updates made.

From a risk perspective, our Leadership Conference was both strategy and risk focused, reinforcing the importance of managing and mitigating risk in order to achieve our strategic objectives.

# **PRINCIPAL RISKS** AND UNCERTAINTIES

The risk management framework is described on page 52. Using this framework the Board sets out the risks that it currently believes to be most significant to the Group as they have the potential to undermine the achievement of our strategic objectives.

### **RISK DESCRIPTION**

### POTENTIAL IMPACT

### **MITIGATING ACTION**

### **CHANGE IN THE YEAR**

### **GENERAL**

### General revenue reduction

Reduction in demand and orders due to economic downturn or disruption to operational effectiveness

### **Sponsor**

Peter France

### Link to strategy









- Monitor the wider economic conditions of our markets
- Timely financial reporting to monitor performance and provide a basis for corrective action when required
- Ongoing optimisation of our cost base and strategic moves creating a more resilient portfolio
- Business continuity and crisis management planning
- Management structures in place to enable a rapid response to changing circumstances

### 2024

Risk increased.

This year has been impacted by difficult market conditions in our shorter cycle components business. primarily in North America, despite strong performances in Europe and Asia. We do not anticipate further reductions supported by our book to bill and order intake and the long term nature of our contracts.

### **COMMERCIAL**

#### Contractual risks

Potential liabilities from defects in performance-critical products that often operate in extreme environments, as well as contractual risk on pricing and performance

### **Sponsor**

Michael Leahan

### Link to strategy





- Reputational impact
- Deterioration in customer relationships
- Liability claims
- Reduction in revenue, profitability and cash generation
- Quality control procedures and systems in place and appropriate levels of insurance carried for key risks
- Group guidelines on acceptable levels of contractual liability are reinforced
- Continuing to enhance and deepen expertise in contract management across the Group

### 2024

Risk reduced.

A global bid governance process for large contracts has been enhanced during the year, training has been provided and the Commercial Excellence team ensures compliance.

### **STRATEGIC PRIORITIES KEY**



Focusing on efficiency to boost productivity and reduce costs



Enhancing collaboration and commercial focus



Developing our people, products and market positioning to propel sustainable growth



Promoting innovation, design, engineering and manufacturing expertise

### **RISK DESCRIPTION**

### **POTENTIAL IMPACT**

### **MITIGATING ACTION**

### **CHANGE IN THE YEAR**

### **COMMERCIAL CONTINUED**

### Research and development

Delay in new product development which is intended to support revenue growth

### **Sponsor**

Stewart Patridge

### Link to strategy







- Increased cost in product development
- Delay in achieving projected revenue
- Inability to meet the latest requirements due to a step change in technology
- Close collaboration with key customers
- Active monitoring of costs and milestones
- Target R&D more effectively
- Implementation of standard project management disciplines



During the year we have strengthened our engineering capability. We have put in place a new Head of Engineering and brought together a group wide engineering function to better manage resource and focus and to establish a group wide engineering roadmap.

### **STRATEGIC PRIORITIES KEY**



Focusing on efficiency to boost productivity and reduce costs



Enhancing collaboration and commercial focus



Developing our people, products on 1 positioning to propel sustainable growth



Promoting innovation, design, engineering and manufacturing expertise

### **OPERATIONAL**

### People and capability

Ability to attract and retain high-quality and capable people

### **Sponsor**

Clare Nicholls

### Link to strategy



Loss of key personnel

cash generation

- Potential business disruption
- Breakdown of communication and misalignment

Reduction in revenue, profitability and

- Remuneration structure designed to support retention
- Succession planning processes embedded within the businesses
- Campaigns to increase performance and development of communication between managers and employees to ensure alignment to objectives
- Regular talent reviews across all regions and Group
- Using a feedback loop utilising surveys to encourage regular objectives and performance discussions. See "People and culture" on page 29

Monitoring of relevant commodity and precious metals

- Regular review of key supplier financial health and

- Review of spend patterns to identify opportunities

- Inventory build on key components where considered

necessary to mitigate some of the supply chain risk

product quality

- Supply Chain Council in place

Continued focus on both supplier and customer relationships ensures appropriate allocation of product

### Supplier resilience

Potential failure of critical suppliers; product delivery delays; inability to meet customer commitments

### Sponsor

Stewart Patridge

### Link to strategy





### Risk stable.

### 2024

Risk increased.

The change in performance in the business across the year heightens the risk of churn in key personnel. Our inclusive culture and way of working together remains strong and aids resilience.



Risk stable.

through the supply chain.

#### **RISK DESCRIPTION POTENTIAL IMPACT MITIGATING ACTION CHANGE IN THE YEAR**

### **OPERATIONAL** CONTINUED

### IT systems and information

IT security breaches or disruption, unauthorised access or mistaken disclosure of information

### Sponsor

Eric Lakin

### Link to strategy



- Reputational impact, business disruption and potential deterioration in customer relationships

- Regular analysis of cybersecurity and data management
- IT strategy reviewed by management and the Board
- Information security policies in place
- IT security and enterprise resource planning ("ERP") specialists in place
- Processes and tools put in place to support cybersecurity certifications
- Disaster recovery plans in case of system failure
- Annual penetration testing
- Internal vulnerability scanning

### 2024

Risk stable.

We continually update and strengthen our cyber controls in response to ongoing cyber risks.



**KEY** 

Enhancing collaboration and commercial focus

and reduce costs

Focusing on efficiency

to boost productivity

STRATEGIC PRIORITIES



Developing our people, products and market positioning to propel sustainable growth



Promoting innovation, design, engineering and manufacturing expertise

### M&A and integration

Realisation of financial benefit of acquisitions

### Sponsor

Peter France

### Link to strategy





 Failure to realise the expected benefits of an acquisition or post-acquisition performance of the acquired business not meeting the expected financial performance at the time acquisition terms were agreed could adversely affect the strategic development, future financial results and prospects of the Group

- Full financial and other due diligence is conducted to the extent achievable in the context of each M&A opportunity
- A detailed business case including forecasts is reviewed by the Board for each opportunity
- Integration risk and planning is reviewed and undertaken as part of every acquisition
- Lessons-learned activities are built into future plans



2024

Risk reduced.

Successful completion of Project Albert, the divestment of our business units in Cardiff and Hartlepool, UK and Dongguan, China in Q1. M&A opportunity consideration ongoing in conjunction with leverage and capital allocation policy.

### 2024 (>)

Risk stable.

Increased reporting of observations and introduced the HSSEO function to support compliance and accreditations.

### Health and safety

The manufacturing industry may have inherent risk related to, for example, materials and processes. Eliminating or managing these risks is critical to mitigate the impact on our employees, sites and the environment of these risks

### Sponsor

Stewart Partridge

### Link to strategy



of materials or manufacturing processes. Failure to eliminate or manage the impact of these risks could negatively impact our employees, cause harm to the environment, or lead to regulatory fines or reputational damage

Incidents occurring due to unsafe use

- HSSEQ Committee responsible for Group-wide best practice sharing, monitoring and improvements, and strategy setting
- Data analysis, processes and roadmaps in place to minimise the risk of incidents
- HSE compliance annual self-assessment and external global health and safety audit on a rolling three-year cycle across the sites

### **RISK DESCRIPTION**

### POTENTIAL IMPACT

### MITIGATING ACTION

### **CHANGE IN THE YEAR**

### **OPERATIONAL** CONTINUED

### Sustainability, climate change and the environment

Our manufactured products or other activities or decisions of the Group, including in relation to climate-related risks, may not be judged by our customers, employees, communities and investors as being sustainable. Our sites and business activities may be subject to physical risks due to climate change or both risks and opportunities as we transition to a low-carbon economy

### Sponsor

Stewart Partridge

- Failure to appropriately manage the environmental impact of our operations and products
- Failure to manage climate physical or transition risks, or the failure to realise transition opportunities (as described in the TCFD section on page 38)
- Reputational impact and potential deterioration in our relationships with our stakeholders
- CSR Committee responsible for reporting Group progress, to the Board, against the development and monitoring of our strategy and associated KPIs related to climate, including risks and opportunities
- Continued investment in M&A, business development and new product introduction in areas where the solutions contribute to a more sustainable world
- Execution of our Net Zero roadmap for Scope 1 & 2 carbon emissions, resulting in significant emissions reductions and a practical path to zero emissions
- Detailed scenario analysis of both physical and transition risks to inform the Board and management



Risk stable.

In April this year, we brought forward our Net Zero target to 2030, from the original objective of 2035. In 2024 we delivered a 73% reduction in our Scope 1 & 2 carbon emissions from our baseline set in 2019. See Environment and TCFD sections from page 35 for further detail.





Focusing on efficiency to boost productivity and reduce costs



Enhancing collaboration and commercial focus



Developing our people, products and market positioning to propel sustainable growth



Promoting innovation, design, engineering and manufacturing expertise

### Link to strategy





### Legal and regulatory compliance

Intentional or inadvertent non-compliance with legislation including laws and regulations covering export control, anti-bribery and competition

### Sponsor

Ian Buckley

### Link to strategy



### - Reputational impact

- Civil or criminal liabilities leading to significant fines and penalties or restrictions being placed on the ability to trade
- Reduction in revenue, profitability and cash generation
- Cross-divisional export compliance group established and anti-bribery programme in place
- Export control policy, procedure and training all in place and Denied Party Screening undertaken
- Approach involves risk assessment, policy, training, review and monitoring
- Whistle-blower process in place to ensure issues can be raised, investigated and managed

### 2024

Risk stable.

Enhanced focus on export control compliance with a new training program launched for US and UK sites, supported by reviews of current compliance activities.

### Geopolitical

War, the threat of war, trade wars. blockades, sanctions, political polarisation either globally or locally that might affect our ability to trade, resulting in reduced sales and profitability

### Sponsor

Peter France

### Link to strategy







 Reduction in revenue, profitability and cash generation

- Supply chain challenges
- Going concern risk relating to compliance with financial covenants
- Diversification of manufacturing sites strategy
- Diverse product offering
- Management structures in place to enable a rapid response to changing circumstances
- Strong customer relationships with key account managers
- See also "Supplier resilience" risk for mitigating actions in place

### 2024 🔨

Risk increased

Geopolitical tensions remain elevated, including changes in key administrations, increased tariffs, and ongoing war, although our diverse offering across North America, Europe and Asia increases choice for customers.

### **VIABILITY STATEMENT AND PROSPECTS**

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability and long-term prospects of the Group over the period to December 2027, taking into account the Group's current position and the potential impact of the principal risks and uncertainties set out on pages 53 to 56 of the Strategic report. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to December 2027.

TT operates in markets with structural growth dynamics. We engineer and manufacture custom technology solutions to address our customers' challenges in the healthcare, aerospace & defence, and automation & electrification markets. These benefit from the trends for improved healthcare, for increased aircraft fuel efficiency and safety, investment in national security, and demand for sustainable solutions to streamline supply chains and drive performance and efficiency. By positioning ourselves in the right markets, by creating differentiated capabilities through our R&D investment, and by attracting and developing the right talent we have a strategy to create sustainable value over the long term.

While the Directors have no reason to believe the Group will not be viable over a longer period, the period over which the Directors consider it possible to form a reasonable expectation as to the Group's longer-term viability is the three-year period to 31 December 2027 and aligns with the business cycle including product development and order intake trends. The Group's existing primary banking facility extends to June 2027 and is expected to be renewed during the three-year period. The macroeconomic environment and the uncertainty over tariffs represent a material uncertainty which is covered in the going concern section to the right.

In making this statement, the Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, the underlying mitigation planning, the assessment of future performance, solvency and liquidity, and the Group's internal controls environment.

In performing the assessment, the Directors have further stress-tested the Group's financial projections for the period covered by the viability statement, testing it for "business as usual" risks (such as profit growth and working capital variances), the combined impact of "severe but plausible events", as well as a "reverse" stress test to understand the conditions which could jeopardise the future viability of the Group. This work included assessing against financial covenants and facility headroom.

This severe but plausible events stress testing included consideration of the potential impact of the Group's principal risks and uncertainties outlined on pages 53 to 56. The stress testing specifically included the impact of the following principal risks crystallising during the three-year period to 31 December 2027: general revenue reductions: contractual risks: research and development; people and capability; supplier resilience; and health and safety. The financial impact associated with the other principal risks were considered not likely to have a material impact within the viability period or their financial effect was covered within the overall downside economic risks implicit within the stress testing.

The Group's wide geographical and sector diversification helps minimise the risk of serious business interruption or catastrophic reputational damage. Furthermore, the business model is structured so that the Group is not overly reliant on any single customer, market or geography. While this review does not consider all of the risks that the Group may face, the Directors consider that this stress testing-based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

### **GOING CONCERN**

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

After making enquiries and having considered forecasts and appropriate sensitivities, the Directors have established that in a base case and a severe downside scenario, there is a reasonable expectation that the Group would remain compliant with covenants and has adequate resources to continue in operational existence for the period to 30 June 2026. Accordingly, the accounts have been prepared on a going concern basis.

However, the recent introduction of US global tariffs and certain retaliatory tariffs provide an uncertain and volatile macroeconomic backdrop, which could have an impact beyond that assumed in the severe downside case. This has led the Board to conclude that it is not possible to be certain of meeting the covenant test in certain extreme scenarios, in particular where customer reticence in placing orders against the backdrop of tariff uncertainty reduces order intake. Even in this scenario, the Company would seek to negotiate an adjustment to its covenants. These matters represent a material uncertainty which may cast doubt on the Group's ability and the Company's ability to continue as a going concern for the period up to 30 June 2026. The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern.

More information on the going concern judgement can be found in note 1 to the financial statements.

The 2024 Strategic report, from pages IFC to 57, has been reviewed and was approved by the Board of Directors on 9 April 2025.

**Peter France** 

**Mark Hoad** Chief Financial Officer Chief Executive Officer



The Group's wide geographical and sector diversification helps minimise the risk of serious business interruption or catastrophic reputational damage. Furthermore, the business model is structured so that the Group is not overly reliant on any single customer, market or geography."

**Peter France** CEO

# **GOVERNANCE** AT A GLANCE

# **KEY GOVERNANCE HIGHLIGHTS FOR 2024**

### **Board changes**

The Board's leadership succession planning came to the fore in 2024 with the CFO retirement transition process and the appointment of a new NED. The Board was able to move quickly on the recruitment process for a new CFO and we were well-positioned to appoint Eric Lakin who joined the Board in April 2025. Inken Braunschmidt, appointed as NED in July 2024, has already made an impact on the Board and is preparing to succeed Alison Wood as Chair of the Remuneration Committee in 2025.

### Read more on page 73



### Strategy review

The Board continued its review and focus on TT's strategic direction through a challenging year. The Board, TT's internal functions and external advisers worked collaboratively to navigate the market challenges and operational concerns experienced in H2 of 2024.

### Read more on page 63



### Organisational restructuring

The Board worked closely with key stakeholders and senior management to oversee the move from a divisional to functionalled regional structure. The internal leadership structure was also reformed, creating new Committees to improve governance oversight and information flow to the Board.

### Read more on page 65

### Read more on page 68



### **BOARD DIVERSITY - GENDER**

**BOARD COMPOSITION** 



7 Board members

2 - Executive Directors

1 - Independent Non-executive Chair

4 - Independent Non-executive Directors

### **DIRECTORS' SKILLS AND EXPERTISE**

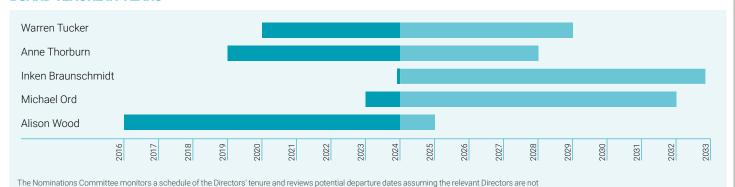


### **Board engagement** with employees

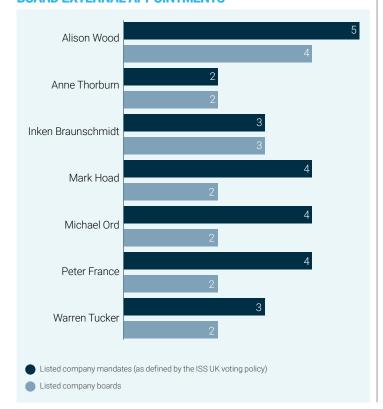
The Board changed its approach for Voice of the Employee engagement, opting to maximise engagement by creating opportunities for all NEDs to take part in direct employee engagement. The Board considers this arrangement to be effective because it allows every Board member to participate enabling insights and engagement to occur collectively and giving more members of the Board access to direct engagement activities with our employees.

### **GOVERNANCE AT A GLANCE CONTINUED**

### **BOARD TENURE IN YEARS**



### **BOARD EXTERNAL APPOINTMENTS**



permitted to serve more than three three-year terms (nine years) from their appointment date, unless in exceptional circumstances.

### **BOARD ATTENDANCE 2024**

	Board	Audit Committee	Nominations Committee	Remuneration Committee
Number of meetings held	8	4	2	4
Chair				
Warren Tucker	8/8		2/2	4/4
Executive Directors				
Peter France	8/8			
Mark Hoad	8/8			
Non-executive Directors				
Anne Thorburn	8/8	4/4	2/2	4/4
Jack Boyer <sup>1</sup>	2/3	1/2	1/1	2/2
Inken Braunschmidt <sup>2</sup>	4/4	2/2	0/1	2/2
Michael Ord <sup>3</sup>	7/8	4/4	1/2	3/4
Alison Wood	8/8	4/4	2/2	4/4

- 1 Jack Boyer stepped down from the Board on 10 May 2024.
- 2 Inken Braunschmidt was appointed to the Board on 1 July 2024.
- 3 Michael Ord was appointed to the Audit Committee on 10 January 2024.

### UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

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### **BOARD OF DIRECTORS**

# **OUR TEAM**

### Warren Tucker Chair

N

### Joined: April 2020 Current external appointments:

- Non-executive director and chair of the audit committee of Tate & Lyle plc (UK Listed)
- Non-executive director and chair of the audit committee of BCP V Modular Services Holdings Limited (operating globally as Modulaire)
- Trustee on the board of Magna Learning Partnership and Chalke History Festival

### Relevant skills and experience:

- Strategy/Growth
- M&A/Financing
- Equity and Debt Capital Markets
- Financial and Risk Management
- International Business
- Manufacturing/Engineering
- Operations/Supply Chain
- Aerospace & Defence sector
- Investor Relations

### Past appointments:

- Non-executive director of Reckitt Benckiser Group plc and the Foreign, Commonwealth and Development Office
- Chief financial officer of Cobham plc

### **Peter France**

Chief Executive Officer



### Joined: October 2023

### Current external appointments:

- Non-executive director of Spirax Group plc (UK Listed)

### Relevant skills and experience:

- Strategy Growth
- M&A
- Integration
- Innovation
- International Business
- Risk Management
- Talent Succession
- Leadership Management
- Engineering/Manufacturing
- Sales and Marketing

### Past appointments:

- Chief executive officer of ASCO Group Limited
- Chief executive officer of Rotork plc

### **Mark Hoad**

Chief Financial Officer



### Joined: January 2015

### Current external appointments:

- Non-executive director and chair of the audit committee of De La Rue plc (UK listed)

### Relevant skills and experience:

- Strategy/Growth
- Leadership/Management
- Financial Management
- International Business
- Restructuring
- Transformation
- M&A/Financing
- Equity and Debt Capital Markets
- Investor Relations
- Risk Management
- Aerospace & Defence sector

### Past appointments:

- Group finance director of BBA Aviation plc

### **Anne Thorburn**

**OUR COMMITTEE KEY** 

Nominations

Remuneration

Committee

Committee

Senior Independent Nonexecutive Director





### Joined: July 2019

### Current external appointments:

- Senior independent director of IMI plc (UK listed)
- Board member and chair of the audit committee of SPT LabTech Limited

### Relevant skills and experience:

- Strategy/Growth
- Financial Management
- Risk Management
- Audit and Internal Control
- M&A/Financing
- International Business
- Operations/Supply Chain
- Medical and Industrial Sectors

### Past appointments:

- Senior Independent director and chair of Audit Committee of Diploma PLC (UK listed)
- Chief financial officer of Exova Group plc
- Group finance director of British Polythene Industries plc
- Non-executive director of BTG plc

### **Alison Wood**

Independent Non-executive Director



Governance and

Risk Committee

Corporate Social

Responsibility

Committee





### Joined: July 2016

### Current external appointments:

- Try Holdings plc (UK listed)
- Senior independent director and chair of remuneration committee of Oxford Instruments plc (UK Listed)
- Morgan Advanced Materials plc (UK listed)
- Standards Institution (BSI)

- Strategy/Growth
- Remuneration Policy-Setting
- International Business

- Investor Relations
- Aerospace & Defence sector

- director for BAE Systems plc
- Non-executive director of plc, THUS plc, and Costain Group.





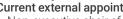












Non-executive chair of Galliford

Audit

Committee

Chair of the

Committee

- Senior independent director of
- Board adviser for British

### Relevant skills and experience:

- M&A/Financing
- Regulatory
- Talent and Succession
- Risk Management

### Past appointments:

- Global director corporate development & strategy for National Grid plc
- Group strategic development
- Capricorn Energy plc, Cobham plc, e2v technologies plc, BTG

#### OUR COMMITTEE KEY



Nominations Committee

Remuneration

Committee





Corporate Social Responsibility Committee



### Michael Ord

Independent Non-executive Director

**BOARD OF DIRECTORS CONTINUED** 



Joined: January 2023

### Current external appointments:

 Group Chief Executive of Chemring Group plc (UK listed)

### Relevant skills and experience:

- Strategy/Growth
- Transformation
- Technology/Innovation
- Manufacturing/Engineering
- Product Technology
- Risk Management
- Leadership/Management
- Aerospace & Defence sector

### Past appointments:

- Managing director of business units of BAE Systems plc
- Trustee of The Education & Training Foundation

### **Inken Braunschmidt**

Independent Non-executive Director



### Joined: July 2024

### **Current external appointments:**

- Non-executive director and chair of the remuneration committee of Xaar plc (UK listed)
- Non-executive director and chair of the remuneration committee of James Fisher and Son plc (UK listed)
- Member of Digital Programme Board of the Royal Academy of Engineering Society

### Relevant skills and experience:

- Strategy/Growth
- International Business
- Technology/Innovation
- Transformation
- M&A/Financing
- Manufacturing/Engineering
- Remuneration Policy-setting
- Talent/Succession
- Leadership/Management
- Medical, Energy and Marine Services Sector

### Past appointments:

- Chief Innovation and Digital Officer and member of the Executive Board of Halma plc
- Chief Innovation Officer RWE AG & Innogy SE

### **Eric Lakin**

Chief Financial Officer (Designate)



### Joined: April 2025 Relevant skills and experience:

Eric joined TT in January 2025 as CFO (Designate) in preparation for the retirement of Mark Hoad in April 2025. Eric is a highly experienced CFO with a proven track record in engineering and industrial sectors. Eric will join the Board from the date of the 2024 results announcement and will stand

for election by our shareholders at the

### Past appointments:

next AGM in June 2025.

- Chief Financial Officer of Ceres
   Power plc
- Chief Financial Officer of Smiths Interconnect
- Chief Financial Officer of Morpho Detection

### Ian Buckley

General Counsel and Company Secretary



### Joined: March 2024

### Relevant skills and experience:

A qualified solicitor, with a postgraduate diploma in intellectual property law and practice. Ian has over 15 years' experience advising on UK and international matters, focusing on corporate, commercial, regulatory, intellectual property and litigation.

### Past appointments:

 Solicitor with Reed Smith LLP, with a practice focused on M&A and life sciences.



### Read more

on Board biographies on our website: www.ttelectronics. com/investors/ leadership/

### **CHAIR'S INTRODUCTION TO GOVERNANCE**

# DELIVERING GOOD GOVERNANCE

//

To further unlock growth opportunities and strengthen governance during the first half of 2024, the Group transitioned from a divisional to a function-led regional structure."

### **Warren Tucker**

Chair

### **GOOD GOVERNANCE**

The Board continues to drive high standards of governance across the Group. Our Governance and Directors' Report explains how we have applied the principles and provisions of the UK Corporate Governance Code 2018 ("the Code"). Additionally, the Board has been working closely with internal functions and external advisers to ensure TT is in the best possible position to comply with the updated 2024 Corporate Governance Code published by the Financial Reporting Council ("FRC").

This year we put our leadership succession planning into practice through a CFO retirement transition process, and the integration of a new Non-executive Director ("NED") Board member. I am pleased to report that this succession planning activity led to the appointment of Eric Lakin in January 2025 as CFO Designate, and his appointment as CFO and to the Board effective from the date of the 2024 results announcement. Eric is a highly experienced CFO with a proven track record in engineering and industrial sectors. He was most recently CFO of Ceres Power, a FTSE clean energy technology business. Before that he spent ten years at Smiths Group in a variety of roles, latterly as CFO of Smiths Interconnect. The Group is already benefiting from Eric's experience and expertise.

I would like to acknowledge formally the Board's appreciation for the significant contribution made by our outgoing CFO, Mark Hoad, to TT's continued progression. Mark served as CFO for over ten years, and has been instrumental in transforming the business and creating the platform that we have today in higher growth sectors, with improved customer focus and market penetration.

Additionally, we were pleased to welcome Inken Braunschmidt as a new NED, her wealth of experience on strategy, innovation and technology is already benefiting the Group. Inken's appointment also forms part of our succession planning for the Chair of the Remuneration Committee with Alison Wood completing nine years of service and standing down at the 2025 AGM. I would like to formally acknowledge the Board's appreciation for Alison's invaluable contribution to TT, in particular, for the energy,

commitment and enthusiasm with which Alison has carried out her duties as Chair of the Remuneration Committee. Jack Boyer retired as a NED during the year. The Board greatly appreciated Jack's wisdom and commitment over his seven years with the Group. For more information on the CFO transition process and NED appointment, please see the Nominations Committee report on page 72.

2024 additionally saw Peter France complete his first 12 months as CEO and his reflections on those first 12 months are set out in his CEO report (see page 5).

### Market and operational developments

In response to a challenging year, with delays and very significant reductions in order intake for our components business, and operational issues affecting two of our North American sites, the Board took proactive steps and made prompt decisions. Those challenges regrettably necessitated the issuance of a negative Trading Update in September, which flowed through into further actions to optimise efficiency across the Group, and to lower our cost base throughout the Group. The Project Dynamo self-help programme continues to focus on efficiency, growth and innovation. Read more on page 5.

The Board received an unsolicited highly conditional proposal for the Group from two parties, as disclosed to the market in November, both of which were rejected as undervaluing the Group and its long-term prospects.

These developments required the Board to carefully consider the impacts on each of its stakeholder groups, with whom we appropriately engaged with speed and candour. In particular, we appreciate the open conversations that we were able to have with both our shareholders and our people. Our people have shown great commitment and resourcefulness through supporting the needs of the business, responding to the market and operational developments and implementing our Project Dynamo self-help programme.

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### CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

### Strategic prioritisation for future growth

Whilst responding to the market and operational developments noted above, the Board has also remained focused on delivering the other strategic priorities of the Group in 2024, and has continued to prioritise operational improvement in key areas such as Health and Safety, Sustainability, ED&I and linking our corporate purpose and values to our culture. In 2024 we introduced a revised streamlined purpose for the Group "To engineer and manufacture electronics solutions enabling a safer, healthier and more sustainable world". This revised purpose provides an appropriate reflection of the Group's direction and the Group's impact on the world: it also provides an underpin and focus through which we seek to strategically grow our business and its positive impact.

To further unlock growth opportunities and strengthen governance during the first half of 2024 the Group transitioned from a divisional, to a function-led regional structure with functional experts in commercial, operations, engineering, HR and legal furthering efforts to deliver the standardisation and delivery of best practice across the Group. This approach seeks to drive efficiency and good governance by ensuring functional oversight which is then represented at the TT Management Board.

The Strategic report highlights the key areas of focus for the Board in 2024 in driving forward TT's strategic plan, which are reinforced in the "People, environment and communities" section (on page 28) and the stakeholder engagement summary on page 47 (which also includes our s172 statement). These sections outline the continued focus on people and sustainability initiatives throughout the year. The following initiatives are particularly noteworthy, in highlighting the Board's focus on TT's strategic prioritisation:

- The adoption of the Project Dynamo self-help programme, focused on efficiency, growth and innovation. Project Dynamo is the vehicle through which the Company will deliver the operational efficiency improvements and operational prioritisation to deliver future growth.
- Restructuring from a divisional to a function-led regional structure, to deliver the standardisation and

- delivery of best practice across the Group, with greater functional governance oversight.
- The implementation of a review and strengthening of our approach to identifying and addressing key risks for our business, see Audit section at page 78 for further details.
- Through the Group's continued commitment to achieving Net Zero, and the further progress made on that journey, the Group has been able to bring forward its Net Zero target for Scope 1 & 2 emissions by five years to 2030. This is a great achievement and is testament to focus and efforts of our people to tangibly deliver on our sustainability iournev.
- Following the buy-in of the Group's UK defined benefit pension scheme in November 2022, thus de-risking the scheme, the progression to complete the buy-out resulting in a further surplus refund of £15 million received during 2024 (as described in more detail in the CFO Review on page 25).
- The completion in March 2024 of the divestment of the Group's Hartlepool and Cardiff, UK and Dongguan, China sites, which provided electronics manufacturing services and certain connectivity products, principally to industrial clients. The divestment simplified the operational footprint of the Group, enabling greater focus on growth opportunities in the Group's core business and end markets.
- The increase of operational capability at existing sites in Mexicali, Mexico and Kuantan, Malaysia, to provide customers with enhanced, lower-cost optionality in the changing geopolitical climate.
- The continued focus on talent management, ED&I and succession planning (as described in more detail in the Nominations Committee report on page
- Cash flow generation and debt reduction.

### Diversity and stakeholder engagement

Following the appointment of Inken Braunschmidt as a NED on 1 July 2024, the female composition of our Board is 42.85 per cent, in compliance with the UK Listing Rules (UKLR 6.6.6R(9)) target of 40% female representation on listed company boards. In addition, we were pleased to announce, effective 10 May 2024. the appointment of Anne Thorburn as the Group's

Senior Independent Director, in compliance with the UK Listing Rules target that at least one senior Board position is held by a woman. This evidences the Group's continued direction of travel in terms of promoting gender diversity at the Board level. As at the date of publication, we have not met the FCA target as stated in UKLR 6.6.6R(9) that at least one member of the Board should come from an ethnic minority background (read more in the Nominations Committee report on page 73).

As we explain in the Nominations Committee report on page 72, the Board are committed to working on NED succession planning over the next year and we are hopeful that this will improve the level of gender and ethnic diversity on our Board in the future. A core element of our approach to diversity is based around the wide range of experience that our Board members bring to the decision-making process, as well as their capability in sectors that are close to TT's business operations. It is my view that this wealth of expertise, together with the honest, open and collegiate way in which the Board operates, lies at the heart of how we operate as a collective group in progressing TT's growth agenda.

The Board has maintained a strong focus on stakeholder engagement, in an attempt to better understand the impact of external macroeconomic factors on the Group's core business and ensure the effective linkage of the Group's culture and purpose to the Company's strategic plan. This approach has led to, and is reflected in, the introduction of TT's revised Purpose statement in 2024. Wherever possible, meetings have been held face to face, and with a wide range of important stakeholder groups. including TT staff and senior management, and shareholder representatives, with due consideration given to customers and suppliers.



diversity on page 73

Read more about Stakeholder Engagement on page 48

### CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

These key stakeholder events in the 2024 Board schedule included the following:

- Board visits to our Manchester, UK and Suzhou, China sites, to meet senior management and staff working in these business units.
- As part of her induction programme, Inken spent one on one time with key personnel within the Group's leadership team and visited three of TT's sites, with further visits scheduled for Inken in 2025.
- Various face-to-face sessions were conducted by the NEDs throughout the year with site leaders and divisional/functional heads to discuss business dynamics and operational challenges (through Board dinners and ad hoc meetings).
- Face-to-face dialogue was held with key advisers (including TT's brokers and financial advisers) on key areas of strategic planning and investor relations, together with targeted engagement with investors involving (at separate times) the Chair, CEO and CFO (see page 49 for more detail).

 As part of the annual Board cycle, the Chair met with a number of shareholders who accepted his invitation to discuss TT's business; this process was supplemented by additional shareholder meetings to discuss the market and operational developments in the second half of the year.

The Board believes that these meetings have been important in setting the Group's strategic direction, across various regions (with different cultural approaches), reflecting factors such as cost inflation pressures, geopolitical challenges and staff retention/hiring considerations, without losing sight of TT's corporate purpose. Some examples of how these factors have impacted the Board's decision-making in 2024 are set out in the "Stakeholder engagement" section (on page 48) and elsewhere throughout the Strategic report.

### **UK Corporate Governance Code compliance**

TT is committed to achieving and maintaining the highest standards of corporate governance. Throughout the year, the Group was compliant with all of the relevant provisions of the

Code. The Code is available to view at the website of the FRC, www.frc.org.uk. The table on page 59 sets out where details and explanations of the application of the principles of corporate governance can be found in this Annual Report. Throughout the year, the Group was compliant with all of the relevant provisions of the Code, which included reviewing the new 2024 Code and ensuring processes were in place to meet the new requirements.

#### Conclusion

Despite the market and operational challenges faced by the Company over 2024, the Group's strong corporate culture and the resourcefulness of its people demonstrate the Group's ability to adapt and evolve. That evolution is ongoing, through the strategic changes instigated through 2024 by our new CEO and overseen by the Board, and which will continue in 2025 with the input of a new CFO. The Board will continue to play a proactive role in building upon our strong corporate culture, and our strong business fundamentals, to deliver future growth.

### **COMPANY PURPOSE, STRATEGY AND VALUES**

The Board's main role is to provide oversight and leadership of the Group, to determine and ensure the implementation of the Group's strategy, and to maintain the highest standards of corporate governance. Underpinning these aspects of the Board's responsibilities lies the principal aim of ensuring the sustainable, long-term success of the Company.

The Board understands the relationship between the Company's purpose, strategy and values and their importance to the long-term success of the Group. The Board oversees and monitors our culture to enable the Board to be satisfied that it aligns with the Group's purpose, values and strategy and is reflected consistently in our workplace policies and practices.

### The Company's Purpose statement is:

To engineer and manufacture electronics solutions enabling a safer, healthier and more sustainable world.

The Board considers that this Purpose is an appropriate reflection of the Group's culture, strategic direction and impact on the world.

### RELATIONSHIP BETWEEN PURPOSE. STRATEGY AND VALUES

### WHY?

Our corporate **Purpose** describes **why we do what we do** and aligns the whole of the Company.

### WHAT?

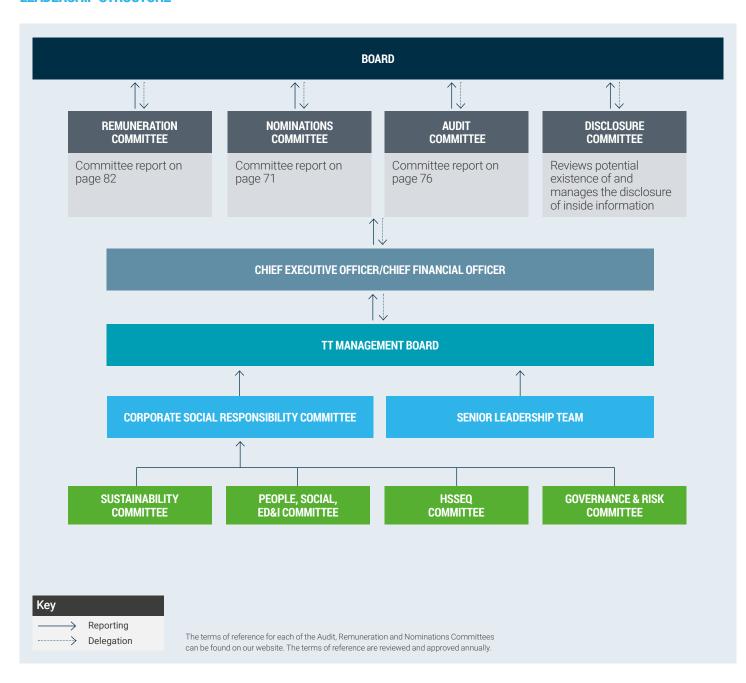
Our **strategy** defines **what we do** for both our employees and our wider stakeholders. The Company's strategy is clearly defined and regularly reviewed by the Board. The multi-year strategic plan is discussed in detail and is approved annually, based on the Company's activities; its progress on delivering strategic priorities; and challenges identified within the business and in the wider macroeconomic and geopolitical environment.

### HOW?

The Company's **values**, culture and behaviours drive **how we execute our relationships** with internal and external stakeholders and our **strategic vision**. Our TT Way values (see page 29) describe our culture and set out how we expect our employees, from the top down, to conduct business and act with integrity, transparency and professionalism.

Good governance sets the tone for the culture of TT. The Board and Executive Directors strive to promote an atmosphere of openness and trust throughout the Group.

### LEADERSHIP STRUCTURE



2024 has seen a number of organisational changes for TT and the leadership structure has evolved to reflect the new strategic plans for the Company. The TT Management Board ("TMB") replaced the Executive Leadership Team in 2024 with the remit to review performance and implement any actions necessary to drive delivery of the Group's key strategic priorities. The senior leadership team constitutes the TMB, together with site and specific functional leads, with the remit to review and discuss strategic and operational matters, and to aid onward information sharing. A new Corporate Social Responsibility Committee was formed which has oversight delegated to it from the Board for all CSR matters (see page 39 for more information), these matters are covered by the CSR's sub-committees

- People, Social, ED&I ("PSED&I") covering all aspects of employee engagement, communities, ED&I and employee wellbeing.
- Governance and Risk responsible for compliance with regulatory requirements, policy-setting, identifying and creating a framework for the Company's risks and managing Business Continuity Plans.
- Sustainability responsible for communication and education around sustainability in the different contexts of TT, setting policies and procedures, ensuring best practice and regulatory compliance and reporting to internal and external stakeholders, developing actions and frameworks to inform TT's strategic planning process.
- Health and Safety, Security, Environment and Quality ("HSSEQ") – which monitors statutory compliance, develops HSSEQ management systems and tools, reports on HSSEQ performance and evaluates risks relating to the Company's activities.

### **LEADERSHIP AND COMPANY PURPOSE**

# **BOARD ACTIVITIES**

During the financial year the Board discussed and implemented the following key actions:

### **STRATEGY**

- Strategic planning for future growth
- Creation of additional manufacturing capacity at Kuantan (Malaysia)
- Completion of the divestment of the Group's sites in Hartlepool, Cardiff and Dongguan (China)
- Oversight of engineering, technology and product roadmaps
- Organisational restructuring from a divisional to a function-led regional approach
- Revised structure of Councils and Committees to improve governance oversight and reporting lines
- Deep-dive reviews and strategic planning for sites with operational challenges and to mitigate headwinds in components business

### **PEOPLE**

- Organisational re-structuring to a functional matrix structure
- CFO succession planning and transition plans
- Induction programme for new NED
- Recruitment and retention processes and succession planning
- Direct employee engagement sessions with the Board in Manchester and Suzhou
- Enhanced engagement process introduced through the PSED&I Committee

### FINANCIAL

- Improving financial reporting from site level to Group Executive Committees
- Regular review of existing and emerging financial risks
- Pensions, pension surplus refund and buy-out of a US defined benefit pension scheme
- Trading updates and results
- Tax/Treasury reviews
- Self-help programme, Project Dynamo, to maximise potential through commercial and operational improvements

### **ESG/ENGAGEMENT**

- Sustainability planning and progress (including continued development of our Net Zero journey bringing forward Net Zero scope 1 & 2 to 2030)
- Site visits: Manchester and Suzhou (aligned with scheduled Board meetings) and other ad hoc visits for individual Board members (see page 70)
- Implementation of green energy initiatives for a number of sites (see page 35)
- Improving cybersecurity certifications and defence against significant security attacks
- New CSR/ESG Committee structure and improved reporting lines to the Board regarding people, HSE, governance, environment and sustainability and quality compliance

### IR

- Regular Investor Relations ("IR") updates on share price progression and movements in major shareholdings
- Investor feedback analysis
- Capital Markets Event
- Investor engagement relating to bid defence and trading updates

### **OPERATIONS**

- Customer engagement and improving customer relationships and service
- Board-level CRM, Marketing and Net Promoter Score review
- Contract wins and commercial bids reported at each meeting
- Overview of supply chain resilience
- Overview of site-specific operational performance
- Global geopolitical events

### BOARD OVERSIGHT OF CULTURE MATTERS - OUR TT WAY VALUES

### WE DO THE RIGHT THING

From ethics within our workforce and safety matters, to consideration of our wider impact on the environment and our communities, we pride ourselves on doing the right thing and encourage others to do the same. Our customers benefit from our focus on providing cleaner, smarter and healthier solutions to technology challenges.

- Statement of Values and Business Ethics Code
- Whistle-blowing reports
- Safety metrics
- Integration of ESG and sustainability matters into decision-making and business practices as a strategic priority
- Net Zero Scope 1 & 2 target by 2030 and other environmental impact reduction work
- Anti-bribery and corruption policies
- Modern Slavery Policy
- Global supplier standards for corporate and social responsibilities
- Gender Pay Gap reports
- ED&I Policy

### WE BRING OUT THE BEST IN EACH OTHER

Our people are our greatest asset. We know that supporting development, promoting wellbeing, ED&I and collaborating with our colleagues leads to better performance for our people and our business.

- Leadership programmes and conferences
- Succession planning/talent reviews
- Remuneration schemes and employee benefits
- Cross-divisional working and information sharing
- Workforce engagement on remuneration

### **WE ACHIEVE MORE TOGETHER**



- Best practice sharing across the

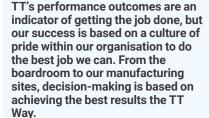
  Group
- Ensuring transparency in reporting systems
- Site-specific pulse surveys
- Voice of the Customer surveys
- Board engagement directly with employees throughout the year
- Project Dynamo employee ideas

### **WE CHAMPION EXPERTISE**



- Focus on capabilities power, connectivity, sensing, and manufacturing and engineering
- R&D investment as a percentage of sales target
- Review of product roadmaps
- BE Inspired awards for individual achievements
- Focus on training, STEM and apprenticeship initiatives

### WE GET THE JOB DONE...WELL



- Strategic decisions for long-term success
- Strong capital discipline and financing to ensure continued availability of funds to invest in the business
- Continual site rationalisation reviews
- Improved asset and product roadmaps
- Customer feedback and Voice of Customer surveys



Our TT culture gives us a true competitive advantage and makes us a great company to work for and with."

### **Clare Nicholls**

**EVP Human Resources** 





### **LEADERSHIP**

### The Board

Subject to the Company's Articles of Association, UK legislation and any directions given by special resolution, the Board manages the Company's business. The Board has reserved certain specific matters to itself for decision. These include strategic development; financial policy/reporting; internal control and capital structure (including tax and treasury matters); policy relating to acquisitions and disposals; contracts exceeding certain thresholds; and corporate governance matters (including non-financial policies and appointments/remuneration at a management layer below Board level).

The Board appoints its members, and those of its principal Committees, having received the recommendations of the Nominations Committee It also reviews recommendations of the Board Committees and the financial performance and operation of the Group's businesses. It regularly reviews the identification, evaluation and management of the principal risks faced by the Group, including emerging risks, and the effectiveness of the Group's system of internal control as set out on pages 50 to 55. Board and Committee meetings are scheduled in line with the Company's financial calendar, thereby ensuring that the latest operating data is available for review and sufficient time and focus can be given to matters under consideration. During the year, there were eight principal Board meetings on scheduled dates, for which full notice was given. Additional meetings were held in the year to address performance and trading updates, site performance challenges and bid defences. The Board has held two principal meetings to date during 2025. The NEDs meet, without the Executive Directors present, during the course of each scheduled Board meeting, as a standing agenda item.

The main events in the Board calendar are the approval of the half-year and full-year results, the Board site visits, the review of the multi-year strategic plan and the approval of the budget towards the end of the year. At each meeting during 2024 the Board discussed strategic issues (principally focused on organisational restructuring, financial performance from site-level to Group-level, operational restructuring, opportunity

pipeline and climate-related risks and opportunities) together with operational, financial, human resources, HSE and sustainability, legal, governance and investor relations items.

The Directors reviewed, throughout the year, the opportunities and risks to the future success of the business by receiving and discussing information from both internal and external sources regarding the issues affecting the business, the wider industry and the macroeconomic/geopolitical environment. The non-standard areas of focus for the Board in 2024 are shown on page 66.

### Leadership structure

Details of TT's Board of Directors are set out on pages 60 to 61 of this report. The leadership structure chart on page 65 provides further information on how leadership at the Board level is discharged. Most importantly, the Board comprises a majority of independent NEDs, with the division of responsibilities between the Chair and Chief Executive Officer having been clearly articulated. The Board believes that its composition, the structure of its principal Committees and the processes it has in place to discharge its primary areas of responsibility, meet the requirements of "Board Leadership" and "Composition" under the Code

The Board has established a number of Committees, each with its own delegated authority defined in terms of reference. The Board reviews these terms periodically (the last occasion being in December 2024) and receives reports and copies of minutes of Committee meetings. The Board appoints the members of all principal Board Committees, having received the recommendations of the Nominations Committee

For the purposes of engagement with the workforce under the Code, the Board has revised its method of engagement in 2024. Prior to 2024, the Company adopted the designated NED approach for Voice of the Employee engagement. In 2024 this process was changed as the Board determined that to maximise engagement all NEDs should have responsibility for employee engagement. The Board considers this arrangement to be effective because it allows every Board member to participate, rather than channelling

engagement through a single Director, enabling insights and engagement to occur collectively and giving more members of the Board access to direct engagement activities with our employees. The Committees reporting to the Board on employee matters were also changed in 2024, the new Corporate Social Responsibility Committee ("CSR") constitutes all of the TMB members and feeds in directly to the Board. The CSR Committee receives regular updates from the newly formed PSED&I Committee, whose role is to: initiate, monitor and regularly review employee engagement activities across all sites; manage the format and process of Board engagement with employees: monitor and assess the Company culture and how it is being reflected in employees' actions and behaviour from the top down. The Board is kept fully informed of the voice of the employee and sustainability initiatives including climate-related risks through the CSR reports and regular reports from the EVP HR on employee engagement. More information on our employee engagement activities is provided on page 30 and sustainability initiatives, including climate-related risk described from page 35. More information on the work of the CSR and PSED&I Committees can be found on pages 39 and 30.

### **DIVISION OF RESPONSIBILITIES**

### Chair, Chief Executive Officer and Senior Independent Director

The division of responsibilities between the Chair and the Chief Executive Officer has been defined, formalised in writing and approved by the Board:

### **ROLES AND RESPONSIBILITIES**

### Maintains responsibility for:

Chair

### Maintains responsibility for:

- The leadership and effectiveness of the Board and for setting its agenda
- Ensuring all Directors receive accurate, timely and clear information on financial, business and corporate matters so they can participate in Board decisions effectively
- Facilitating the effective contribution of NEDs
- Ensuring constructive relations between Executive and Non-executive Directors
- Ensuring effective communication with shareholders
- Ensuring the performance of individual Directors, the Board as a whole, and its Committees are evaluated at least once a year

### **Chief Executive Officer**

### Maintains responsibility for:

- The operations of the Group
- Developing Group objectives and strategy, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders
- Successful implementation and achievement of strategies and objectives, as approved by the Board
- Managing the Group's risk profile, including its HSE/Sustainability performance
- Ensuring the Group's businesses are managed in line with strategy and approved business plans, and complying with applicable legislation and Group policy
- Ensuring effective communication with shareholders
- Setting Group human resource policies, including management development and succession planning for the senior management team

### Senior Independent Director

### Maintains responsibility for:

- Reviewing the performance of the Chair
- Providing a sounding board for the Chair on strategic matters/succession planning
- Supporting the Board on the delivery of key objectives
- Acting as an intermediary for Board members and/or an alternative point of contact for investors (as required)

### **DIRECTORS' INTERESTS**

The table showing the beneficial interests held by Directors of the Company (directly or through their connected persons) at 31 December 2024 is shown in the Remuneration report on pages 94 and 95. There have been no changes to the number of shares held by Directors between 31 December 2024 and 8 April 2025.

### **CONFLICTS OF INTEREST**

In accordance with the provisions on conflicts of interest in the Companies Act 2006, the Company has put in place procedures for the disclosure and review of any conflicts, or potential conflicts, of interest Directors may have, and for the authorisation of such conflicts by the Board. All new external appointments taken on by Directors in 2024 were pre-approved by the Board before the effective date of the appointment. In deciding whether to authorise a conflict or potential

conflict, the Directors must have regard to their general duties under the Companies Act 2006. The authorisation of any conflict, and the terms of authorisation, may be reviewed at any time and, in accordance with best practice, we conduct a review of Director conflicts of interest annually.

### APPOINTMENTS TO THE BOARD

Rules for the appointment and replacement of Directors are set out in the Company's Articles of Association. Directors are appointed by the Board on the recommendation of the Nominations Committee. Directors may also be appointed or removed by the Company by ordinary resolution at a general meeting of holders of ordinary shares. The office of a Director shall be vacated if his or her resignation is requested by all the other Directors, not being fewer than three in number. Further details of the activities of the Nominations Committee are set out on page 71.

### **COMPENSATION FOR LOSS OF OFFICE**

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid except that provisions of the Company's share plans may cause options and awards granted under such schemes to vest on takeover, subject to the satisfaction of any performance conditions. Further details of the Executive Directors' service contracts can be found in the Directors' Remuneration Policy. Copies of the Executive Directors' service contracts and letters of appointment of the NEDs are available for inspection by any person at the Company's registered office. during normal business hours on any weekday (other than public holidays) and at the AGM from 15 minutes before the start of the AGM until its conclusion.

### **BOARD SUPPORT**

All Directors have access to the advice and services of the Group General Counsel and the Company Secretary. They are also offered training to fulfil their role as Directors, both on appointment and subsequently. In 2024 there were Board sessions aimed at developing a greater awareness and understanding of our business and stakeholders. The Board visited our sites in Manchester and Suzhou where they received presentations about site-based operations and completed employee engagement sessions. Michael Ord and Inken Braunschmidt also individually visited sites in the UK and US during the year. There were also learning update sessions around IT, cybersecurity, geopolitical risks and the changing legal and regulatory landscape. There is an agreed procedure for any individual Director to take independent professional advice at the Company's expense if they consider it necessary.

The Group maintains Directors' and Officers' Liability insurance. The Directors of the Company also benefit from a qualifying third party indemnity provision in accordance with Section 234 of the Companies Act 2006 and the Company's Articles of Association. The Company has provided a pension scheme indemnity within the meaning of Section 235 of the Companies Act 2006 to Directors of associated companies.

Each member of the Board, including the SID, has the right to include items on the Board agenda or the agenda of the Committees they sit on.

### **RELATIONS WITH SHAREHOLDERS**

The list of engagement activities and our relations with shareholders during the year are set out on pages 48 to 49.



### Find our Articles of Association

at www.ttelectronics. com/investors/ governance **COMPOSITION, SUCCESSION AND EVALUATION** 

# NOMINATIONS COMMITTEE REPORT

	<b>AL RES</b>		

Regularly review	ew the structure	e, size, com	nposition a	and skill s	set of the Boar	d
as a whole an	d make recomn	nendations	s for any cl	hanges t	o the Board.	

- Review the overall leadership needs of the organisation including considering succession planning for the NEDs (having due regard to their length of service), Executive Directors and members of the TMB, and make recommendations to the Board.
- Manage the search for, and selection of, suitable candidates for the appointment of replacement or additional Directors and nominate candidates for the approval of the Board.

2024 review 7 Board composition 7 Equality, diversity and inclusion 7 Board and Committee	
the year 7  Q&A with the Chair 7  2024 review 7  Board composition 7  Equality, diversity and inclusion 7  Board and Committee	1
2024 review 7 Board composition 7 Equality, diversity and inclusion 7 Board and Committee	'1
Board composition 7 Equality, diversity and inclusion 7 Board and Committee	2
Equality, diversity and inclusion 7 Board and Committee	3
inclusion 7 Board and Committee	3
	'3
performance	
evaluation <b>7</b>	4
Directors' performance evaluation 7	′5

#### **MEMBERSHIP**

Warren Tucker (Chair)

Inken Braunschmidt (appointed 1 July 2024)

Alison Wood

Anne Thorburn

Michael Ord

		DURING	

- CFO succession plan conducted, resulting in the appointment of Eric Lakin as the new Group CFO, joining the Group as CFO Designate in January 2025 and completing the transition to CFO following the 2024 full-year results in April 2025
- NED recruitment process completed, culminating in the appointment of Inken Braunschmidt to the Board in July 2024.
- Appointment of Anne Thorburn as Senior Independent Director in May 2024.
- Ongoing review of the Listing Rules requirements for Board and senior management ED&I targets.
- Succession/recruitment project ongoing with an external agency to consider future NED requirements, factoring in ED&I considerations, NED length of service and the future needs of the business.
- In-depth review of the Group's updated organisational structure, which covered the TMB and key leadership positions.

#### **COMPOSITION. SUCCESSION AND EVALUATION CONTINUED**





### What were the key aspects of the CFO recruitment exercise that the Committee has overseen in 2024?

As highlighted in the Chair's Governance statement. the Nominations Committee was required to put its succession planning processes into action during 2024, in dealing with both a transition to a new CFO and the integration of a newly appointed NED. Prior to the announcement of the intention to retire of our CFO Mark Hoad, announced in November 2024, the Committee had maintained an active dialogue with its external recruitment agency (and other professionals in the sector) on succession planning, to ensure it remained current on developments in the Executive Director recruitment market. As a result, the Committee was well placed to expedite the CFO search process, with a role specification being made available to the recruitment agency in short order and the launch of the formal process commencing shortly after the announcement of Mark Hoad's intention to retire, considering both internal and external candidates. This led to the identification of Eric Lakin as the stand-out candidate by the end of 2024, and, following contractual discussions, we were able to announce his appointment as CFO Designate in January 2025, and his appointment as CFO and to the Board effective post the full-year results in April 2025. The systems we already had in place to address succession issues at the Executive Director level ensured a successful and seamless transition process from Mark to Eric.

In identifying the preferred CFO candidate, the Committee followed a rigorous process in selecting a candidate equipped with the necessary skills and experience to take the Group on to the next stage in its progression. This process included one-on-one interviews with the NEDs and the CEO, each of whom came to an early view that Eric Lakin would be the ideal successor as CFO. Ultimately, it was Eric's track record over many years as a high-performing CFO, with listed

company experience, in international businesses closely aligned with TT's area of operations, which was the determining factor.

This CFO search exercise represented the key priority for the Committee during the past year.



## To what extent was the Committee able to address the Listing Rules requirements on ED&!?

I am pleased to report that during 2024 our ongoing efforts to promote diversity on the Board were successful. Following the appointment of Inken Braunschmidt as a NED on 1 July 2024, the female composition of our Board is up to 42.85 per cent, in compliance with the UK Listing Rules target of 40% female representation on listed company boards. In addition, we were pleased to announce, effective 10 May 2024, the appointment of Anne Thorburn as the Group's Senior Independent Director, in compliance with the UK Listing Rules target that at least one senior Board position is held by a woman. This evidences the Group's continued direction of travel in terms of promoting gender diversity at the Board level. We do, however, recognise that our female representation on our TMB is only at 17 per cent and we are committed to improving the diversity of our Board, TMB and the senior leadership below the TMB level.

TT's stated position on ED&I (together with its Board policy in this area) were key drivers in its approach to the NED and CFO recruitment. In particular, our appointed external recruitment agent was asked to consider candidates from non-traditional professional and academic backgrounds, whose career history and experience might not typically be aligned with a search process for a UK listed engineering company.

We recognise that as at 31 December 2024, and as at the date of publication, we do not meet the FCA's target (as stated in the UK Listing Rules) that at least one member of the Board should come from an ethnic minority background. The Committee understands the intent behind LR 9.8.6(9) and remains committed to maintaining its focus on increasing the diversity of thinking/decision-making at the Board level, whilst also developing a path to full compliance in the future. If possible, the Committee would hope to achieve this as

part of the possible forthcoming NED recruitment exercise, recognising the fierce competition for talent in this area; however, it is also important to recognise the additional objective of enhancing the Board's diversity of perspective, which means identifying future candidates capable of contributing fully to the Board debate, with experience and capability in sectors that are closely aligned to TT's business operations.

Numerical data on the gender diversity and ethnic representation of the Board and senior management, as at 31 December 2024, is set out in the table on page 74. Each member of the Board and the TMB submitted a completed questionnaire to enable us to gather the numerical data required.



## What plans does the Committee have in 2025 for future change at the Board-level?

The Committee is mindful of the fact that (as at the date of this report), one of our NEDs Alison Wood, who is also chair of the Remuneration Committee, is in her ninth year as a Director of TT. As announced on 2 September 2024, our succession plan is well advanced with Inken Braunschmidt being her nominated successor effective at the 2025 AGM; the transition process from Alison to Inken is well advanced to ensure a smooth transition.

The Board is committed to working on NED succession planning this year to improve the level of gender and ethnic diversity on our Board in the future. A core element of our approach to diversity is based around the wide range of experience that our Board members bring to the decision-making process, as well as their capability in sectors that are close to TT's business operations. It is my view that this wealth of expertise, together with the honest, open and collegiate way in which the Board operates, lies at the heart of how we operate as a collective group in progressing TT's growth agenda.



I am pleased to report that during 2024 our ongoing efforts to promote diversity on the Board were successful."

#### **Warren Tucker**

Chair, Nominations Committee

#### **COMPOSITION. SUCCESSION AND EVALUATION CONTINUED**

#### **2024 REVIEW**

As stated in the Q&A section, the Committee's key priority in the past year has been to manage the process for recruiting a new CFO, which ultimately led to the appointment of Eric Lakin in January 2025. Eric is a highly experienced CFO with a proven track record in the engineering and industrial sectors. He was previously CFO of Ceres Power, a FTSE clean energy technology business. Before that he spent 10 years at Smiths Group in a variety of roles, latterly as CFO of Smiths Interconnect. The Group is already benefiting from Eric's experience and expertise.

In addition, the Committee has engaged in planning the NED induction programme for Inken Braunschmidt (following her appointment to the Board in July 2024), to welcome her to the Board and to ensure a smooth transition to Chair of the Remuneration Committee effective at the 2025 AGM. Inken is currently non-executive director of both James Fisher and Sons plc and Xaar plc, additionally being chair of the remuneration committee at James Fisher and Sons plc. Her executive experience includes six years with FTSE 100 industrials business Halma plc until 2023, latterly as Chief Innovation and Digital Officer and member of the Executive Board. The Group is already benefiting from Inken's wealth of experience and expertise.

The Committee is open to the possibility of recruiting one further NED. The Q&A section provides background information on the processes undertaken in managing these recruitment projects, particularly with regards to the appointment of the new CFO, which was led by an external recruitment firm, Russell Reynolds, whose expertise was drawn upon in developing a detailed role specification and subsequently a list of candidates. There are no connections between TT, its Directors and Russell Reynolds that require disclosure in relation to this recruitment exercise.

As noted above, the Committee was mindful of the requirements of LR 9.8.6(9) throughout the CFO and NED recruitment exercises, The extent of TT's compliance to date with LR 9.8.6(9) is also summarised in the Q&A section, it being noted that a Board-level diversity policy (which also applies to the Board Committees) was adopted for the first time in

2022 and we have provided numerical data on the gender diversity profile of the Board and senior management in the table set out on page 74. The Committee remains focused on maintaining gender balance and addressing ethnic diversity on the Board, in future Board-level recruitment exercises.

The Committee held two scheduled meetings in 2024 (supported by ad hoc calls) at which, in addition to the recruitment exercises described above, the Committee undertook a detailed review of TT's updated organisational structure, which covered the senior management team (operating at TMB level and a layer below), together with selected members of the wider leadership group. In this review attention was also focused on identifying and addressing strengths and weaknesses across the organisation.

In addition to the activities referenced above:

- The Committee assessed its performance in 2024 as part of the external board evaluation. It was concluded that the Committee had performed effectively and was structured appropriately to provide effective support to the Board.
- The Committee undertook a detailed review of ED&I performance, both from a perspective of compliance with LR 9.8.6(9) Board requirements, and through the wider organisation.
- The Committee undertook a review of feedback received from Proxy agencies in response to the 2023 Annual Report.

#### **BOARD COMPOSITION**

Warren Tucker (Chair), Peter France (CEO), Mark Hoad (CFO), Anne Thorburn (SID), Alison Wood and Michael Ord (NEDs) were continuously in place as members of the Board throughout 2024, with Inken Braunschmidt joining effective 1 July 2024 as part of the succession plan to replace Alison Wood. We provide full details of each Director's Board and Committee meeting attendance on page 59 and Directors' biographies, including the Committees they serve on and chair, which can be found on pages 60 to 61.

At the time of his appointment as Chair, Warren Tucker was considered to be independent in accordance with the provisions of the Code. All the remaining NEDs are also considered to be independent as defined by the Code

In accordance with the Company's Articles of Association and the Code, Directors must offer themselves for re-election at the forthcoming AGM. This practice will continue in the future, to ensure compliance with the requirements of the Code and the Company's Articles of Association. Following formal performance evaluation, the Board has concluded that the performance of each Director continues to be effective and to demonstrate commitment to the role. The Notice of AGM will set out details of the key areas of contribution made by each of the Directors in providing leadership to the Company.

### EQUALITY, DIVERSITY AND INCLUSION ("ED&I")

The Board (through reports from the CEO, EVP HR and reports of the CSR Committee) receives updates on the progress of the initiatives launched pursuant to the Company's ED&I strategy and monitors the achievement of targets set in line with the strategy.

A Board-level diversity policy was adopted for the first time in 2022, which requires the Committee to have regard to issues such as culture and diversity when reviewing recruitment practices and succession planning. This ED&I Board policy assists the Committee in overseeing a diverse pipeline for senior management and Board positions.

At all times during 2024, the Committee has sought to ensure that the Board is balanced and effective, with diverse skills, knowledge and experience, as highlighted in the Directors' biographies on pages 60 to 61. The Committee attaches a high degree of importance to diversity at all levels across the Group and is committed to recruiting the best talent available, based on merit, and assessed against an objective criteria of skills, knowledge, independence and experience. We do not advocate a forced approach to diversity at any level of the organisation. The extent of TT's compliance to date with LR 9.8.6(9) is set out in the Q&A section. We are pleased with the Board ED&I progress made during 2024.

A table setting out data on the gender diversity profile of the Board and senior management is set out on page 74.

For more detail on TT's approach to ED&I across the organisation, see page 33 of the "People and culture" section.



At all times during 2024, the Committee has sought to ensure that the Board is balanced and effective, with diverse skills, knowledge and experience.

#### **COMPOSITION, SUCCESSION AND EVALUATION CONTINUED**

#### **BOARD DIVERSITY - GENDER AND ETHNICITY**

	TT Electronics plc Boar	rd of Directors	Senior positions	Executive Management (defined as Executive Leadership Team)	
	Number of Board Members	% of Board members	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in Executive Leadership Team	% of Executive Leadership Team
Men	4	57.1%	3	5	83%
Women	3	42.9%	1	1	17%
Other/Not specified/Prefer not to say	_	-	_	_	_

	TT Electronics plc Boa	rd of Directors	Senior positions	Executive Management (defined as Executive Leadership Team)		
	Number of Board Members	% of Board members	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in Executive Leadership Team	% of Executive Leadership Team	
White British or other White (including minority-white groups)	7	100%	4	6	100%	
Mixed/Multiple ethnic groups	_	_	_	_	_	
Asian/Asian British	_	_	_	_	_	
Black/African/Caribbean/Black British	_	_	_	_	_	
Other ethnic group	_	_	_	_	_	
Not specified/ prefer not to say	_	_	_	_	_	

The Group has selected 31 December 2024 as the reference date for the data provided above.

# BOARD AND COMMITTEE PERFORMANCE EVALUATION

In accordance with the Code, the Board has conducted an evaluation of its performance and that of its principal Committees. For the 2024 review the decision was taken to undertake an external evaluation exercise, with Equity Culture being selected as the independent facilitator to conduct this exercise on behalf of the Board. There are no connections between TT, its Directors and Equity Culture that require disclosure in relation to this exercise. Succession, culture and diversity considerations formed a key part of the process of evaluating the future requirements of the Board and its Committees; indeed, the evaluation process highlighted the need to ensure that succession and diversity were actively monitored by the Committee at both a Board and senior leadership level and remained firmly on the Board agenda.

#### **PROCESS**

**September 2024:** From a long list of potential external evaluation providers a short list was created and interviewed with applicable references sought, resulting in the selection of Equity Culture.

**October 2024:** The Chair led the process of determining the areas of focus for the Board interviews with guidance from Equity Culture.

**November and December 2024:** One to one interviews were conducted by Equity Culture with all Directors and the Company Secretary.

**January 2025:** Equity Culture prepared their evaluation report, which was distributed to the Board in advance of a specifically scheduled Board meeting in January at which Equity Culture presented their report and discussed it in detail with the Directors. This facilitated a detailed Board discussion to assess the key findings and identify improvement opportunities.

#### **KEY FINDINGS**

The evaluation report which was presented to the Board by Equity Culture and evaluated Board performance with a focus on the following key aspects: Board meeting and culture, strategy, succession, risks and committees. The evaluation exercise highlighted the broad range of talents, skills and experience within the Board, with Board relationships described as productive, professional and appropriately challenging.

In respect of the key aspects:

- Equity Culture and the Board considered the Board to be effective.
- Board Meetings and Culture Noted the tone was viewed as positive, with the Board working "well as a collaborative unit", with a focus on fostering active and open communication.



The evaluation exercise highlighted the broad range of talents, skills and experience within the Board, with Board relationships described as productive, professional and appropriately challenging."

#### **Warren Tucker**

Chair, Nominations Committee

#### **COMPOSITION. SUCCESSION AND EVALUATION CONTINUED**

- Strategy Noted the focus on turning around the business following the September trading update, with a requirement for delivery focus and greater operational effectiveness.
- Succession Noted the view that Board succession had been handled efficiently. Further noted the positive view of the relatively recent NED appointment of Inken Braunschmidt, and previously Michael Ord, both of whom possessed turnaround experience.
- Risk Noted the key risks identified within the business, and the desire for continual improvement in this area to build on risk processes and oversight.
- Committees Noted a unified and positive response regarding the work of all the Committees.

In summary, the Board concluded from the evaluation exercise that the Board, its members and Committees had performed effectively over 2024, with all members giving due commitment to his or her role.

#### **DISCUSSION POINTS AND AREAS OF FOCUS**

The 2024 evaluation review highlighted developmental areas for further consideration, which included the need to ensure that strategic planning, people and monitoring of business performance remained at the centre of the Board's thinking and approach. We will continue to strengthen and develop our approach during 2025, including through allotting more time to strategic planning and people considerations, and increasing the reporting reviewed by the Board around business-critical delivery and major projects.

#### **DIRECTORS' PERFORMANCE EVALUATION**

In accordance with the Code, the performance of individual Directors was evaluated during 2024.

For the NEDs, the output from a private meeting held between the Chair and the Executive Directors formed the basis for individual appraisals held by the Chair with each NED, together with input from Equity Culture. This also provided an opportunity to discuss any issues which had arisen from either their individual assessments or those of the Board and its principal Committees. For the Chair's performance, the other NEDs, led by the Senior Independent Director, and, with input from the Chief Executive Officer and Chief Financial Officer, held meetings privately to discuss this, with the outcomes being fed back to the Chair by the Senior Independent Director for discussion.

At the beginning of the year, we set each Executive Director challenging performance objectives, and reviewed progress against these as the year progressed.

Both of the Executive Directors take part in the Group's performance management programme which, together with a review of progress against agreed goals and objectives, is used to assess performance and to set clear objectives and developmental plans for the following year (which are closely aligned with the Group's strategic priorities and values). The Chief Executive Officer meets with the Chief Financial Officer at the beginning of each year to discuss and review performance against objectives.

The Chair conducted the performance evaluation of the Chief Executive Officer, taking account of the output from the Group's performance management programme together with feedback provided by the other NEDs at a private meeting held to discuss this and any other matters which the NEDs wished to raise.

#### **Warren Tucker**

Chair, Nominations Committee 9 April 2025



**AUDIT, RISK AND INTERNAL CONTROL** 

# AUDIT COMMITTEE REPORT

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Anne Thorburn (Chair)

Michael Ord

Alison Wood

Inken Braunschmidt (appointed 1 July 2024)

#### PRINCIPAL RESPONSIBILITIES

- Monitor the integrity of the financial statements (including significant reporting/accounting issues, going concern/viability statements, and fair, balanced and understandable reporting process) and the Group results announcements.
- Recommend appointment and remuneration of the Auditor, assess effectiveness and monitor provision of non-audit services.
- Assess content of the Auditor's independence report in providing both audit and non-audit services, including the Auditor fee structure.
- Review the remit, planned scope of activities, performance and effectiveness of the Internal Audit function.
- Review changes to accounting policies and procedures, decisions of judgement affecting financial reporting and compliance with accounting standards and company law (including FRC recommendations).
- Review risk management/assurance processes and risk management strategy, including the principal risks and internal control findings highlighted by management or internal/external audit.
- Monitor the Group's systems and controls for the prevention of bribery and fraud.
- Review Group whistle-blowing arrangements and procedures.

#### **KEY ACTIVITIES DURING THE YEAR**

- Key areas of accounting judgement considered in detail, including: (i) going concern and viability; (ii) prior period adjustments; (iii) goodwill and the annual impairment review; (iv) consideration of items excluded from adjusted profit; and (v) Group tax rates and provisions.
- Considered the nature and cause of the prior period adjustments identified in the Group Financial Statements (see page 124).
- Performance assessment of the external Auditor and overall audit quality and effectiveness, identifying areas of potential improvement for the audit teams.
- Detailed consideration of findings from the risk/assurance reviews undertaken by the Internal Audit function, including structuring the 2025 programme to align with key Group-level risks.
- Review of the revised requirements of the 2024 Corporate Governance Code, approving minor updates to our internal governance in order to align to the requirements effective for 2025 and considering the impact of the requirements of Provision 29 on the Group, effective for 2026.
- Review of risk management strategy.

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#### **AUDIT. RISK AND INTERNAL CONTROL** CONTINUED





What steps have and will be taken to be ready for the 1 January 2026 implementation of the revised requirements of the UK Corporate Governance Code in respect of material controls?

The revised requirements have a broad, enterprise-wide impact, and our response is sponsored by the CEO and overseen by the Governance and Risk Committee. To determine the optimal approach for TT, we have actively engaged in industry roundtables and discussions while staying abreast of regulatory guidance and thought leadership on the subject. TT already has processes and systems in place to assess risk and monitor internal controls, accordingly these revised requirements present an opportunity to refocus on the most critical risks and rigorously evaluate the effectiveness and efficiency of our material controls.

The Audit Committee considered the root causes, including control deficiencies, associated with the prior year adjustments outlined on page 124 and as a result management are strengthening the local finance team and the control findings and recommendations are being incorporated into our on-going work to improve the effectiveness of our internal controls over financial reporting.

In 2025, we will conduct a comprehensive gap analysis to ensure our material controls sufficiently and appropriately address the Group's principal risks. This analysis will likely highlight opportunities for improvement and simplification. It also provides a chance to assess how effectively our Group functions and regional teams collaborate in addressing the areas of greatest importance to the organisation. Once the baseline of material controls is established, we will assess their effectiveness through an extended self-certification exercise in the second half of 2025.

These actions will position TT to meet the revised requirements by the start of 2026. With clear action plans in place, we will be ready to report on the effectiveness of these controls in the 2026 Annual Report, ensuring compliance and demonstrating our commitment to robust governance.



What steps have been taken during 2024 to ensure the effectiveness of the Company's approach to risk management?

Risk management has had an even greater focus this year in light of the changes in the UK Corporate Governance Code requirements. Our Leadership Conference, the first under Peter's tenure as CEO, was both strategy and risk focused, reinforcing the importance of managing and mitigating risk in order to achieve our strategic objectives. Our risk management strategy was reviewed taking into account the discussions at the conference

The restructuring of the Group to a function-led regional structure has enabled the regional leadership teams to review site risk registers through a refreshed lens, further driving continuous improvement in risk management discussions and considerations at an executive management and Board level.



What steps have and will be taken in response to the revised Global Internal Audit standards?

The Global Internal Audit Standards are principle based and represent an opportunity for Internal Audit to incorporate the latest developments in good practice and drive transformation to increase the value they can provide to their stakeholders. The Head of Internal Audit and Risk has completed a detailed self-assessment of the Internal Audit function against the new standards and an action plan has been developed to address further improvements required to ensure that the Internal Audit function continually moves forwards with best practice. The self-assessment and action plan have been reviewed and agreed by the Audit Committee.

#### PROCEDURAL AND GOVERNANCE MATTERS

Meetings of the Committee are structured on the following basis:

- The CFO, the Group Financial Controller, the Company Secretary and external and internal Auditor representatives attend each Committee meeting, at which they present reports and provide analysis on key areas within the remit of the Committee. At the request of the Committee, other members of the Board (including the Chair and the CEO) also attend for part of the scheduled Committee meetings.
- The Head of Internal Audit and Risk presents on the progress of the internal audit plan (undertaken in conjunction with PwC under the co-sourced partnering arrangement) and provides updates on the Group's risk management framework, to allow members to review principal risks and the effectiveness of risk management processes.
- The Committee meets with the Auditor on a regular basis, without Executives being present. The Committee also has the opportunity to meet with the Internal Audit function on the same basis.

In relation to Governance considerations:

- The Committee Chair, Anne Thorburn, fulfils the Code requirement of at least one member of the Committee having recent and relevant financial experience (as a former CFO of several listed companies and as prior audit committee chair of Diploma PLC).
- The Committee was comprised of three independent NEDs throughout the year, which increased to four NED Committee members from 1 July 2024, when Inken Braunschmidt joined the Committee.
- The Committee recognised that the conclusion of the current audit cycle would coincide with the requirement for Deloitte to rotate its current lead audit partner. As a result, steps were taken to ensure that the audit partner succession process was managed so as minimise disruption to the audit programme (noting the benefits experienced to date from good levels of staff continuity provided by the Deloitte audit team).



In 2025, we will conduct a comprehensive gap analysis to ensure our material controls sufficiently and appropriately address the Group's principal risks."

#### Anne Thorburn

Chair, Audit Committee

#### AUDIT, RISK AND INTERNAL CONTROL CONTINUED

- Following review of the new 2024 Corporate
  Governance Code and FRC's Audit Committees and
  External Audit Minimum Standard, the Terms of
  Reference of the Committee were refined to ensure
  alignment and approved by the Board in November
  2024. The updated Terms of Reference are available
  on the Company website.
- The Committee assessed its performance in 2024 as part of the External Board Review, further details of which are provided on page 74. It was concluded that the Committee had performed satisfactorily in the year and was structured appropriately to provide effective support to the Board.

#### **2024 REVIEW**

The Committee held four scheduled meetings during 2024. A summary of the key financial reporting and judgement issues considered by the Committee in 2024 is set out in the table on page 80.

The key activities for the Committee in 2024 are set out on page 84. The following specific audit matters were considered by the Committee for the reporting period: (i) consideration of items excluded from adjusted profit; (ii) goodwill and the asset impairment review; (iii) Group tax rates and provisioning (with the Committee concluding that, as a result of processes first adopted in 2021, the level of judgemental analysis applied in this area for the current year had been significantly reduced); (iv) the going concern and viability position for the Group (reflecting current year trading, the US PP arrangement and ongoing RCF financing including the covenant relaxation); and (v) considered the nature and cause of the prior period adjustments identified in the Group Financial Statements.

The Committee also assessed the outputs of the internal audit reviews conducted during 2024, which are undertaken: (i) on a site-specific basis (with the target of reviewing each principal TT site at least once every three years, or two years for sites generating revenues in excess of £50 million per annum on a risk assessed basis); and (ii) for targeted functional areas; for 2024 these functional reviews included Contract Management, IT Disaster Recovery, Payroll and

Accounts Payable. The Committee has continued to pay close attention in the past year to the progress made in developing the Group-wide Control Framework programme. Improvements in the Control Framework have been designed to help drive business performance across TT, particularly from the perspective of simplifying the approach to managing key controls, the use of more standardised procedures and prioritisation of the shared service function for activities of a transactional nature.

During 2024, the Governance and Risk Committee continued to conduct a detailed review of possible emerging risks (in consultation with the Internal Audit function), which were not currently addressed in the Group risk register but could have application in the future to an international business operating in TT's sector. The outputs of this analysis were discussed further at both the Board and Audit Committee level, which included a review of the risk appetite of the Group. For further details of the Board's approach to assessing the Group's risk appetite, see page 50 to 55.

#### FAIR, BALANCED AND UNDERSTANDABLE

In accordance with the Code, the Board requested the Committee to advise it on whether it believed the Group's Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategic plan. Procedures are in place to facilitate the appropriate and timely review of the drafts of the Annual Report and specifically to highlight evidence of a fair and balanced representation, which supports input and challenge from all independent NEDs, the external Auditor and other external advisers. On careful review of the Annual Report for the year ended 31 December 2024, and the basis for the statement made by the Board on "Fair, balanced and understandable" on page 102, the Audit Committee recommended to the Board that, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategic plan.

# AUDITOR'S INDEPENDENCE, OBJECTIVITY AND EFFECTIVENESS

The Audit Committee assesses the independence of the Auditor annually to ensure suitable policies and procedures are in place to safeguard the Auditor's independence and objectivity. In 2024 this included reviewing the length of tenure of Deloitte and the lead audit partner, provision of non-audit services and the existence of any conflicts of interest. No concerns were identified with respect to the independence of the external Auditor. In addition, Deloitte has provided a statement to the Committee confirming it remains independent within the meaning of the relevant regulations and in accordance with its professional standards.

The Committee also assessed the quality and effectiveness of the audit programme through engagement with Deloitte, both during Committee meetings and through ongoing dialogue with the lead audit partner. Additionally, management provides an annual report to the Committee evaluating the audit's effectiveness, based on feedback gathered from local site leads and other internal stakeholders via a structured questionnaire. Any issues identified are discussed by the Committee and incorporated into future audit planning.

#### **POLICY OF NON-AUDIT SERVICES**

The Company has an established policy regarding the provision of non-audit services by the external Auditor, which was last refreshed in 2021. This policy provides that non-audit services may be obtained from the most appropriate source, having regard to expertise, availability, knowledge and cost as confirmation that they comply with the whitelist of permitted services as set out in the Revised Ethical standard 2019. Non-audit services where fees are expected to exceed £25.000 should be approved, in advance, by the Chair of the Audit Committee or, in her absence, by another member of the Audit Committee. Any arrangement with the Auditor that includes contingent fee arrangements is not permitted. There is also a restriction that fees for non-audit services will not exceed 50 per cent of the annual audit fee which is



During 2024, the Governance and Risk Committee continued to conduct a detailed review of possible emerging risks (in consultation with the Internal Audit function), which were not currently addressed in the Group risk register but could have application in the future to an international business operating in TT's sector.

#### **AUDIT. RISK AND INTERNAL CONTROL** CONTINUED

more stringent than the FRC imposed cap of 70 per cent of the average audit fees paid for the audit of the parent and its controlled subsidiaries in the last three years. This limit will only be exceeded in unusual circumstances and only with the pre-approval of the Audit Committee. The overriding preference of the Committee is not to engage the Auditor for additional non-assurance services, unless there are compelling reasons to the contrary, such as capability, time or cost.

In 2024, the total fees paid to Deloitte were £2.0 million, including £0.1 million for their review of the Company's interim results, while no other non-audit service fees were paid to Deloitte in the year. Accordingly, during 2024, non-audit service fees paid to Deloitte represented 5 per cent of audit service fees paid to them during the same period.

#### PRIOR YEAR ADJUSTMENTS

#### Prior period accounting errors

During the course of the project to address the Cleveland operational execution challenges the Company identified certain balances held within the trade and other receivables and inventory financial statement line items in respect of the site that could not be substantiated. As a result, the Company commenced an internal investigation over the root cause of these matters, and concluded that they represented material errors as at 31 December 2023 which required prior period restatement. This was confirmed through the year end process and in consultation with our external auditors.

Primarily, these errors related to incorrect judgements associated with complex contracts, certain finance team members being inappropriately skilled, reconciliations not being appropriately performed or reviewed, compounded by staff turnover issues as well as insufficient challenge and review from the divisional finance team. As a result, we are strengthening the local finance team and the control findings and recommendations are being incorporated into our on-going work to improve the effectiveness of our internal controls over financial reporting.

In addition, a further matter of concern was identified in relation to North America. Further investigation was undertaken, under the oversight of the Audit Committee Chair, using resource from Group internal audit and an external forensic specialist. This review confirmed an accounting irregularity in relation to the inappropriate recording of certain costs as a prepaid asset, which whilst not quantitatively material, has also been restated in the 31 December 2023 balance sheet. The Committee noted inappropriate direction from senior finance employees related to this matter.

The impact of the prior period restatements in respect of all matters described above, had the effect of reducing prior year profit before tax by £5.7 million and prior year net assets by £5.0 million. Further disclosure is provided in Note 1.

#### Response to matters identified

As noted above, the Audit Committee has overseen the Company's response into the matters highlighted above. The Committee will closely monitor the Company's progress on the remediation of the control findings above. As the Company looks to comply with Provision 29 of the Revised Combined Code, the level of formalisation of, and adherence to, the Company's control framework will be a key focus through 2025.

# SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

The key areas of judgement and estimation are outlined in the accounting policies on pages 125 to 129. The Committee reviewed reports from management and the external Auditor detailing significant issues related to the 2024 financial statements, as noted on pages 80 to 81. These matters were discussed with management throughout the year and with the external Auditor during key stages: when reviewing and approving the external Auditor's Group audit plan, during the half-year results review in August 2024, and upon completion of the financial statements audit.

The Committee is satisfied that the significant assumptions used in valuing assets and liabilities have been thoroughly examined and appropriately challenged, ensuring their robustness. Management has confirmed to the Committee that there are no material uncorrected misstatements or intentionally made immaterial misstatements designed to achieve a specific presentation. The Committee also confirms its satisfaction with the external Auditor's diligence and application of professional scepticism.

After reviewing management's presentations and reports and consulting with the Auditor where necessary, the Audit Committee concludes that the financial statements adequately address critical judgements and key estimates, both in terms of reported amounts and related disclosures.



#### **AUDIT, RISK AND INTERNAL CONTROL** CONTINUED

#### SIGNIFICANT ISSUES

#### **SIGNIFICANT ISSUE**

#### Going concern and viability (see note 1d)

The Committee considered the outcome of management's reviews of current and forecast net debt positions and the various financing facilities and options available to the Group, including the risk and potential impact of unforeseen events. In addition, this considered the covenant arrangements associated with the borrowings of the Group.

#### Prior period adjustments

The Group has identified a number of prior period adjustments impacting the Group Financial statements.

## Goodwill and asset impairment review (see notes 13 and 14)

CGUs to which goodwill has been allocated are tested for impairment annually and assets are reviewed for impairment, when triggers for review have been identified. The Committee has reviewed management's computation of the present value of future cash flows over a five-year plan and the assumed longer-term growth rate.

The review identified that an impairment was required with respect to the goodwill in relation to the North America group of CGUs.

Furthermore, an impairment was identified with respect to one site in the North America region.

#### Adjusted profit (see note 7)

The Group reports non-trading income or expenditure outside of adjusted profit when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of its financial position.

#### **COMMITTEE ACTIONS/WORK UNDERTAKEN**

The Committee reviewed the going concern and viability assessment based upon the 2025 budget and the strategic plan to 2027. The Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate.

The Auditor explained to the Committee the work they had conducted and the results of their audit procedures on going concern and viability. This included consideration of the US PP and RCF facilities, taking into account the covenant relaxation obtained by the Group in 2024.

The Committee considered recent developments in relation to tariffs and the macroeconomic environment and concluded this created a material uncertainty as to going concern.

The Committee considered the nature and cause of the prior period adjustments, further details of which are set out in note 1 to the financial statements. This work included having oversight of management's process to determine the nature and cause of these adjustments and the control deficiencies identified and discussed with the external auditors. The Committee considered the quantum of each of the adjustments relative to materiality and considered the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", concluding the adjustments relate to material matters which has required retrospective restatement of the Group Financial Statements.

The Auditor explained to the Committee the extent of the work they had performed in respect of these adjustments and how they had determined that the accounting as a prior period restatement was appropriate in accordance with IAS 8.

The Committee is satisfied that the disclosures in note 1 explain the reason for the adjustments and the impact on previously reported profit and net assets. The control findings and recommendations are being incorporated into our on-going work to improve the effectiveness of our internal controls over financial reporting.

The Committee reviewed management's conclusion that an impairment charge for goodwill was required for 2024 with respect to the North American group of CGUs. The Committee noted the basis of preparation for the forecast cash flows included in the five-year plan, challenging management's assumptions and concurring with them. In addition, the Committee considered the impairment of the one site in the North America region, prepared on the same basis as the goodwill test, and concurred with management's conclusion.

The Auditor explained to the Committee the work they had conducted during the year, including their work on the reallocation of goodwill as required following the Group's regional restructure and the assessment of goodwill and asset carrying values for impairment. In particular, the Auditor challenged management's growth assumptions through meetings with management, comparison to external data and the use of valuation specialists.

The Committee challenged the items that were excluded from adjusted profit and were satisfied that these were (i) in accordance with the Group's disclosed accounting policy; (ii) were not subject to undue prominence; and (iii) gave a true and fair view of the Group's underlying financial position.

The Auditor explained to the Committee the work they had conducted and the results of their audit procedures on significant items recorded outside adjusted profit. This work included consideration of external FRC and ESMA guidance, measurement and sample testing of the balances, and the appropriateness of their classification.

#### **AUDIT, RISK AND INTERNAL CONTROL** CONTINUED

#### SIGNIFICANT ISSUES

#### **SIGNIFICANT ISSUE**

#### Provisions - Taxation (see note 8)

Current tax provisions held in respect of tax risks are included within current tax liabilities depending on the underlying circumstances of the provision.

#### **COMMITTEE ACTIONS/WORK UNDERTAKEN**

Management confirmed to the Committee that the provisions recorded at 31 December 2024 represent its best estimate of the potential financial exposure faced by the Group. The Committee reviewed each significant provision and challenged the basis of management's judgement and concurred with the estimates. This included challenging and confirming the continued appropriateness of policy decisions made in prior years.

The Auditor explained to the Committee the work they had conducted during the year, including how their audit procedures were focused on those provisions with the highest level of judgement on recognition criteria and/or measurement. In addition, the Auditor inquired into correspondence with local tax authorities and was satisfied that no matters had been identified.

#### **COMMITTEE ACTIVITIES IN 2024**

#### **FINANCIAL REPORTING**

- Monitored and reviewed the Group's financial statements and results announcements.
- Reviewed significant financial reporting and accounting issues.
- Reviewed going concern and viability statements, including appropriate sensitivity analysis.
- Reviewed the fair, balanced and understandable process for the financial reports.
- Reviewed and discussed 2024 H1 and year-end accounting issues.

#### INTERNAL AUDIT AND RISK AND ASSURANCE

- Reviewed the internal audit programme of work and resource and received a report at each meeting on progress and any changes to the plan.
- Reviewed and approved the 2025 Internal Audit plan.
- Conducted the annual review of the Group's internal audit function.
- Monitored progress on the Controls Framework.
- Ongoing monitoring of the Group's internal controls environment throughout the year, including risk management strategy. For further detail on risk refer to the "Risk management" section on pages 50 to 55.
- Reviewed reports on the control deficiencies identified in relation to the prior period adjustments and considered the adequacy of management's response to identified deficiencies and mitigation actions taken, as well as the implementation of longer term control improvements.
- Conducted annual review of systems and controls for the prevention of bribery and fraud.
- Monitored and reviewed self-assessment of compliance with revised Global Internal Audit standards.

#### **GOVERNANCE**

- Monitored and reviewed implementation of the revised requirements of the UK Corporate Governance Code in respect of material controls.
- Reviewed Terms of Reference.
- Received and considered whistle-blowing matters reported through the Group's multi-lingual, anonymous ethics and integrity portal.
- Undertook an evaluation on the effectiveness of the Committee.

#### **EXTERNAL AUDIT**

- Discussed and approved the external audit plan and audit fee.
- Reviewed external Auditor planned activity.
- Reviewed and confirmed both the independence of the external Auditor as part of the 2024 review, and non-audit fees.
- Assessed the quality and effectiveness of the audit programme, including the performance of the Auditor relative to prior year.
- Reviewed compliance with FRC guidance on minimum audit standards.

#### **Anne Thorburn**

Chair, Audit Committee 9 April 2025

# REMUNERATION COMMITTEE **REPORT**

### **MEMBERSHIP**

Alison Wood (Chair)

Warren Tucker

Michael Ord

Anne Thorburn

Inken Braunschmidt (appointed 1 July 2024)

#### PRINCIPAL RESPONSIBILITIES

- Determine the Remuneration Policy for Directors for shareholder approval at least every three years.
- Determine remuneration packages and terms and conditions of employment for the Executive Directors, senior managers and the Chair of the Board.
- Approve the design, performance measures, targets and outturns of incentive schemes for the Executive Directors and senior managers.
- Set the Remuneration Policy within the wider context of remuneration trends across the workforce.
- Produce an annual report of the implementation of the Directors' Remuneration Policy in respect of the last financial year and for the current year.

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- We continued to support our employees and further develop our employment proposition, especially amongst our lowest earners (who have been most impacted by the increased cost of living) with higher salary increases in 2024.
- We considered the 2024 remuneration outcomes to ensure they remain fair. appropriate, and in line with our remuneration principles and Company performance. This included mutually agreeing with the Executive Directors that there should be no STIP award for 2024.
- In the context of the revised results for 2023, we recalculated the outcomes of the 2023 STIP and the 2021 LTIP vesting and have taken actions to ensure appropriate restitution.
- In November 2024, Mark Hoad announced his intention to retire as Chief Financial Officer ("CFO"); Mark will step down from the Board following the announcement of the full-year results.
- In January 2025 we announced the appointment of Eric Lakin as CFO Designate, pending his appointment to the Board following the announcement of the full-year results.
- We considered the remuneration arrangements for 2025 and concluded that they remain fit for purpose.

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Alison Wood, Chair, Remuneration Committee



How has business performance impacted 2024 incentive outcomes?

Business performance across the Group has been mixed in 2024 with a strong performance in Europe and Asia, and strong revenue growth in our Aerospace & Defence end market; continued demand weakness in the component market has impacted the North America region, as has operational efficiency issues at two sites. At the Group level, profit performance was in line with the guidance in the September trading update and the downward revision to trading expectations. Free cash flow was in line with expectations.

In light of the overall financial performance and stakeholder experience, the Executive Directors and the Committee mutually concluded that no bonus should be paid to the Executive Directors or the TT Management Board ("TMB") under the 2024 Short-term incentive plan ("STIP"). Additionally, the Long-term incentive plan ("LTIP") performance periods that ended during the year, did not meet the threshold performance targets and lapsed in full.

The Executive Directors did not receive any variable performance-related pay for 2024 and only received their fixed pay.

Across the wider workforce, variable pay outcomes were varied, reflecting individual site performance, although they were reduced by the Group's financial performance.



How has the Committee approached target setting for 2025 incentives?

As a Committee our role includes encouraging enhanced performance and rewarding contribution to the Group's return to sustainable year-on-year profit growth and the required improvement in North America. Following on from a challenging year in 2024 with no variable pay outcomes and low forecast LTIP vestings, this year a major consideration is how to set motivational yet stretching performance targets for the Executive team. These remain under discussion as the Committee assesses the current economic uncertainty, the volatility in share prices and the ongoing operational challenges in the business. The 2025 STIP targets will be disclosed in next year's report and we will publish the 2025 LTIP targets by no later than the AGM



Eric Lakin joined as CFO Designate in January 2025 following the announcement of Mark Hoad's intended retirement; how did the Committee approach the CFO transition?

In November 2024, Mark Hoad informed the Board of his intention to retire as CFO. In attracting a successor, the Committee's focus was to ensure that the remuneration arrangements were appropriate to attract high calibre individuals who were able to demonstrate a track record of, or demonstrate the potential to, lead and develop the Group. The Committee was delighted to attract a candidate of Eric Lakin's calibre; Eric's remuneration package is in line with the existing Remuneration Policy.

Mark will complete ten years of service to TT before he retires, over which he has overseen a period of significant transformation of the Group and successfully led both the buy out of the pension and the refinancing of the Group. The treatment of Mark's remuneration will be in line with the Remuneration Policy and typical market practice in respect to retirement.



In the context of the revised results for 2023, how has the Committee approached the historic overpayment of incentives?

The Committee has recalculated the outcomes of the 2023 STIP and the 2021 LTIP vesting to reflect the revised results. This clearly shows that the payouts based on the revised results would have been lower than those actually awarded at the time.

In determining an appropriate level of restitution, the Committee considered both the materiality of the adjustment and the causes. The Committee concluded that a proportional partial restitution was appropriate and has exercised its discretion and applied the malus provision in the Deferred Share Bonus Plan to reduce the number of shares under award.

The Committee concluded that the impact to Executive Director remuneration of no bonuses awarded in 2024 and the application of malus, which considerably exceeds the formulaic overpayment, was an appropriate outcome in respect to the revised results for 2023 and the wider stakeholder experience in 2024.



2024 has been a year of managing remuneration against a challenging backdrop. Ensuring that remuneration outcomes are aligned with shareholder interests have been at the forefront of our considerations with the Committee deciding to both not pay a bonus under the 2024 STIP and exercising clawback."

#### **Alison Wood**

Chair, Remuneration Committee

#### **ANNUAL STATEMENT**

On behalf of the Remuneration Committee ("the Committee"), I am pleased to present the Directors' Remuneration report for the financial year ended 31 December 2024 which will be put to an advisory vote at the AGM on 8 May 2025.

The past year has been challenging for the Group and this is reflected in the variable, performance-related pay outcomes for the Executive Directors. This report is designed to demonstrate the link between the Group's strategy, its performance and the remuneration outcomes for our Executive Directors.

#### **CONTEXT FOR EXECUTIVE REMUNERATION**

Our approach to remuneration is driven by the need to attract, retain and motivate the right calibre of talent to deliver long-term sustainable growth and stakeholder value. TT is a diverse, complex, multinational company competing for talent with global peers in tight labour markets.

Our remuneration principles (pay for performance, strategic progress and the delivery of sustainable value to shareholders), combined with our strong organisational culture, underpinned by our TT Way behaviours, define how decisions are made, how people act and how we assess and reward them.

The majority of the Executive Directors' remuneration opportunity is made up of variable, performance-related pay, which is linked to stretching financial, strategic, cultural and ESG targets, and is proportionately delivered in shares to strengthen stakeholder alignment.

The year was challenging for the Group and its stakeholders; continued demand weakness in the components market during the year resulted in workforce reductions, and operational efficiency issues at two North American sites have impacted revenue and profitability.

Whilst the adjusted profit before tax outturn for the year was in line with the revised guidance in the September trading update and the reduction to trading expectations, the share price has fallen by 32 per cent

over 2024. Free cash flow, however, was strong resulting in a net debt reduction and leverage of 1.8x, within our 1-2x target range.

In light of this context and our pay for performance principle, the outcomes of the variable pay plans were reflective of the Group's performance in 2024.

#### **2024 INCENTIVE ARRANGEMENTS**

A summary of the approach to variable remuneration was as follows:

- STIP: A maximum opportunity of up to 150 per cent of base salary for the Executive Directors. The STIP was based on profit before tax (up to 70 per cent of salary), free cash flow (up to 35 per cent of salary), ESG (up to 15 per cent of salary) and strategic objectives (up to 30 per cent of salary).
- LTIP: Awards were granted to the Executive Directors in March 2024 at 150 per cent of base salary. Further details of the awards are set out in the Annual Report on Remuneration

#### 2024 STIP outturn

Following a review of performance against the STIP performance targets, no annual bonuses were awarded to the Executive Directors in respect to the year ended 31 December 2024. Whilst free cash flow performance was between the threshold and maximum performance targets and would have resulted in a payout alongside payments for progress made on ESG and the strategic objectives, profit before tax was significantly below the threshold target. In light of the overall financial performance and stakeholder experience, the Executive Directors and the Committee mutually concluded that no bonuses should be paid to the Executive Directors or the TMB for the year ended 31 December 2024.

## Application of malus for revised 2023 results and discretion

As discussed in the CEO report, the reported operating profit for 2023 has been retrospectively adjusted by  $\pounds(5.7)$  million. This principally related to our Cleveland site where, as part of our project to address Cleveland operational execution challenges, we identified issues in relation to the recoverability of certain assets recognised in prior periods. There were no changes to operating cashflows.

The Committee has recalculated the outcomes of the 2023 STIP and the 2021 LTIP vesting to reflect the revised results. This clearly shows that the payouts based on the revised results would have been lower than those actually awarded at the time.

In determining an appropriate level of restitution, the Committee considered both the materiality of the adjustment and the causes. The Committee concluded that a proportional partial restitution was appropriate and has exercised its discretion and applied the malus provision in the Deferred Share Bonus Plan to reduce the number of shares under award.

The Committee concluded that the impact to Executive Director remuneration of no bonuses awarded in 2024 and the application of malus, both of which considerably exceeds the formulaic overpayment, was an appropriate outcome in respect to the revised results for 2023 and the wider stakeholder experience in 2024.

#### 2024 LTIP outturns

The 2021 LTIP award to Mark Hoad vested in March 2024 prior to the identification of the issues resulting in the revised results for 2023, and vested at a level higher than that based on the revised results. Vesting was based on two equally weighted performance measures, absolute adjusted Earnings Per Share ("EPS") and relative total shareholder return ("TSR") performance up to the date of vesting. As reported last year, the EPS component vested at a level between the threshold and maximum. TSR performance over the period to the vesting date was below the threshold performance target and this part of the award lapsed in full.

The 2022 LTIP award granted to Mark Hoad is due to vest following the 2024 full year results announcement based on two equally weighted performance measures, absolute adjusted EPS and relative TSR performance up to the third anniversary of the date of grant. In line with the downward revision to trading expectation, EPS performance did not meet the threshold performance target and this part of the award lapsed in full. TSR performance concluded in March 2025 at a level below the median threshold performance target and this part of the award also lapsed in full.



Further details on the Group's financial performance are provided on page 18

#### **CHANGES TO THE BOARD**

During the year, we announced several further changes to the Board. In November we announced the intended retirement of Mark Hoad from the role of Chief Financial Officer during 2025. In January 2025 we were delighted to appoint Eric Lakin as CFO Designate. Eric is a highly experienced CFO with a proven track record in engineering and industrial sectors. Eric will be appointed CFO and join the Board following the announcement of the full-year results. On this date Mark Hoad will step down as CFO and from the Board. Mark will remain employed by TT until 30 September 2025 to ensure an orderly transition.

The remuneration arrangements for the outgoing and incoming Directors are in line with both the Remuneration Policy approved by shareholders and good governance practice.

Eric's remuneration package (which is broadly equal to that of Mark Hoad and represents the necessary levels to recruit a high calibre, experienced candidate who is able to lead a company of our scale and complexity) is as follows:

- Base salary: £400.000 per annum
- Benefits: In line with the shareholder approved Policy
- Pension: Workforce aligned pension contribution
- STIP: 150 per cent of salary
- LTIP: 150 per cent of salary

As noted, Mark Hoad will not receive any variable pay in respect to 2024, his DSBP awards will be reduced for the 2023 revised results and he will not receive an LTIP grant in 2025. In line with the Remuneration Policy and typical market practice in respect to Mark Hoad's retirement, it is intended that Mark will: (i) continue to receive salary, benefits and pension up to his exit date, (ii) remain eligible to receive an STIP award in respect of the 2025 financial year, payable at the normal payment date subject to performance testing and time pro-rating, (iii) retain his awards under the DSBP, less those lapsed following the application of malus in respect to the 2023 revised results, which will vest on the normal vesting dates, and (iv) retain his awards under the LTIP which will vest on the normal vesting

dates subject to performance testing and time pro-rating. Post cessation, Mark will remain subject to the post-employment shareholding requirement in line with our Policy. Further detail is set out in the Annual Report on Remuneration.

In respect of the NEDs, we announced that Inken Braunschmidt joined the Board as NED in July 2024. Inken will take over as Chair of the Remuneration Committee at the 2025 AGM when I will step down from the Board. Inken brings a wealth of experience, being an experienced Remuneration Committee Chair at James Fisher and Sons plc.

#### **IMPLEMENTATION FOR 2025**

A review of base salaries will take place during the first half of 2025. Any increase awarded is anticipated to be effective from 1 July 2025 and will be set at a level below the average UK workforce percentage increase. Eric Lakin is not eligible for a 2025 base salary review. A review of fees for the Chair and the NED's will occur at the same time and on the same basis.

The STIP opportunity for the year will remain at 150 per cent of salary for the Executive Directors. The performance measures will continue to be based on profit before tax (46.7 per cent), free cash flow (23.3 per cent), ESG (10 per cent) and strategic objectives (20 per cent). In accordance with the Policy, 30 per cent of any award payable will be deferred into shares with a two-year holding period.

LTIP awards of up to 150 per cent of salary are expected to be granted to Peter France and Eric Lakin. The measures for the 2025 grants are expected to remain: EPS (50 per cent), cash conversion (25 per cent) and TSR (25 per cent). Cash conversion will require a range of 80 to 95 per cent. TSR will be measured relative to companies comprising the FTSE SmallCap index excluding Investment Trusts, requiring median performance for threshold vesting and upper quartile performance for maximum vesting. The EPS target range, and the number of shares under award, will be agreed in advance of the grant date and the target range and award levels will be disclosed in the RNS issued following the grant.

In setting the performance targets for 2025, the Committee is mindful of the underlying performance of the business, internal and external forecasts, the stakeholder experience and the need to meaningfully motivate the new management team over the duration of each incentive. The Committee also notes the outturns of the 2024 incentives and the forecast levels of vesting under previous LTIP grants.

In line with good practice, the Committee retains discretion to adjust future formulaic vesting outcomes to ensure they reflect underlying business performance and shareholder interests.

# BROADER EMPLOYEE REMUNERATION CONSIDERATIONS

The Committee actively reviews and considers wider workforce pay when determining Executive Director remuneration. During 2024, we were pleased to see higher base pay increases for the majority of UK employees with salaries increasing by 5.5 per cent on average.

A core component of our approach to remuneration is variable performance-related pay. Business performance across the Group has been mixed in 2024 and performance across the sites has varied considerably. The alignment of incentive schemes and the choice of performance measures, combined with stretching performance targets, means that incentive outcomes closely follow the performance of each site, appropriately reflecting the impact of each role. Incentive outcomes: (i) have been reduced by the Group's financial performance, and (ii) are reflective of individual site performance.

Our people are a key differentiating factor of our competitive advantage and are fundamental to delivering sustainable future performance and growth. In addition to updates from the Company, the Committee independently receives updates and insights from multiple sources, such as via check-ins between Committee members and key role holders, and from NED site visits, which allow for open and frank dialogue directed by feedback and priority areas from our employees.



Further details on the alignment of wider workforce remuneration are provided on page 90

During the year, we started to assess the Group's remuneration arrangements to ensure the arrangements continue to be remain "fit for purpose" to unlock the potential of the Group and to drive the appropriate behaviours which are underpinned by our TT Way values. We have agreed a long-term direction of travel for workforce remuneration with wider participation in our discretionary share schemes to drive greater alignment to our Group priorities and improve retention. We will shortly commence preliminary discussions on any implications for the future Remuneration Policy.

# MALUS (WITHHOLDING), CLAWBACK (RECOVERY) AND DISCRETION

As demonstrated by our actions described above, the Committee takes a firm approach to malus and clawback. Malus and clawback events include material misstatement, misconduct of the participant, vesting/payments based on erroneous or misleading data, serious reputational damage or corporate failure.

The Committee may enact clawback up to three years from the vesting of share awards under the LTIP and the Deferred Share Bonus Plan ("DSBP"). Clawback on the cash-based element of the STIP may be enacted up to two years after payment. In the event that clawback is enacted, the Committee has the discretion to require repayment or to reduce any unvested or unpaid award made under any discretionary Share Scheme or the STIP. In addition, if a participant in the DSBP is subject to investigation then the vesting of their award may be delayed until the outcome of that investigation.

As a Committee, we are willing to exercise judgement and discretion when determining remuneration outcomes for the Executive Directors

Before agreeing remuneration outcomes we reflect on whether the Company's overall performance and stakeholder experience are appropriately represented by the financial and non-financial performance measures we have set. We also reflect on the demonstration of leadership qualities, living our values and feedback from our major shareholders where relevant.

As we have done this year, where malus, clawback or discretion is exercised, the rationale for this discretion will be disclosed to stakeholders in the relevant Annual Report.

#### CONCLUSION

2024 has been a challenging year. The Committee has carefully considered the retrospective revision to 2023 results, remuneration outcomes for 2024 and the operation of the Policy for the year ahead, to ensure the stabilisation of the Company, stakeholder alignment and a return to the delivery of sustainable year-on-year progress.

We have carefully managed the remuneration aspects relating to the CFO transition and have ensured that we have agreed an appropriate remuneration package to secure a candidate of Eric's calibre.

This is my final report as Committee Chair, it has been a pleasure as both a NED and as the Remuneration Committee Chair to oversee a period of significant business transformation over the last nine years. In 2025, a review of the Remuneration Policy will be undertaken and Inken's fresh perspective will be pivotal in leading the evolution of executive remuneration to drive the next phase of the business strategy.

#### **Alison Wood**

Chair, Remuneration Committee 9 April 2025

#### 2024 EXECUTIVE REMUNERATION

# AT A GLANCE

To reinforce our philosophy, the majority of the Executive Directors' remuneration package is made up of variable at-risk pay, linked to stretching performance targets that align with our strategy, the financial performance of the Group and the creation of sustainable shareholder value.

#### CONTEXT FOR REMUNERATION

#### Creating value

- Leverage our assets and differentiators
- Maintain strong capital discipline
- Grow our exposure to long-term growth markets
- Deliver sustainable stakeholder value

#### Our TT Way values





We do the right thing

We champion expertise





We bring out the best in each other

We get the job done... well



We achieve more together

#### Our remuneration principles

- Performance-related
- Strategic alignment
- Alignment with stakeholders
- Transparency and culture
- Competitive

#### **IMPLEMENTATION OF REMUNERATION POLICY IN 2024**

Base salary

Peter France, CEO f550.000

Mark Hoad, CFO f403.632

Short-term incentive plan ("STIP") Total STIP payment (% of maximum)

Peter France, CEO

0%

Mark Hoad, CFO

0%

Performance measures	Weighting	Threshold	Outturn	Maximum	Achievement (% of max)
Adjusted PBT	46.7%	£41.1m	£27.7m	£49.9m	0%
Free cash flow	23.3%	£17.9m	£28.8m	£32.2m	55.3%
ESG, Scope 1&2 carbon					
intensity	10%	2% reduction	14%	5% reduction	100%
Strategic objectives	20%	Targets base	ed on a range of objectives.		

#### Long-term incentive plan ("LTIP")

Total LTIP payment (% of maximum)

Peter France, CEO

N/A

Mark Hoad, CFO

0%

Performance measures	Weighting	Threshold	Outturn	Maximum	Achievement (% of max)
Total shareholder return <sup>1</sup>	50%	Median rank	Below median	Upper quartile rank	0%
EPS growth <sup>2</sup>	50%	5% CAGR	(8.3)% CAGR	12% CAGR	0%

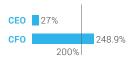
- 1 2021 LTIP grant is based on 50% TSR and 50% EPS. The EPS performance condition concluded in 2023 and was previously disclosed in the 2023 single figure of remuneration, the TSR performance condition concluded in 2024 and is included in the 2024 single figure of remuneration
- 2 2022 LTIP grant is based on 50% TSR and 50% EPS. The EPS performance condition concluded in 2024 and is included in the 2024 single figure of remuneration, the TSR performance condition concludes in 2025 and will be disclosed in the 2025 single figure of remuneration.



#### Alignment with stakeholders

#### Share ownership requirement

200% of salary. Values are before the application of malus.



#### Short-term incentive

Awards subject to a 30% deferral into shares with a two-year vesting period.

#### Long-term incentive

Delivered in shares and subject to a three-year vesting period and a two-year holding period

#### Workforce alignment

Executive remuneration set in the context of wider workforce remuneration.

Remuneration principles flow through the Group to ensure alignment.

#### Post-employment share ownership

Shares to the value of 100% of salary to be held until two years after cessation of employment.

Read more about the Group's financial performance on page 18

The Executive Directors did not receive a bonus under the 2024 STIP. Read more about the 2024 STIP outcome from page 91

Read more about the LTIP outcomes on page 93

Read more about single figure of remuneration



#### STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2025

The tables set out a summary of how the Directors' Remuneration Policy will be applied during the year ending 31 December 2025.

The Committee is of the view that the current remuneration framework remains fit for purpose. There are no material changes to the implementation of the Policy from 2024 and no changes to the Policy are proposed. The Remuneration Policy was last approved by shareholders in 2023 and will be subject to shareholder approval at the 2026 AGM. The Committee will undertake a full review of the Remuneration Policy during 2025.

In setting the performance targets for 2025, the Committee is mindful of the underlying performance of the business, internal and external forecasts, the stakeholder experience and the need to meaningfully motivate the new management team over the duration of each incentive. The Committee also notes the outturns of the 2024 incentives and the forecast levels of vesting under previous LTIP grants.

As described in the Committee Chair's Statement, it is intended that the CEO and CFO Designate will receive LTIP grants of 150 per cent of salary. Final awards will be confirmed at the date of grant and will be fully disclosed in an RNS. In line with good practice, the Committee retains discretion to adjust future formulaic vesting outcomes to ensure they reflect underlying business performance and shareholder interests.

Following the announcement of Mark Hoad's planned retirement, he will not receive an LTIP grant in 2025 and will remain eligible for the 2025 STIP on a time pro-rata basis.

In the STIP, ESG performance will continue to be focused on quantitative reductions of our Scope 1 & 2 carbon intensity; strategic objectives will focus on unlocking the value in the business, delivery of major projects, disciplined execution, and HSE.

A review of base salaries will take place during the first half of 2025. Any increase awarded is anticipated to be effective from 1 July 2025 and will be set at a level below the average UK workforce percentage increase. Eric Lakin is not eligible for a 2025 base salary review.

#### Base salary

# Peter France, CEO f550 0001

1 Base salaries will be reviewed during the first half of the year. Any increased is anticipated to be effective 1 July 2025 and any increases will be set at a level below the average UK workforce percentage increase. Eric Lakin is not eligible for a 2025 salary review.

#### Pension

#### 7%

of base salary

#### Short-term incentive plan ("STIP")

# Target 75%

of base salary

Maximum 150% of base salary

Performance measure	Weighting
Adjusted profit before tax <sup>1</sup>	46.7%
Free cash flow 1	23.3%
ESG <sup>2</sup>	10%
Strategic objectives <sup>2</sup>	20%

- 30% of STIP award deferred into shares for two years.
- Specific targets are considered to be commercially sensitive and will be disclosed retrospectively.
- 1 Financial measures are measured using constant budget exchange rates.
- 2 To the extent that the threshold performance target for neither financial performance measure is attained, the Committee will consider, if appropriate, a reduction to the outcomes payable in respect to ESG and/or strategic objectives, up to and including a reduction to zero.

#### Benefits

f400 0001

Eric Lakin, CFO designate

Benefits package consisting of healthcare, insurance benefits and car benefit.

#### Long-term incentive plan ("LTIP")

#### Maximum

Up to 150%1

of base salary, CEO & CFO Designate

Performance measure	Weighting	Threshold	Maximum (full vesting)
Adjusted EPS growth <sup>2</sup>	50%	TBC%	TBC%
Average cash conversion	25%	80%	95%
Relative TSR performance 3	25%	Median	Upper quartile

- Awards expected to be granted in April 2025, as outlined above, with performance conditions over the three-year financial period.
- Two-year post-vesting holding period applies.
- 1 Grant levels are intended to be in line with the 2023 and 2024 awards. The grant to the CFO Designate is in line with the terms of his appointment. Actual grants will be reviewed on the date of grant.
- 2 Adjusted EPS targets are expected to be set as a compound annual growth rate on a constant currency basis. The targets will be agreed prior to the 2025 grant date and disclosed in the RNS issued post grant.
- 3 TSR comparator group is the FTSE SmallCap, excluding Investment Trusts.

#### Performance measures and link to strategy

#### Performance measures in our STIP for 2025

Adjusted profit before tax	Strong operational execution, encompassing our strategic priorities of strategic business development and operational excellence
Free cash flow	Essential to capital reinvestment to fund technology investment and R&D, reduce leverage and take advantage of market opportunities such as targeted and complementary M&A
ESG	Integration of ESG, doing the right thing with regard to the environment and our stakeholders, ensuring a sustainable business for the future
Strategic	Progress of the Group's strategy to deliver

#### Performance measures in our LTIP for 2025

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Adjusted EPS growth	Sustainable growth in the Group's profitability per share over three years
Average cash conversion	Long-term operational cash flow efficiency over three years, supporting cash generation for capital reinvestment
Relative TSR performance	Aligns executive reward to the shareholder experience. Compares the Group's share price and dividend performance relative to a peer group over three years

#### SHAREHOLDING REQUIREMENTS

Executive Directors are required to build and maintain a minimum shareholding in employment equivalent to 200% of basic salary. Post cessation of employment, Executive Directors are required to maintain for two years a shareholding of half this requirement, or maintain their actual holding if lower.

#### REMUNERATION POLICY OVERVIEW

Remuneration objectives and key principles

The Remuneration Policy supports and rewards the achievement of the Group's strategy to deliver profitable and sustainable growth over the short and longer term. This is driven and evaluated by how the Group performs against a variety of strategically aligned KPIs, both financial and non-financial. Our Directors' Remuneration Policy was last approved by shareholders at the AGM on 9 May 2023. A summary of the Policy is shown below.

#### **Executive Director remuneration for 2025**

Element		Policy maximum	2025	2026	2027	2028	2029
Fixed Pay	Salary	Market competitive. Increases set with reference to the wider workforce.	Salary paid.				
	Benefits	Market competitive.	Benefits paid.				
	Pension	Aligned to those available to majority of local workforce.	Pension provision paid.				
Variable Pay	Short-term incentive plan	CEO/CFO 150% of salary. 70% cash and 30% in deferred shares.	Annual performance conditions apply. Majority weighting on Group financial	Cash element paid (70% of incentive).			
			targets, minority to ESG performance and strategic objectives.	Two-year share deferral (30% of incentive).			
	Long-term incentive plan	CEO/CFO 150% of salary. Two-year holding period.		ty of financial and/or shareholder nd/or ESG measures over a three- e period.		Two-year hold	ing period.
Governance	Malus (withholding) and clawback	All incentives.	Malus and clawback: r damage, error in calcu			uct, serious repu	tational
	(recovery)		Committee discretion: ability to exercise discretion a to formulaic outcomes.		se discretion and	d make adjustm	ents
	Share ownership requirement	200% of salary.	Executive Directors red	quired to build a	nd maintain the	share ownership	requirement.
	Post-employment share ownership	100% of salary.	Holding requirement fo	or shares until tv	vo years after ce	essation of empl	oyment.

Read the full Remuneration Policy in the 2022 Annual Report and Accounts on pages 112 - 121

#### ALIGNMENT WITH THE UK CORPORATE GOVERNANCE CODE

The table below details how the Committee addresses the factors set out in Provision 40 of the Code, which align with our principles and Executive Director remuneration framework.

#### Clarity

#### We provide open and transparent disclosures of our Executive Directors' remuneration arrangements.

 We welcome stakeholder engagement and are committed to undertaking stakeholder consultation when considering changes to our Remuneration Policy.

#### **Simplicity**

- We are mindful to avoid overly complex remuneration structures.
- We aim to ensure that remuneration arrangements for our Executive Directors and the wider workforce are as simple as possible to drive understanding and engagement.
- We take the time to engage with participants and wider stakeholders.

#### **Predictability**

#### The Remuneration Policy details the maximum opportunity levels for each component of pay.

 Actual incentive outcomes vary depending on the level of performance achieved against specific measures.

#### Proportionality, risk and alignment to culture

- The Committee undertakes an annual review of risks.
   Identified risks are considered with appropriate mitigation strategies or tolerance levels agreed.
- The metrics used to measure performance in our incentive plans drive behaviours that are consistent with the business strategy and our TT Way values.
- performance achieved against specific measures.

   The incentive structures and balance of fixed to variable pay do not encourage inappropriate risk taking. They are subject to the achievement of stretching performance targets and the Committee has the ability to apply discretion to override formulaic outcomes.
  - Our approach to decision-making ensures pay outcomes are fair, proportionate and do not reward poor performance.
  - Formulaic incentive outcomes can be adjusted and are assessed to ensure they reflect underlying business performance and stakeholder interests.
  - Clawback and malus provisions are in place across all incentive plans and are clearly communicated.
  - Annual short-term incentive deferral, LTIP holding periods and our shareholding requirements provide a clear link to the ongoing performance of the business and are therefore aligned with shareholder interests.

#### **ALIGNMENT WITH THE WIDER WORKFORCE**

The Committee considers a range of factors when deciding upon the remuneration for Executive Directors, one of which is the alignment and cascade of reward programmes down the organisation. In implementing the current Policy, the Committee took the opportunity to ensure that changes to performance metrics in Executive Director incentives appropriately cascaded down the organisation. In addition, the Company regularly engages with employees on the alignment of reward practices and provides opportunity to give feedback to the Committee. Two sessions were conducted during 2024; feedback focused on overall alignment and the inclusion of ESG in the short-term incentives, feedback was considered as part of improvements to 2025 incentive design.

The following summarises the alignment of remuneration for the wider workforce during 2024. The detail of retirement and benefits are specific to each location and are shown for the UK.

	All employees	Executive Directors
Salary	<ul> <li>Pay increase recommended by site and division</li> <li>Reviewed and approved by head office (UK average 5.5% in 2024)</li> </ul>	<ul> <li>Pay rise % below that of wider employee pay increases (0% to CEO and 3% to CFO in 2024)</li> </ul>
Short-term incentive	<ul> <li>All employees are eligible for a bonus</li> <li>Site incentive targets: customer delivery, productivity, quality, HSE</li> <li>Leadership and senior managers: targets cascade from Executive Director design</li> </ul>	<ul> <li>Max 150%, on-target 75%</li> <li>Performance conditions: profit, cash flow, ESG, strategic delivery</li> </ul>
Deferred share bonus plan	- Not applicable	- 30% of short-term incentive deferred for two years
Long-term incentive	– Leadership team, three-year period, no holding period	<ul> <li>Max 150% of salary</li> <li>Three years, two-year holding period</li> <li>Performance conditions: EPS, TSR, cash conversion</li> </ul>
Retirement	– Up to 7% of salary contribution	- 7% of salary contribution
Other benefits	<ul><li>Life cover</li><li>Healthcare</li><li>ShareSave</li><li>Car allowance (Sales and senior leadership)</li></ul>	<ul><li>Life cover</li><li>Healthcare</li><li>ShareSave</li><li>Car allowance</li><li>Risk benefits</li></ul>

#### **ANNUAL REPORT ON**

# REMUNERATION

# IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDED 31 DECEMBER 2024

#### Single figure for total remuneration (audited)

Directors' remuneration for the year ended 31 December 2024 was as follows:

£'000		Salary	Taxable benefits	Pension	Total fixed pay	Short- term Incentive <sup>1</sup>	Long- term Incentive <sup>2</sup>	Other <sup>3</sup>	Malus <sup>4</sup>	Total variable pay	Single total figure
<b>Executive Directo</b>	ors										
Peter France 5	2024	550	30	38	618	-	-	-	-	-	618
	2023	138	7	10	155	189	-	390	(46)	533	688
Mark Hoad	2024	404	34	28	466	-	-	-	-	-	466
	2023	392	33	27	452	551	198	_	(205)	544	996

- 1 Executive Directors' short-term incentive awards are subject to deferral into shares in the Company. The STIP value includes the incentive paid in both cash and deferred into shares. In line with the current Remuneration Policies 30% of any STIP is deferred into shares. Deferred awards are not subject to any further performance conditions. The Executive Directors did not receive a STIP award for 2024.
- 2 LTIP values shown in the single figure include dividend equivalents. The 2024 single figure is comprised of the TSR component of the 2021 award and the EPS component of the 2022 award, neither component achieved the threshold performance target and therefore no value was attributable to share price appreciation in the 2024 single figure values. The 2023 figure is comprised of the 2020 award and the EPS component of the 2021 award; the 2023 single figure of remuneration has been restated to reflect the actual value of the shares subject to the EPS component of the 2021 award which vested on 14 March 2024. The value attributable to share price appreciation in the 2023 single figure for the CFO was £(59,819).
- 3 Value relates to the bonus buy-out share award to compensate Peter France for the 2023 pro-rata annual bonus forfeit from his previous employer on resignation.
- 4 The 2023 single figure for remuneration has been restated to reflect the application of malus for the revised results for 2023 and the reduction in the number of shares held under the DSBP. The value of the shares lapsed following the application of malus has been calculated using the share price at the time of grant. The value of the malus applied, when added to the nil payment of the 2024 STIP considerably exceeds the overpayments.
- 5 Peter France joined as CEO on 2 October 2023.

#### **BASE SALARY**

In line with Peter France's hire agreement he was not eligible for a salary increase in 2024. The base salary for Mark Hoad was reviewed in early 2024 and was increased by 3 per cent with effect from 1 January 2024. The increases were set at a level below those of the wider UK workforce which averaged 5.5 per cent.

#### **TAXABLE BENEFITS**

The Executive Directors' taxable benefits consist of a car allowance and insurance benefits. Costs associated with insurance benefits reflect the circumstances of each Executive Director and typically increase with age.

#### PENSION

Employer contributions were paid at 7 per cent of base salary in line with those available to the wider UK workforce. Contributions are made as defined contribution pension and/or a cash supplement.

#### SHORT-TERM INCENTIVE PLAN

In line with the Remuneration Policy, the maximum opportunity under the STIP for Executive Directors is 150 per cent of salary, subject to the achievement of the stretching performance measures detailed below. 70 per cent of any award is paid in cash and 30 per cent is deferred into shares which will vest after two years.

#### STIP design for 2024

Performance measure	Weighting	Threshold (% of salary)	Target (% of salary)	Maximum (% of salary)
Group adjusted profit before tax	46.7%	7%	35%	70%
Group free cash flow	23.3%	3.5%	17.5%	35%
ESG	10%	n/a	7.5%	15%
Strategic objectives	20%	n/a	15%	30%
Total			75%	150%

The plan includes an underpin relating to the achievement of ESG and/or strategic objective performance measures. To the extent that neither threshold performance target of the financial measures has been met, the Committee may reduce the outcomes payable in respect to these measures, up to and including a reduction to zero.

On a formulaic basis, as set out over the following pages, free cash flow performance would have resulted in a payout alongside payments for progress made on ESG and the strategic objectives. However, while free cash flow performance was between the threshold and maximum performance targets set by the Committee, profit before tax was significantly below the threshold target. In light of the overall financial performance of the Group and the investor experience during the year, the Executive Directors and the Committee mutually concluded that no bonuses should be awarded to the Executive Directors for the year ended 31 December 2024.

#### **2024 PERFORMANCE TARGETS**

The Remuneration Committee sets targets for the Executive Directors to coincide with the start of the performance period. Targets are set primarily on the business plan at the time, with reference to external forecasts of the Group's performance and market conditions. In setting the performance targets, the Committee were mindful to ensure that targets were appropriately stretching and the performance range appropriately positioned.

For 2024, adjusted profit before tax (at the Group's budget FX rates) was £27.7 million, which reflects performance below the threshold performance target set by the Committee.

Free cash flow performance (at the Group's budget FX rates), was £28.8 million, which reflects performance between the threshold and maximum performance targets set by the Committee.

#### **FINANCIAL PERFORMANCE**

Performance measure	Weighting	Required for threshold bonus (£m)	Required for maximum bonus (£m)	Outturn (£m)	Outturn (% of maximum)
Group adjusted profit before tax <sup>1</sup>	46.7%	41.1	49.9	27.7	0%
Group free cash flow 1	23.3%	17.9	32.2	28.8	55.3%

1 Short-term incentives are measured using constant budget exchange rates. In line with common market practice the free cash flow financial targets were restated to exclude the pro-rata budget contribution of the three business units within the GMS and Power and Connectivity divisions that were divested in March 2024.

The adjusted profit before tax outturn was in line with the revised guidance in the September trading update and the reduction to trading expectations stemming from continued demand weakness in the components market and operational efficiency issues at two non-component North American sites. Free cash flow, however, was strong resulting in a net debt reduction and leverage of 1.8x, within our 1-2x target range.

#### **ESG**

The 2024 STIP includes two non-financial components, a 10 per cent weighting of opportunity to ESG and a 20 per cent weighting of opportunity to strategic objectives. In line with good practice, and as previously disclosed, the ESG measures have transitioned from a mix of quantitative and qualitative measures to a quantitative measure for 2024.

Performance measure	Weighting	Required for threshold bonus	Required for maximum bonus	Outturn Weighting	Outturn (% of maximum)
Scope 1 & 2 carbon emission intensity ratio reduction	10%	2% reduction	5% reduction	14% reduction	100%

Scope 1 & 2 carbon emission intensity ratio performance was underpinned by the contribution from the Suzhou and Mexicali solar projects, Kansas moving to a renewable energy tariff and the divestment of the three business units within the GMS and Power and Connectivity divisions. Excluding divisions. Excluding the divested businesses from both the 2023 and 2024 comparator years the reduction remained above the maximum bonus target.

#### **STRATEGIC OBJECTIVES**

For 2024 the Executive Directors shared a common set of strategic objectives. The Committee received regular performance updates during 2024 in respect of the strategic objectives and noted the progress made. However, as a result of the agreement not to award bonuses to the Executive Directors, the Committee did not formally assess the strategic targets post year end.

Strategic objective	Strategic objective detail	Outturn Weighting	Outturn (% of maximum)
Strategic review	<ul> <li>Develop and agree revised company strategy with the Board.</li> <li>Deliver updated strategic growth plan and commence strategic actions in line with timelines agreed with the Board.</li> </ul>	10%	n/a
Organisational efficiency	<ul> <li>Revise organisational structure and arrangements to improve strategic delivery and operational reliability.</li> <li>Manage change to mitigate risk to business performance.</li> </ul>	10%	n/a
Improve inventory efficiency	Improvement in stock turns, equivalent to delivering material reduction in inventory:	10%	n/a
	<ul><li>Threshold: improvement to 2.8 turns</li><li>Target: improvement to 2.94 turns</li><li>Maximum: improvement to 3.08 turns</li></ul>		

#### 2024 SHORT-TERM INCENTIVE OUTCOMES

On a formulaic basis and assuming the strategic objectives would have paid out at the on-target performance level, awards would have been as follows:

Performance measure	Opportunity (% of salary)	Peter France	Mark Hoad
Group adjusted profit before tax	70%	0%	0%
Group free cash flow	35%	19.3%	19.3%
ESG	15%	15%	15%
Strategic objectives	30%	15%	15%
Total award (% of salary)	150%	49.3%	49.3%
Total award (% of maximum)		32.9%	32.9%
Total award (£)		271,382	199,161

Taking into account the financial performance of the business and the investor experience during the year, the Executive Directors and the Committee mutually concluded that no bonuses should be paid to the Executive Directors for the year ended 31 December 2024.

#### **LONG-TERM INCENTIVE**

LTIP awards over conditional shares have historically been granted with performance measures over separate three-year performance periods; EPS performance aligns with the Group's financial year while the TSR performance ends on the third anniversary of the award date. Accordingly, the performance periods of the performance conditions end in separate reporting years. Both the 2021 and 2022 LTIP awards had performance periods that ended on or by 31 December 2024 which are included in the single figure of remuneration for 2024.

Award year and performance measure	Threshold (25% vesting)	Maximum (100% vesting)	Outcome	Percentage of maximum achievement
2021 LTIP award <sup>1</sup> : Relative TSR performance against the FTSE SmallCap (excluding Investment Trusts)	Median	Upper quartile	35 percentile (Below threshold)	0%
2022 LTIP award <sup>2</sup> : Adjusted EPS compound annual growth on a constant currency basis	5%	12%	(8.3)% (Below threshold)	0%

- 1 2021 LTIP award (vested March 2024): The EPS performance period for this award ended on 31 December 2023; the vesting of the EPS component was between threshold and maximum performance target, and was included in the 2023 single figure of total remuneration. The TSR performance period ended in March 2024; the vesting of the TSR component was not below the threshold performance target as indicated in the above table. The lapsing of the TSR component is reflected in the 2024 single figure of total remuneration.
- 2 2022 LTIP award (vesting March 2025): The EPS performance period for this award ended on 31 December 2024; the vesting of the EPS component was below the threshold performance target as indicated in the above table. The lapsing of the EPS component is reflected in the 2024 single figure of total remuneration; the TSR performance period ends in March 2025 and will be included in the 2025 single figure for total remuneration.

#### Malus and clawback

Following the end of the year, and as noted in the Annual Statement of this Report, the reported operating profit for 2023 has been retrospectively adjusted by  $\pounds(5.7)$  million. There were no changes to operating cashflows.

The Committee recalculated the outcomes of the 2023 STIP and the 2021 LTIP vesting to reflect the revised results. This shows that the total payouts for the CEO and CFO based on the revised results would have been £358,830 lower than those actually paid at the time.

In determining an appropriate level of restitution, the Committee considered both the materiality of the adjustment and the causes. The Committee concluded that a partial restitution, equivalent to 70 per cent of the overpayment, was appropriate and exercised its discretion to apply the malus provision in the Deferred Share Bonus Plan to reduce the number of shares under award. The value of the shares lapsed, based on their value at grant, totalled £251,183.

The Committee concluded that the impact to Executive Director remuneration of no bonuses awarded in 2024 and the application of malus, both of which at £721,725 considerably exceeds the formulaic overpayment, was an appropriate outcome in respect to the revised results for 2023 and the wider stakeholder experience in 2024.

The following sections in the remainder of this report are reflective of the respective position as at 31 December 2024 and prior to the application of malus which has been applied in 2025, unless otherwise stated.

#### LONG-TERM INCENTIVES GRANTED DURING THE FINANCIAL YEAR (AUDITED)

LTIP awards over conditional shares were granted to the Executive Directors on 11 March 2024. Awards are subject to a three-year vesting period plus an additional two-year holding period.

	Basis of award granted (% of salary)	Share price at date of grant (pence) 1	Number of shares over which award was granted	Face value of award (£)	% of award that would vest at threshold performance	Performance period end date <sup>2</sup>
Peter France	150%	151.80	543,478	825,000	25%	31/12/2026
Mark Hoad	150%	151.80	398,845	605,448	25%	31/12/2026

- 1 The share price used to determine the number of shares granted on 11 March was the average share price over the two trading days prior to grant.
- 2 Since the 2023 LTIP grant, the performance period for all performance measures have been aligned to ensure that the performance periods end on 31 December following the relevant three-year performance period. Prior to this, the relative TSR performance period ran for three years from the date of grant.

The Committee retains discretion to adjust formulaic incentive vesting outcomes to ensure they reflect underlying business performance and shareholder interests.

# PERFORMANCE MEASURES FOR LTIP AWARDS GRANTED DURING THE FINANCIAL YEAR (AUDITED)

Awards granted to Executive Directors in 2024 are subject to the three performance measures over the same three-year performance period as follows:

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Adjusted EPS compound annual growth on a constant currency basis	50%	4%	12%
Average cash conversion	25%	80%	95%
Relative TSR performance against the FTSE SmallCap (excluding Investment Trusts)	25%	Median	Upper quartile

#### **DEFERRED SHORT-TERM INCENTIVE AWARDS**

During the year, Executive Directors were awarded conditional shares as deferred bonus share plan awards in relation to the 2023 STIP outcome. Details of the grants made in March 2024, prior to the application of malus, are summarised in the table below. No performance conditions apply to these awards.

	Date of grant	Number of shares awarded <sup>1</sup>	Share price at date of grant (pence) <sup>2</sup>	Face value of award (£)	Date of vesting
Peter France <sup>3</sup>	11/03/2024	37,264	151.80	56,566	11/03/2026
Mark Hoad	11/03/2024	108,817	151.80	165,185	11/03/2026

- 1 As a result of the restated results for 2023, the Committee has exercised discretion and applied malus in 2025 to reduce the number of unvested shares under the DSBP. Following the cancellation of shares for malus, the number of shares remaining for Peter France is 6,833, the award has lapsed in full for Mark Hoad.
- 2 The share price used to determine the number of shares granted was the average share price over the two trading days prior to grant.
- 3 Peter France received a pro-rated STIP award for 2023 for the period he was a Director following his commencement date of 2 October 2023.

#### **EXECUTIVE DIRECTOR INTERESTS IN SHARES**

The table below sets out details of outstanding share awards held by Executive Directors at 31 December 2024 and prior to the application of malus.

	Scheme	Date of grant	Performance conditions apply	Exercise price (pence)	1 January 2024	Granted during the year	Lapsed	Vested	31 December 2024	Market value at 31 December 2024 (£) 1	Market price at granted date (pence)	Vesting date	Expiry date <sup>2</sup>
Peter France	LTIP	02/10/2023	Υ	_	479,930 5				479,930	508,726	172	02/10/2026	_
		11/03/2024	Υ	_		543,478			543,478	576,087	152	11/03/2027	_
	DSBP	11/03/2024	_	_		37,264			37,264 <sup>8</sup>	39,500	152	11/03/2026	
	Buy-out Award 6	02/10/2023	_	_	226,876				226,876	240,489	172	02/10/2026	_
	ShareSave 7	30/09/2024	_	127		14,617			14,617	_	96	01/11/2027	30/04/2028
Total outstanding									1,302,165	1,364,801			
Mark Hoad	LTIP	16/03/2021	Υ	_	262,265 <sup>3</sup>		147,118	115,147	_	_	208	16/03/2024	_
		14/03/2022	Υ	_	262,321 4				262,321	278,060	192	14/03/2025	_
		16/03/2023	Υ	_	324,992 5				324,992 9	344,492	181	16/03/2026	_
		11/03/2024	Υ	_		398,845			398,845 9	422,776	152	11/03/2027	_
	DSBP	14/03/2022	_	_	46,039		_	46,039	_	_	192	14/03/2024	_
		16/03/2023	_	_	31,558				31,558	33,451	181	16/03/2025	_
		11/03/2024	_	_		108,817			108,817 <sup>8</sup>	115,346	152	11/03/2026	
	ShareSave 7	29/09/2021	_	174	7,964			7,964	_	_	226	01/11/2024	30/04/2025
		30/09/2024	_	127		14,617			14,617 <sup>8</sup>	-	96	01/11/2027	30/04/2028
Total outstanding									1,141,150	1,194,125			

- 1 Calculated as the total number of shares awarded multiplied by the share price on 31 December 2024 of 106.0 pence. The calculation does not take into account dividend equivalents or the likelihood of vesting.
- 2 The expiry date, relevant only to ShareSave, is that applying in normal circumstances.
- 3 The performance condition attached to 50% of the award is based on EPS. 25% of the shares subject to this part of the award will vest for EPS growth of 10% compound per annum, increasing on a straight-line basis to 100% vesting for EPS growth for the year ending 31 December 2023 of 18% compound per annum. The performance condition attached to the other 50% of the award is based on TSR performance against the FTSE SmallCap (excluding Investment Trusts) during the three-year performance period from the date of award. 25% of the shares subject to this part of the award will vest at median performance increasing on a straight-line basis to 100% vesting at the upper quartile of the comparator group.
- 4 The performance condition attached to 50% of the award is based on EPS. 25% of the shares subject to this part of the award will vest for EPS growth of 5% compound per annum, increasing on a straight-line basis to 100% vesting for EPS growth for the year ending 31 December 2024 of 12% compound per annum. The performance condition attached to the other 50% of the award is based on TSR performance against the FTSE SmallCap (excluding Investment Trusts) during the three-year performance period from the date of award. 25% of the shares subject to this part of the award will vest at median performance increasing on a straight-line basis to 100% vesting at the upper quartile of the comparator group.
- The performance condition attached to 50% of the award is based on EPS. 25% of the shares subject to this part of the award will vest for EPS growth of 4% compound per annum, increasing on a straight-line basis to 100% vesting for EPS growth for the year ending 31 December 2025 of 12% compound per annum. The performance condition attached to 25% of the award is based on TSR performance against the FTSE SmallCap (excluding Investment Trusts) during the three-year performance period from the year ending 31 December 2025. 25% of the shares subject to this part of the award will vest at median performance increasing on a straight-line basis to 100% vesting for average cash conversion of 80%, increasing on a straight-line basis to 100% vesting for an average cash conversion of 95%.
- 6 Peter France was granted a buy-out award in connection with his recruitment to compensate for a cash annual bonus that was forfeit on resignation from his prior employer. No performance conditions apply to this award.
- 7 The market value is the difference between the share price on 31 December 2024 and the option price (174 pence of the 2021 grant and 127 pence of the 2024 grant respectively) multiplied by the total number of shares under the option (or £0 if this difference is negative).
- 8 As a result of the restated results for 2023, the Committee has exercised discretion and applied malus to reduce the number of unvested shares under the DSBP. This has been applied in 2025 and will be reflected in the table above in next year's Directors' Remuneration report. For Peter France, 30,431 shares of the 37,264 shares awarded under the March 2024 DSBP award have lapsed. For Mark Hoad, the full March 2024 DSBP award of 108,817 has lapsed and, 22,007 shares of the 31,558 shares awarded under the March 2023 DSBP award have lapsed.
- 9 On 14 November 2024, the Company announced the intended retirement of Mark Hoad. As such, LTIP grants remain subject to the original vesting dates, performance conditions and holding periods continue to apply and the number of shares under award will be time pro-rated to reflect the time served between the date of grant and the date of cessation of employment.

#### STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

The table below shows the shareholding for each Executive Director as at 31 December 2024. The Executive Directors are required to build and hold a shareholding of 200 per cent of salary. Executive Directors must retain 50 per cent of the net of tax value of any vested LTIP/DSBP shares until the guideline is met.

	Beneficially owned at 1 January 2024	Beneficially owned at 31 December 2024	Company performance	Unvested deferred	Unvested share buy-out award	Outstanding share awards under all- employee share plans	Shareholding (% of Salary) <sup>2</sup>	
<b>Executive Directors</b>								
Peter France	_	_	1,023,408	37,264	226,876	14,617	27.0%	148,394
Mark Hoad	787,799	873,226	986,158	140,375	_	22,581	248.9%	1,004,481

- 1 As a result of the restated results for 2023, the Committee has exercised discretion and applied malus to reduce the number of unvested shares under the DSBP. This has been applied in 2025 and will be reflected in next year's Directors' Remuneration report.
- 2 Shareholding includes beneficially owned shares and shares awards, such as DSBP grants, which are not subject to performance conditions (net of assumed tax withholding). Shareholding calculated using the salary at the close of business on 31 December 2024.
- 3 Calculated using the share price as at close of business on 31 December 2024 of 106.0 pence.

Other than the application of malus as described in footnote 1 above and detailed in footnote 8 of the Executive Director interests in shares table, there have been no changes to shareholdings between 31 December 2024 and the date of this report.

Post cessation of employment, the Executive Directors are required to hold for two years the lower of half of the share ownership requirement or their shareholding at cessation.

The closing middle market prices for an ordinary share of 25 pence of the Company on 31 December 2023 and 31 December 2024 as derived from the Stock Exchange Daily Official List were 156.2 pence and 106.0 pence respectively. During 2024, the middle market price of TT Electronics plc ordinary shares ranged between 73.6 pence and 179.0 pence.

#### PAYMENTS TO PAST DIRECTORS (AUDITED)

On 1 October 2023, Richard Tyson stepped down as Chief Executive Officer. In accordance with the previously disclosed 2023 payments for loss of office, Richard Tyson retained the 2022 and 2023 grants under the Deferred Share Bonus Plan which reflect annual bonus earned in 2021 and 2022 respectively. The 2022 grant of 61,374 shares vested on 16 March 2024 at a pre-tax value of £101,114 including dividend equivalents. The vested shares post-tax are subject to the post cessation of employment shareholding requirement.

No other payments were made to past Directors in 2024.

#### **PAYMENTS FOR LOSS OF OFFICE (AUDITED)**

No payments were made in 2024.

The intended remuneration approach for Mark Hoad, which is in line with the Remuneration Policy and typical market practice for retirement, is as follows:

- Salary, pension and benefits Mark will continue to receive his contractual salary, pension and benefits up to cessation of employment;
- Short-term incentive plan Mark will remain eligible to receive an award in respect to the 2025 financial year, payable at the normal payment date subject to performance time pro-rating;
- Long-term incentive plan Mark will retain his existing awards under the LTIP which will vest
  on the normal vesting date subject to performance testing and time pro-rating. Mark will not
  receive an LTIP grant in 2025;
- Deferred Share Bonus Plan Mark will retain his awards under the DSBP, which reflect annual bonus awards previously earned, less those lapsed following the application of malus in respect to the 2023 revised results. DSBP awards will vest on the normal vesting dates;
- ShareSave Mark will retain his Options on a time pro-rated basis in line with the scheme rules.
- Share Ownership Guideline A two-year post cessation of employment shareholding requirement will apply in respect to maintaining a shareholding of 100% of salary (or actual eligible holding, if lower).

Retained incentive awards will continue to be subject to the performance conditions (where relevant), scheme rules, malus and clawback provisions, the STIP will be paid at the normal date and share awards will vest at their normal dates. LTIP awards will continue to be subject to their respective two-year holding periods which will continue to apply post cessation of employment.

Full details of Mark's leaving arrangements will be included in next year's Directors' Remuneration report.

#### **EXECUTIVE DIRECTORS' SERVICE CONTRACTS**

The Executive Directors have rolling contracts which are terminable by either party giving 12 months' notice. Service contracts are available for viewing at the Company's registered office.

	Date of appointment	Date of current contract/letter of appointment	Notice from Company	Notice from individual	Unexpired period of service contract
Peter France	02/10/2023	26/07/2023	12 months	12 months	Rolling contract
Mark Hoad	01/01/2015	09/12/2014	12 months	12 months	Rolling contract

#### PAY ACROSS THE ORGANISATION

This section of the report enables our remuneration arrangements to be viewed in the context of providing:

- a comparison of the percentage change in our Directors' remuneration with the change in our UK employees' average remuneration;
- a 10-year history of our Chief Executive's remuneration;
- our TSR performance over the same period;
- the ratio between our Chief Executive's remuneration and the remuneration of employees; and
- a year-on-year comparison of the total amount spent on employment costs across the Group and shareholder payments.

#### PERCENTAGE CHANGE IN REMUNERATION OF DIRECTORS AND EMPLOYEES

The following table compares the percentage change in Directors' salary/fees, benefits and short-term incentive to the average change for all employees of the parent Company for the past five years.

No bonuses were awarded to the Executive Directors for the year ended 31 December 2024, the reduction shown below in respect to the bonus award between 2023 and 2024 is therefore a 100 per cent reduction.

	2023 to 2024		2	2022 to 2023 2021 to 2022			2020 to 2021			2019 to 2020					
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Executive Directors															
Peter France 1	0%	0.2%	(100)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mark Hoad	3.0%	1.8%	(100)%	5.0%	(1.3)%	26.8% 6	2.5%	5.0%	(35.5)%	6.7%	52.0%	169.4%	(5.0)%	8.0%	(28.5)%
Chair	3.0%	n/a	n/a	5.0%	n/a	n/a	2.5%	n/a	n/a	1.5%	n/a	n/a	n/a	n/a	n/a
Non-executive Directors															
Anne Thorburn <sup>2</sup>	23.3%	n/a	n/a	5.0%	n/a	n/a	2.5%	n/a	n/a	8.0%	n/a	n/a	6.0%	n/a	n/a
Alison Wood	12.2%	n/a	n/a	5.0%	n/a	n/a	2.5%	n/a	n/a	12.5%	n/a	n/a	(5.0)%	n/a	n/a
Inken Braunschmidt <sup>3</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael Ord	11.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Former Directors															
Jack Boyer <sup>4</sup>	n/a	n/a	n/a	5.0%	n/a	n/a	2.5%	n/a	n/a	14.9%	n/a	n/a	3.3%	n/a	n/a
Average UK TT Electronics Parent Company employees <sup>5</sup>	5.9%	11.4%	(55.4%)	6.3%	11.2%	27.9%	9.4%	10.4%	(25.7)%	2.9%	6.8%	108.4%	3.8%	6.1%	(39.4)%

- 1 Peter France was appointed Chief Executive Officer on 2 October 2023.
- 2 Anne Thorburn was appointed Senior Independent Director on 10 May 2024.
- 3 Inken Braunschmidt was appointed as a Non-executive Director on 1 July 2024, table entries are not applicable as there is no prior year remuneration for comparison purposes.
- 4 Jack Boyer stepped down from the role of Non-executive Director and the Board on 10 May 2024.
- 5 Average parent Company employee based on employees who were employed throughout each two-year comparison period.
- 6 The 2022 to 2023 % bonus change has been restated to reflect the revised formulaic outcome of the 2023 STIP for the retrospective reduction to the 2023 results. The percentage change has been reduced from 92.9%.

#### CHIEF EXECUTIVE OFFICER'S REMUNERATION FOR THE LAST 10 YEARS

The total remuneration figures for the Chief Executive Officer during each of the last 10 years are shown in the table below. The total remuneration figures include the short-term incentive based on that year's performance and LTIP vesting based on the three-year performance periods ending in the relevant year.

	2015	2016	2017	2018	2019	2020	2021	2022	2023 <sup>2</sup>	2023 <sup>3</sup>	2024 4
Total remuneration (£'000)	1,151	1,152	1,794	2,189	1,430	1,003	1,306	1,194	453	668	618
Short-term incentive (% of maximum)	90.8	100.0	100.0	93.3	64.0	45.8	97.1	61.2	_	59.6	0.0
LTIP vesting (% of maximum) 1	_	_	50.0	100.0	86.5	50.0	18.3	27.4	_	_	_

- 1 LTIP vesting is reflective of the three-year performance periods ending in the relevant year.
- 2 Relates to Richard Tyson who was CEO from 1 July 2014 to 1 October 2023.
- 3 Relates to Peter France who became CEO on 2 October 2023. 2023 values have been restated to reflect the revised formulaic outcome of the 2023 STIP for the retrospective reduction to the 2023 results. The short-term incentive (% of maximum) has been reduced from 91.7% and the total remuneration has been reduced from £734,000.
- 4 The Executive Directors and the Committee mutually concluded that no bonuses should be paid to the Executive Directors for 2024.

#### **TSR PERFORMANCE**

The following graph shows the cumulative TSR of the Company over the last 10 financial years relative to the FTSE SmallCap Index (excluding Investment Trusts). The FTSE SmallCap Index has been selected for consistency as it is the index against which the Company's TSR is measured for the purposes of the LTIP. In addition, the Company is a constituent of the Index.

The graph shows the value, by 31 December 2024, of £100 invested in TT Electronics plc on 31 December 2014 compared with the value of £100 invested in the FTSE SmallCap Index (excluding Investment Trusts).



#### **CHIEF EXECUTIVE OFFICER PAY RATIO**

The Committee is mindful of the relationship between the remuneration of the Chief Executive Officer and the wider employee population. The table below shows the ratio of the total remuneration of the Chief Executive Officer to that of the UK employees of the Group for the last six years.

Year	Methodology used	Lower quartile	Median	Upper quartile
2024	Option B	23:1	18:1	13:1
2023 ¹	Option B	45:1	39:1	25:1
2022	Option B	51:1	43:1	28:1
2021	Option B	62:1	52:1	34:1
2020 <sup>2</sup>	Option B	54:1	40:1	29:1
2019	Option B	63:1	55:1	38:1

<sup>1</sup> The 2023 ratio is based on the combined CEO single figure of remuneration of Peter France and Richard Tyson. The 2023 pay ratio has been restated for the revised 2023 single figure of remuneration for Peter France following the application of malus in respect to the 2023 revised results.

We continue to use Option B of the available methodologies as permitted under The Companies (Miscellaneous Reporting) Regulations 2018. Given the complexity of the Group, this approach enables us to use our existing Gender Pay reporting datasets as the foundation for our calculations. We determined the hourly rates at each quartile of our 5 April 2024 Gender Pay data then calculated the average annual salary and total remuneration for representative employees at each quartile. Representative employees must have been employed on 31 December 2024 and employee data is based on full-time equivalent pay and calculated in accordance with the single figure of remuneration. Adjustments may be made to ensure that quartiles are representative; no adjustments were required for 2024.

Across the UK, the majority of the workforce undertake operational roles in our facilities. The employee lower quartile values are generally reflective of the roles held by our semi-skilled/skilled operators. The median is broadly representative of our skilled technicians, early career professionals and early career managers. The quartile data is broadly representative of total remuneration across the workforce in the UK.

The change in the median CEO pay ratio is attributable to changes in the remuneration of the CEO and of the Company's UK employees as a whole. In line with our remuneration principles, the majority of the CEO's remuneration opportunity is performance-related variable pay. The CEO's pay ratio is, therefore, heavily dependent on the outcomes of the STIP and LTIP plans and, in the case of long-term share-based awards, share price movements. As such it is expected that there will be considerable year-to-year changes in the ratio. The lower CEO pay ratio principally results from two factors: (i) higher UK employee remuneration from the actions to support employees in managing the impacts of high inflation through targeted salary increases to lower paid employees, and (ii) no variable remuneration awards to the CEO. The Committee believes that the pay ratio is appropriate and is reflective of the performance of the Group and the roles undertaken by employees in the UK. Further context to the CEO total remuneration is set out in detail in this report.

For 2024, the salary and single figure of total remuneration for our pay quartiles of UK employees are as follows:

	Lower quartile	Median	Upper quartile
Salary	£25,791	£31,916	£42,948
Single figure of total remuneration	£27,235	£34,238	£47,001

<sup>2</sup> The 2020 ratio was impacted by COVID-19. Salary and incentive remuneration levels for 2020 include salary reductions taken by the CEO, included in the single figure of remuneration, and the impact of the UK Government Coronavirus Job Retention Scheme and associated voluntary furlough salary reductions in the wider UK workforce. Under the chosen method for calculation, the employee ranking and quartile assessment was based on the April 2020 snapshot date during which time approximately 14% of employees were on furlough.

#### **RELATIVE IMPORTANCE OF SPEND ON PAY**

The following table sets out the change in payments to shareholders and the overall expenditure on pay across the Group.

	2024	2023	Change
Staff costs for the Group (£m)	159.7	180.6	(11.6)%
Dividends relating to the period (£m)	4.0	12.0	(66.7)%

#### NON-EXECUTIVE DIRECTORS' REMUNERATION

#### Non-executive Directors' single figure for total remuneration (audited)

The Chair's fee was increased by 3 per cent, a level below the wider UK workforce increases which averaged 5.5 per cent. As disclosed in last year's report, the NED base fee was increased by 12 per cent and the NED additional fees were increased by 16 per cent following a review to re-align fees to reflect the time commitments and expertise required in the roles. Changes to the fees were effective 1 January 2024.

	Salary/ fees		Benefits		Total	
£'000	2024	2023	2024	2023	2024	2023
Warren Tucker	203	197	-	_	203	197
Anne Thorburn 1	71	58	-	_	71	58
Alison Wood <sup>2</sup>	65	58	-	_	65	58
Inken Braunschmidt <sup>3</sup>	27	_	-	_	27	_
Michael Ord <sup>4</sup>	55	47	-	_	55	47
Former Directors						
Jack Boyer <sup>5</sup>	24	58	-	-	24	58

- 1 Anne Thorburn's fee comprised the NED base fee, the additional fee for chairing the Audit Committee, and the additional fee as a Senior Independent Director effective from 10 May 2024.
- 2 Alison Wood's fee comprised her NED base fee and her additional fee for chairing the Remuneration Committee.
- 3 Inken Braunschmidt was appointed to the Board on 1 July 2024.
- 4 Michael Ord was appointed to the Board on 16 January 2023.
- 5 Jack Boyer stepped down from the Board on 10 May 2024, his fees comprised the NED base fee and the additional fee as Senior Independent Director up to this date.

#### **NON-EXECUTIVE DIRECTORS' FEES**

Chair and Non-executive Director fees will be reviewed during the first half of the year. Any increases will be set at a level below the average UK workforce percentage increase and are anticipated to be effective from 1 July 2025. The fees shown below for 2025 are as at 1 January 2025.

	2025	2024	Increase
Chair	£202,530	£202,530	0%
NED base fee	£55,000	£55,000	0%
NED additional fees:			
Senior Independent Director	£10,000	£10,000	0%
Audit Committee Chair	£10,000	£10,000	0%
Remuneration Committee Chair	£10,000	£10,000	0%

#### NON-EXECUTIVE DIRECTORS' SHARE OWNERSHIP

While Non-executive Directors cannot participate in Company share schemes, share ownership is encouraged to strengthen stakeholder alignment.

#### Non-executive Directors' shareholdings (audited)

The table below shows the shareholding for each Non-executive Director. There have been no changes to shareholdings between 31 December 2024 and the date of this report:

	Beneficially owned at 31 December 2024
Chair	
Warren Tucker	60,075
Non-executive Directors	
Alison Wood	0
Anne Thorburn	60,000
Inken Braunschmidt	0
Michael Ord	25,000

#### NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The Chair and Non-executive Directors are appointed under letters of appointment. Letters of appointment are available for viewing at the Company's registered office.

	Date of grant	Date of current contract/letter of appointment	Notice from Company	Notice from individual	Unexpired period of service contract
Chair					
Warren Tucker	06/05/2020	02/04/2020	1 month	1 month	Rolling contract
Non-executive Directors					
Alison Wood	11/07/2016	11/07/2016	1 month	1 month	Rolling contract
Anne Thorburn	01/07/2019	12/06/2019	1 month	1 month	Rolling contract
Inken Braunschmidt	01/07/2024	25/06/2024	1 month	1 month	Rolling contract
Michael Ord	16/01/2023	09/01/2023	1 month	1 month	Rolling contract

#### **SHAREHOLDER VOTING**

At the AGM held on 10 May 2024, the proxy votes cast in respect of the resolution to approve the Directors' Remuneration report is set out below together with the vote on the current Remuneration Policy approved at the 2023 AGM.

Number of votes	Date of AGM	For and Discretionary	For and Discretionary (%)	Against	Against (%)	Withheld
Directors' Remuneration Policy	May 2023	131,581,506	90.59%	13,666,522	9.41%	40,262
Directors' Remuneration report	May 2024	115,782,454	91.88%	10,227,700	8.12%	15,427

Withheld votes are not counted towards the total percentage of votes cast.

Full schedules in respect of shareholder voting on the above and all AGM resolutions are available at www.ttelectronics.com.

The Remuneration Committee considers shareholder feedback received in connection with the AGM each year and at other times of the year. This feedback is considered as part of the Group's annual review of the Remuneration report and Remuneration Policy. In addition, the Remuneration Committee endeavours to consult directly with the largest shareholders and the main representative bodies on proposals ahead of significant changes.

#### **ADVISERS TO THE COMMITTEE**

During the year, the Committee received support and advice from the Chief Executive Officer, the Chief Financial Officer, the EVP Human Resources, the Group Reward Director and FIT Remuneration Consultants LLP ("FIT"). FIT is the Committee's appointed independent remuneration adviser. The Company Secretary is secretary to the Committee.

The Company paid a total fee of £19,990 to FIT in relation to remuneration advice to the Committee during the year. Fees were determined on the basis of time and expenses.

During 2024, FIT provided the Committee with advice in respect of the share plan rules, CFO transition, compliance support for this year's Directors' Remuneration report and the provision of other advice relating to remuneration governance and market practice. FIT is a member of the Remuneration Consultants Group and has signed up to its code of conduct. The Committee is satisfied that the advice it received during the year was appropriate, objective and independent. FIT did not provide any other services to the Group and does not have any other connection with the Company or individual Directors.

The Group's approach to the Chair's and Executive Directors' remuneration is determined by the Board on the advice of the Remuneration Committee. The Committee considers the views of the Chair on the performance of the CEO, and of the CEO on the performance and remuneration of the other members of the TMB. No Committee members or attendees take part in any discussions relating to their own remuneration.

#### **STATUTORY REQUIREMENTS**

The Committee's composition, responsibilities and operation comply with the principles of good governance as set out in the Code and the requirements of the Listing Rules (of the Financial Conduct Authority) and the Companies Act 2006. The Directors' Remuneration report has been prepared on the basis prescribed in the Large- and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Directors' Remuneration report has been approved by the Board and signed on its behalf by:

#### **Alison Wood**

Chair, Remuneration Committee 9 April 2025

# OTHER STATUTORY DISCLOSURES

This Annual Report and Accounts includes the Directors' report and the audited financial statements for the year ended 31 December 2024. Certain information required to be disclosed in the Directors' report is provided in other sections of this Annual Report. This includes the overview, the operating and financial reviews, the Governance and Remuneration reports and specific elements of the financial statements noted below. The table below lists items that are relevant to this report, and which are incorporated by reference, including information required in accordance with the UK Companies Act 2006 and Listing Rule 9.8.4R:

AGM information	Page 167
Current and future dividend waiver	Page 101
Employee engagement	Page 30
Future developments in the business	Page IFC - 57
Going concern	Page 57
Scope 1, 2 and 3 emissions	Page 37
Section 172 statement	Page 47
Share capital	Page 167
Subsidiary undertakings	Page 159
Viability statement	Page 57

#### Results and dividend

The Group's loss on ordinary activities after taxation was £53.4 million (2023: £11.3 million loss). The audited financial statements of the Group and the Company are set out on pages 116 to 160. Further details of the Group's activities are set out in the Strategic report on pages IFC to 57 which is incorporated into the Directors' report by reference.

Full details of the Company's dividend policy are set out on page 24 and note 9.

#### Tax principles and strategy

The Group applies a conservative approach to tax and seeks to comply with the OECD Transfer Pricing guidelines, which should ensure that profits are taxed where value is created and business risks are managed. The Group's full Tax Principles and Strategy document is published on the Group's website.

#### Important events since the end of the financial year

The macroeconomic environment and the impact of tariffs have led to the Board noting a material uncertainty relating to going concern.

#### Auditor

In 2019, the Company undertook a competitive re-tender exercise for external audit services, following which Deloitte LLP ("Deloitte") was appointed as external Auditor for the financial year 2020 onwards. Deloitte was appointed by the Company's shareholders at the AGM held on 6 May 2020 and has been reappointed at each subsequent AGM (including the 2024 AGM).

The Auditor's responsibilities are set out on page 112 and should be read in conjunction with those of the Directors as set out at the end of this report.

#### Significant agreements relating to change of control

The Group has a number of borrowing facilities provided by various banking groups. The most significant of these facility agreements (as described below) include change of control provisions which, in the event of a change in ownership of the Company, could result in renegotiation or withdrawal of these facilities:

**PP:** In August 2021, the Group agreed a debut issue of £75 million of private placement fixed rate loan notes with three institutional investors. The PP transaction completed in December 2021, whereupon funds were received by the Group, with the issue being evenly split between seven- and ten-year maturities with an average interest rate of 2.9%.

**RCF:** In June 2022, the Group entered into an agreement for a £147.4 million multi-currency revolving credit facility with a syndicate of five relationship banks, with a maturity date of 27 June 2026 and a one-year extension option. In June 2023, this extension option was exercised, with the result that RCF maturity date is now 27 June 2027. In addition, in February 2023, £15 million of a £32.6 million accordion was exercised increasing the facility size to £162.4 million.

#### OTHER STATUTORY DISCLOSURES CONTINUED

There are a number of other agreements that may be terminable upon a change of control of the Company and therefore subject to renegotiation. No such agreements are considered at present to be significant in terms of their potential impact on the business of the Group as a whole.

#### **Employment**

The Group is committed to the fair and equal treatment of all its employees regardless of gender, race, age, religion, disability or sexual orientation. Where existing employees become disabled, the policy of the Group is to provide continuing employment and training wherever practicable.

The Group makes significant efforts to ensure it maintains high standards of employee welfare in all its operations, irrespective of where in the world, and of local market conditions. Further details on the Group's policies relating to its employees are given on pages 30 to 34.

#### Political contributions

The Group made no political contributions during the year.

## Authority to allot shares and disapply statutory pre-emption rights

The Directors will be seeking to renew their authorities to allot unissued shares and to disapply statutory pre-emption rights, in line with the updated Statement of Principles published by the Pre-Emption Group in November 2022, at the AGM to be held on 30 June 2025. During 2024, this authority was used in respect of customary allotments of shares resulting from the operation of the Group's share schemes. The Notice of Annual General Meeting will be available to shareholders at www.ttelectronics.com/investors/agm-gm.

#### Purchase of own shares

At the AGM held on 10 May 2024, the Company was given authority to purchase up to 17,746,033 of its ordinary shares until the date of its next AGM. Other than market purchases made by the Employee Benefit Trust ("EBT"), no purchases were made during the year by the Company. The Directors will be seeking a new authority for the Company to purchase its ordinary shares at the forthcoming AGM.

Further details regarding the authority to allot shares and disapply statutory pre-emption rights and the purchase of own shares will be set out in the Notice of the Annual General Meeting, which will be available to view on the Company's website at www.ttelectronics.com/investors/agm-gm.

#### Shares held by the Employee Benefit Trust

The Company has established an EBT, the Trustee of which is Apex Group Fiduciary Services Limited, part of Apex Group. As at 31 December 2024, the Trustee held 588,319 shares with a nominal value of £147,079.75 and an aggregate purchase price of £1.56 per share, representing 0.331 per cent of the total issued share capital at that date. These shares will be used to satisfy awards made under the TT Electronics plc Restricted Share Plan, the TT Electronics plc LTIP, the TT Electronics Deferred Share Bonus Plan or other employee share schemes. The maximum number of shares held by the EBT during the year was 1,129,471. The voting rights in relation to these shares are exercisable by the Trustee. However, in accordance with investor protection guidelines, the Trustee abstains from voting. A dividend waiver is in place under which the Trustee waived its right to receive dividends on the shares it held during the year. and any future dividends. The Executive Directors, as employees of the Company, are potential beneficiaries of shares held by the EBT.

#### Disclosure of information to the Auditor

To the best of each Director's knowledge and belief, there is no audit information relevant to the preparation of the Auditor's report of which the Auditor is unaware and each Director has taken all steps which might be expected to be aware of such relevant information and to establish that the Auditor is also aware of that information.

Approved by the Board on 9 April 2025 and signed on its behalf by:

#### **Ian Buckley**

General Counsel and Company Secretary

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations:

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the IASB. The Directors have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable:

- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that complies with that law and those regulations.

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

# Responsibility statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

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

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

The coordination and review of Group-wide input into the Annual Report is a key element of the control process upon which the Directors rely and is an exercise which spans a period wider than the timetable for compiling the Annual Report itself. This control process incorporates the controls the Group operates throughout the year to identify key financial and operational issues and includes:

- strategy meetings held as part of most Board meetings, at which the entire Board is present, resulting in a clear agreement of the Group's strategy;
- the identification of the key milestones and the related KPIs to be monitored and measured throughout the period;

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES CONTINUED

- monthly reviews of business performance conducted by Executive management (in consultation with divisional management), supplemented by reports highlighting key issues and analysis of the main variances from budget and prior year;
- preparation of a detailed budget, reviewed and agreed by management and then the Board, which is used to calibrate strategy implementation and against which actual performance is measured;
- a timetabled process coordinating input from each division, identifying significant market issues and key elements of performance for each business area, and appropriately incorporating them into the structure of the Annual Report;
- the identification of key risks from the risk management process, for inclusion within the Annual Report, ensuring a consistency of approach with regard to the risks and the ongoing review programme;
- a planned Audit Committee sign-off process which incorporates meetings of the Chair of the Audit Committee with the Executive Directors, the Risk and Assurance function and external Auditor to identify and timetable potential issues of significance to be addressed; and
- a process for internal distribution and comment on the Annual Report, including those of the members of the Board, key advisers and external Auditor.

By order of the Board:

#### Ian Buckley

General Counsel and Company Secretary 9 April 2025

#### INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF TT ELECTRONICS PLC

Report on the audit of the financial statements

#### 1. OPINION

#### In our opinion:

- the financial statements of TT Electronics plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB):
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement:
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement: and
- the related Notes 1 to 31 of the consolidated financial statements and Notes 1 to 14 of the parent company financial statements

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### 2. 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company. Full details of all audit and non-audit fees are provided in Note 6.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1d in the financial statements, which indicates that current geopolitical uncertainty creates significant challenges in forecasting future market conditions, including in respect of the impact of recently announced US government tariffs, any retaliatory tariffs implemented by other countries in response, and any global macroeconomic downturn that may result.

Profitability has been reduced significantly during the year with the Group generating an operating loss of £23.5m in 2024 compared with an operating profit of £3.0m for 2023. The business has been adversely impacted by difficult component market conditions and operational challenges, particularly in North America.

As a result of challenging performance in the period, in December 2024 the Group agreed with its lenders a relaxation of the interest cover covenant. Revised agreed thresholds were 3.75 times for the year ended 31 December 2024, 3.00 times for the 12 months ending 30 June 2025, and 3.25 times for the year ending 31 December 2025 to provide headroom for the covenants which are tested on a six-monthly basis. The covenant reset currently applies until 31 December 2025 and therefore 30 June 2026 represents the first date at which the required interest cover covenant reverts to being at 4.0 times respectively. The net debt covenant remains a maximum of 3.0 times throughout the going concern period.

#### INDEPENDENT AUDITOR'S REPORT CONTINUED

#### 3. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN CONTINUED

Over the forecast period to 30 June 2026, prior to the potential impact of United States and potential retaliatory tariff regimes, and any associated global macroeconomic downturn, the Group is forecasting both sufficient liquidity headroom and levels of EBITDA to pass the interest and debt cover covenants under its financing agreements.

However, since the time of preparation of the base case and severe scenario analysis, there have been significant geopolitical and macroeconomic developments including the potential introduction by the United States of tariffs at unprecedented levels, and potential retaliatory tariffs being proposed by other countries. These world events are fast moving, and the prospect of global recession and the stress in the debt market has significantly increased.

There are a wide range of potential outcomes from the proposed US tariff regime, but any global macroeconomic downturn or recession has the potential to have a significant impact on the future demand for the Group's products and cost base.

As such, there is an elevated risk associated with the ability of the Group to continue as a going concern as a result of the current trading performance, and the low headroom over the financial covenants attached to the Group's principal borrowings.

The Group has set out in Note 1d a summary of the Group's financing structure and related financial covenants. The Audit Committee's discussion of this matter is set out on page 80.

These events or conditions, along with the other matters as set forth in note 1d, indicate that a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the Group's relevant controls around the risk of noncompliance with covenants and the going concern assessment of the Group;
- We challenged management on their projections which resulted in a number of revisions being required to their models:
- We performed various tests on the integrity and mathematical accuracy of management's base case and severe but plausible downside scenario;
- We challenged the judgements and assumptions applied by management in their going concern assessment and associated forecasts of financial performance and financial position;
- We used external market information available to challenge the revenue forecasts;
- We considered the business performance through to the end of March 2025 and the net debt position at that date;
- We consulted internally with specialists within the firm, including debt financing specialists to assist us with understanding current lender behaviour;
- We evaluated the cash and borrowings forecast through to 30 June 2026 and obtained an understanding and relevant support for material cash movements;
- We assessed key loan documentation to understand the principal terms, including financial covenants and current relaxations in place, and performed an assessment of the Group's existing and forecast compliance with debt covenants;
- We assessed the deliverability of management's mitigations included in the severe but plausible downside; and
- We challenged the disclosure in the financial statements in respect of going concern to determine whether it contained sufficient and appropriate explanation of the going concern judgement and the material uncertainty.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

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 CONTINUED**

#### 4. SUMMARY OF OUR AUDIT APPROACH

#### Key audit matters

The key audit matters that we identified in the current year were:

- Going concern (see material uncertainty related to going concern section above);
- Impact of prior period accounting matters and accounting irregularity:
- Impairments within North America; and
- Inventory provisioning.

Within this report, key audit matters are identified as follows:



Newly identified



Increased level of risk



Similar level of risk



Decreased level of risk

#### Materiality

The materiality that we used for the Group financial statements was £1.9m, which was determined on the basis of a number of key benchmarks, including net assets, revenue and adjusted profit before tax after amortisation.

#### Scoping

Our approach to audit scoping included performing audit procedures over 74% of the Group's revenue and 78% of the Group's adjusted operating profit before tax after amortisation.

# Significant changes in our approach

Our materiality determination takes into account key benchmarks including net assets, revenue and adjusted profit before tax after amortisation. In the prior year, we determined materiality based on 7.1% (restated) of adjusted profit before tax after amortisation. As the profitability is significantly depressed for the current year, a solely profit based metric was not considered appropriate for the current year.

Our key audit matters have evolved from the prior year as discussed below.

We have identified the following new key audit matters:

- material uncertainty over going concern, as a result of the deterioration
  of trading performance in the year, in the US region in particular,
  uncertainty regarding the global economic environment, and levels of
  judgement in respect of forecast covenant compliance.
- the impact of prior period accounting matters and accounting irregularity.
- impairments within North America, given the downturn in performance within the region in FY24.
- inventory provisioning, specifically associated with the application of management judgement and estimation in determination of the provision for excess and obsolete inventory in specific sites within the US and Asia region.

In the prior year we also identified the following key audit matters:

- Classification of adjusting items. This has not been identified as key audit matter as, excluding the items already identified as key audit matters, the level of judgement in this area has reduced given the reduction in any new items considered to be adjusting in nature.
- Classification of assets and liabilities held for sale. As the sale of these assets and liabilities completed in March 2024, this is no longer a key audit matter.

#### **5. KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### 5.1. Impact of prior period accounting matters and accounting irregularity []

# Key audit matter description

As detailed in the Audit Committee report on page 79, during November, it was identified that the Group could not substantiate certain balances held within the trade and other receivables and inventory financial statement line items in respect of the Group's operations in Cleveland.

As a result, the Group commenced an internal investigation over the root cause of these matters, and concluded that they represented material errors as at 31 December 2023 which required prior period restatement.

The causal factor analysis identified the following control weaknesses:

- certain component finance teams being inappropriately skilled/trained and issues with high finance staff turnover;
- inappropriately optimistic judgements being taken on recoverability of assets without effective review:
- reconciliations not being appropriately performed or reviewed;
- ineffective review of accounting for customer arrangements with non-standard contractual terms; and
- insufficient challenge and review from divisional finance teams

In addition, a further matter of concern was identified in relation to North America. Further investigation was undertaken, under the oversight of the Audit Committee Chair, using resource from Group internal audit and an external forensic specialist.

This review confirmed an accounting irregularity in relation to the inappropriate recording of certain group costs as a prepaid asset, which whilst not quantitatively material, has also been restated in the 31 December 2023 balance sheet

The Committee noted inappropriate direction from senior finance employees related to this matter.

We note that the nature of the accounting irregularity, demonstrated a potential for management override of control. As a result, we identified an increased risk of management bias.

In relation to the financial year ended 31 December 2023, the correction of prior period misstatements reduced profit after tax by £4.5 million and net assets by £5.0 million as fully described in note 1.

Refer also to page 80 of the Audit Committee report.

## How the scope of our audit responded to the key audit matter

We updated our risk assessment and tailored our audit procedures in response to the key audit matter identified. Our audit procedures included:

- using a lower component performance materiality for certain components impacted (being 50% of group performance materiality) than would be ordinarily used if the control environment had been deemed effective, increasing the volume of substantive testing completed:
- interacting with management, the Audit Committee and their external advisors to understand their response to the identified internal control issues:
- increasing the level of partner and director oversight of our component audit teams:
- using forensics specialists to challenge the scope and review the results of the Group's investigations, to assess the competence, capabilities, independence and objectivity of the external experts used by the Group and to consider the proposed remedial actions;
- holding tailored fraud discussions with an increased number of senior management and finance personnel within the business;
- changing the nature and extent of our audit work relating to revenue cut-off, including identifying a significant risk across the group and consequently increasing sample sizes;
- performing increased levels of detailed sampling on trade and other receivables and inventory in Cleveland with increased oversight from senior members of the Group team;
- selecting an additional component to include in our scope for certain procedures to increase the unpredictability of our audit testing; and
- performing incremental journal testing with specific focus and tailoring to search for certain types of fraud and error.

# Key observations

Overall, given the extent to which our audit procedures identified significant deficiencies in relevant controls, we consider that the control environment requires significant enhancement for a group of this size and complexity.

Management and the Audit Committee recognise the need to improve the level of financial control within the business, including continuing to strengthen the "tone from the top", to address the lessons learnt from the FY24 close process.

We concur with management's assessment that the prior year errors and accounting irregularity require restatement of the prior period financial statements. In respect of the prior year adjustments, we have also concluded that the disclosures made are in accordance with IAS 8.

# 5.2. Impairments within North America 🕕

# Key audit matter description

Total goodwill on the balance sheet within the North America group of cash generating units ('CGUs") as at 31 December 2024 was £77.1 million arising from past acquisitions prior to any current year impairment.

As required by IAS 36 *Impairment of Assets* management performs an impairment review for groups of CGUs, that have goodwill, on an annual basis. For amortising assets such as PPE and ROU Assets an impairment review must be undertaken when an indicator of impairment exists.

During the year an impairment of £36.7 million was recorded to the goodwill associated with the North America group of CGUs. This impairment has arisen as a result of the poor financial performance during 2024 and the reduction in the Group's expectations of future profitability.

The impairment assessment of goodwill for this group of CGUs has been identified as a key audit matter as a result of the estimation involved in the value of impairment recorded during the year, the quantitative significance of the balance, and the application of management judgement and estimation in its impairment assessment. The key assumptions driving the impairment relates to Revenue Growth, Operating Profit, Discount Rate and Long-Term Growth Rate.

Note 14 to the financial statements discloses the sensitivities reflecting the risks inherent in the value in use calculations that were used in performing the impairment review. Note 1g discloses this matter as a key source of estimation uncertainty and reasonably possible changes in the value for this CGU.

In addition, an impairment of £15.3 million associated with assets relating to one North American site in the components business (£9.9 million of property, plant and equipment and £5.4 million of right of use assets) was recognised, reducing the carrying value to £0.6 million for property, plant and equipment, representing fair value less cost of disposal, and nil for right of use assets. The impairment of assets was as a result of management's assessment that the site is forecast to make losses for the foreseeable future.

Refer also to page 80 of the Audit Committee report.

# How the scope of our audit responded to the key audit matter

We obtained an understanding of the relevant controls over the valuation of goodwill, in particular controls over the Group's forecasting of future cash flows and the determination of CGU specific discount and growth rates that underpin the impairment model, and controls around management's preparation of the model.

We assessed management's impairment paper, underlying analysis, and supporting financial models, and challenged the reasonableness of the assumptions which underpinned the forecasts. Specifically, our work included, but was not limited to:

- challenging the key assumptions relating to the 2025 forecast and later forecast periods with reference to the recent and historical performance of the American business, expected order book levels, our knowledge of the businesses, utilisation pressures, and the status of new product launches;
- retrospective review of performance against budget, including consideration of post year end actual performance against budget;
- involving our valuation specialists to challenge the discount rate and long term growth rates applied by benchmarking against market data and comparable organisations, and by evaluating the underlying process used to determine the risk-adjusted cash flow projections;
- testing the integrity and mathematical accuracy of the impairment models;
- checking the application of the input assumptions, and testing their compliance with IAS 36;
- assessing and reperforming management's sensitivity analysis to assess the key assumptions which have a significant effect on the model:
- challenging management on the key drivers of the value in use model such as forecast revenues, operating margins, discount and long-term growth rates. We considered how movements in these drivers, either individually or collectively, could impact the level of impairment and the likelihood of such movements; and
- assessing the appropriateness of the disclosures relating to North America's goodwill as an area with key sources of estimation certainty, and whether a reasonably possible change disclosure has been included which appropriately reflects the sensitivity in the CGU impairment review.

In relation to the impairment of PPE and ROU assets at the North American site our work included:

- considering the past performance of the site and challenging management's forecasts;
- obtaining schedules of the PPE and ROU assets to be impaired and agreeing back to amounts recorded in the general ledger;
- assessing the appropriateness of management's assessment of recoverable amount; and
- assessing the appropriateness of the disclosures.

FINANCIAL STATEMENTS

#### **INDEPENDENT AUDITOR'S REPORT CONTINUED**

#### Key observations

We determined that the accounting for the impairments set out above and the associated disclosures in the financial statements are appropriate.

# 5.3. Inventory provisioning



#### Key audit matter description

Total inventory on the balance sheet at 31 December 2024 is £132.7 million (2023: £142.7 million. This is stated after a provision for obsolescence of £17.2m (2023: £17.8 million), representing 11.4% of gross inventory (FY23: 11.0%).

The provision for excess and obsolete inventory has been considered as a key audit matter, pinpointed to three North American sites which have experienced depressed trading conditions and operational challenges, as well as the site in China, due to the quantitative size of the balance.

The Group uses a standardised provisioning policy based on ageing or forecast demand which may be amended where management can support an adjustment to the formulaic answer provided, and therefore is a key estimate that can be subject to potential management bias.

There is a risk that the inventory held on the balance sheet is not recoverable at its current value and the provision does not adequately cover the risk of recovering the assets value.

Note 16 to the financial statements discloses the inventory balances.

## How the scope of our audit responded to the key audit matter

For the North American sites with depressed trading and Suzhou, we obtained an understanding of the relevant controls over the Group's inventory provisioning. We assessed management's underlying analysis, and supporting provisioning calculation, and challenged the reasonableness of the assumptions which underpinned the calculations.

Specifically, our work included, but was not limited to:

- reviewing whether the inventory provision methodology applied by the Group is appropriate, consistent with the Group's provisioning policies and that any additional specific provisions applied can be justified appropriately:
- testing the integrity and mathematical accuracy of the provisioning calculations;
- challenging the key data and assumptions within the provisioning calculations; and
- sample testing areas where management had made manual adjustments to the Group's formula driven model to determine whether adjustments were appropriate.

# Key observations

We determined that the provisioning policy applied is reasonable and the resultant overall position adopted was reasonable including the recoverable value of the inventory held within the US sites.

# 6. OUR APPLICATION OF MATERIALITY

#### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1.9m (2023: £2.4m)	£0.6m (2023: £0.8m)
Basis for determining materiality	We consider a range of benchmarks such as net assets, revenue, and adjusted profit before tax.	Parent company materiality equates to 0.3% (2023: 0.3%) of net assets which is capped at 32% of Group materiality (2023: 33%),
	Materiality for the current year represents:	in order to address the risk of aggregation when combined with other businesses.
	<ul> <li>- 0.4% of revenue (2023: 0.4%);</li> <li>- 7.8% of adjusted profit before tax after amortisation (2023: 7.1%, on a restated basis); and</li> <li>- 0.8% of net assets (2023: 0.9%, on a restated basis).</li> </ul>	
Rationale for the benchmark applied	We considered the financial measures that were most relevant to users of the financial statements and concluded that the measures above represented the most relevant metrics for the purpose of evaluating financial performance.	We believe that use of a balance sheet measure was appropriate given that the parent company acts as a holding company.
<ul><li>Adjusted PBT after amortisation £24.5m</li><li>Group materiality</li></ul>		Group materiality £1.9m  Component materiality range £0.5m–£0.7m

Audit committee reporting threshold £0.095m

# 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements	
Performance materiality	65% (2023: 65%) of group materiality	70% (2023: 70%) of parent company materiality	
Basis and rationale for determining performance	In determining performance materiality, we considered the following factors:		
materiality	<ul> <li>our assessment of the respective parent company, and natumodel;</li> <li>the de-centralised nature of the and its variation across the Giller the number of misstatements</li> </ul>	ne Group's control environment roup; and	

# 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £95,000 (2023: £120,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### 7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

#### 7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group and component level.

There are 63 (2023: 76) reporting components in total, each of which is responsible for maintaining their own accounting records and controls and using an integrated consolidation system to report to UK head office.

Our Group audit scope focused on audit work at 24 components (2023: 19 components). We selected 13 (2023: 10) reporting components where we requested component auditors to perform an audit of the component's financial information. Coverage from the in-scope components representing 74% (2023: 78%) of the Group's revenue, and 78% (2023: 79%) of the Group's adjusted operating profit.

Each component was set a specific component materiality, considering its relative size and any component-specific risk factors such as the location of components. The component performance materialities applied were in the range £0.5 million to £0.7 million (2023: £0.6 million to £0.8 million).

We tested the consolidation process at the parent company level and conducted analytical procedures for entities not subject to detailed audit work to confirm our conclusion that there was no significant risk of material misstatement in the aggregated financial information.



#### 7.2. Our consideration of the control environment

The Group include their assessment of the internal control environment under the Risk Management section of the annual report included on page 52.

Our audit approach is fully substantive with no controls reliance and our work performed in respect of the significant controls weaknesses is set out in section 5.2 above. These matters are also further discussed in the Audit and Risk Committee Report on page 79.

With the involvement of our IT specialists, we have obtained an understanding of the control environment and of the general IT controls, including an understanding of the business processes and relevant controls within the key areas of the audit. We did not rely on the Group's IT controls given the varying systems across the Group and the de-centralised nature of the IT control environment, IT user access issues and the lack of formalised documentation around IT controls.

#### 7.3. Our consideration of climate-related risks

Climate change and the transition to a low carbon economy were considered in our audit where they have the potential to impact, directly or indirectly, key judgements and estimates within the Group financial statements. The Group continues to develop its assessment of the potential impacts of climate change as disclosed in the People, Environment and Communities section of the annual report on page 28. The Group has identified sustainability, climate change and the environment as a principal risk to the business.

We performed the following procedures to address the climate-related risks:

- held discussions with management to obtain an understanding of the process for considering the impact of climate-related risks and controls that are relevant to the entity;
- read and understood the work performed by the Group's engaged third party climate specialists and assessed the conclusions reached for consistency with the disclosures made in the financial statements:
- performed a climate related risk assessment with the involvement of our specialist Environmental. Social and Governance ("ESG") team:
- considered whether information included in the climate related disclosures in the Annual Report were materially consistent with the financial statements and our knowledge obtained in the audit; and
- evaluated the appropriateness of disclosures included in the financial statements in note 1 on page 122.

## 7.4. Working with other auditors

We performed site visits to a number of our components during the year including Cleveland, Plano and Kansas to discuss significant matters of the audit, audit procedures performed, as well as results of work performed. The Group engagement team continued to have online interaction with the Group's largest and most complex businesses during 2024 and early 2025 with a particular focus on components within North America. In respect of Suzhou where it is not possible to review workpapers electronically from outside China, we had a team member attend in person to review the component workpapers.

In addition to the above, the Group engagement partner held Group-wide, regional and individual planning and close meetings which covered all businesses. Each division has a dedicated senior member of the Group audit team responsible for the supervision and direction of components, including where appropriate sector-specific expertise. We included all component audit teams in our team briefing, discussed and reviewed their risk assessment, and reviewed documentation of the findings from their work. We also reviewed the audit work papers supporting each component team's reporting to us.

Following the identification of the prior year restatements and the accounting irregularity we varied the nature and extent of the scope of work for our components as set out in Section 5.2.

# **8. 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 contained within 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. 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.

# 9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# 10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

# 11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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.

## 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the scope and results of the work performed as part of the Group's investigations into the prior year accounting matters and the accounting irregularity including the reports from external forensic specialists; which is discussed in the Audit and Risk Committee report;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- our accumulated audit knowledge of the Group's control environment from prior year audits; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including forensics, tax, valuations, pensions, IT, and ESG regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in going concern, impact of prior year restatements and accounting irregularity (including revenue recognition cut-off), impairments within North America and inventory provisioning. There are significant issues identified within the Group's control environment highlighted above which increase the potential for fraud to occur. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

## 11.2. Audit response to risks identified

As a result of performing the above, we identified going concern, impact of prior year restatements (including revenue recognition cut-off), and accounting irregularity, impairments within North America and inventory provisioning, as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

#### 12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### 13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 57;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 57;
- the directors' statement on fair, balanced and understandable set out on page 102;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 53;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 52; and
- the section describing the work of the audit committee set out on page 76.

# 14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

## 14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

#### 14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

# 15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

#### 15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Shareholders of the Group on 6 May 2020 at the Annual General Meeting to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 31 December 2020 to 31 December 2024.

**15.2. Consistency of the audit report with the additional report to the audit committee**Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

### 16. USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

#### **Robert Knight (Senior statutory auditor)**

For and on behalf of Deloitte LLP Statutory Auditor

London, United Kingdom 9 April 2025

FINANCIAL STATEMENTS

# **CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2024

Emillion (unless otherwise stated)	Note	2024	2023 Restated <sup>1</sup>
Revenue	3	521.1	613.9
Cost of sales		(411.4)	(471.6)
Gross profit		109.7	142.3
Distribution costs		(22.9)	(26.9)
Administrative expenses		(110.3)	(112.4)
Operating (loss)/profit		(23.5)	3.0
Analysed as:			
Adjusted operating profit	3	37.1	47.1
Restructuring costs	7	0.1	(2.0)
Pension restructuring costs	7	(1.3)	(1.9)
Asset impairments and measurement losses	7	(52.2)	(32.5)
Amortisation of intangible assets arising on business combinations	7	(2.7)	(4.6)
Acquisition and disposal related costs	7	(4.5)	(3.1)
Finance income		1.6	1.6
Finance costs		(11.5)	(11.4)
Loss before taxation		(33.4)	(6.8)
Taxation	8	(20.0)	(4.5)
Loss for the year attributable to the owners of the Company		(53.4)	(11.3)
EPS attributable to owners of the Company (pence)			
Basic	10	(30.2)	(6.4)
Diluted	10	(30.2)	(6.4)

<sup>1.2023</sup> results have been restated as described in note 1h.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

£million	2024	2023 Restated <sup>1</sup>
Loss for the year	(53.4)	(11.3)
Other comprehensive income/(loss) for the year after tax		
Items that are or may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	2.9	(17.3)
Tax on exchange differences	(0.4)	1.1
Foreign exchange gain on disposals recycled to income statement	(0.6)	-
(Loss)/gain on hedge of net investment in foreign operations	(0.8)	1.8
(Loss)/gain on cash flow hedges taken to equity less amounts recycled to the income statement	(10.2)	3.5
Deferred tax gain/(loss) on movement in cash flow hedges	2.4	(0.7)
Items that will not be reclassified to the income statement:		
Remeasurement of defined benefit pension schemes	(2.3)	0.2
Tax on remeasurement of defined benefit pension schemes	3.1	(0.1)
Total comprehensive loss for the year attributable to the owners of the Company	(59.3)	(22.8)

<sup>1. &#</sup>x27;Loss for the year' has been restated as described in note 1h.

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

at 31 December 2024

Non-current assets   12   9.9   15.8   19.6     Property, plant and equipment   13   49.3   61.3   54.8     Goodwill   14   105.4   140.8   155.1     Other intangible assets   15   30.8   32.7   53.7     Other intangible assets   15   30.8   32.7   53.7     Deferred tax assets   21   - 0.8   0.8     Pensions   22   7.1   25.3   31.3     Total non-current assets   215.6   293.3   328.5     Derustive financial instruments   21   0.7   142.7   189.2     Trade and other receivables   16   132.7   142.7   189.2     Trade and other receivables   17   91.2   84.8   119.8     Income taxes receivable   2.9   2.0   1.1     Derivative financial instruments   21   0.7   52.3     Assets classified as held for sale   4   - 43.0   - 43.0     Cash and cash equivalents   59.2   74.1   65.0     Total current assets   512.3   650.1   706.7     Total current assets   512.3   650.1   706.7     Total assets   512.3   650.1   706.7     Liabilities   512.3   650.1   706.7     Liabilities   512.3   650.1   706.7     Lease liabilities   20.30   4.0   3.8   4.4     Derivative financial instruments   21   5.4   1.5   3.6     Trade and other payables   18   120.0   127.9   173.2     Income taxes payable   13.1   10.9   9.6     Provisions   19   3.7   3.1   3.5     Total current liabilities   20.30   13.3   14.4   18.7     Derivative financial instruments   21   2.4   0.6   0.8     Derrowings   20   149.2   181.9   176.6     Lease liabilities   20.30   13.3   14.4   18.7     Derivative financial instruments   21   2.4   0.6   0.8     Derrowings   20   149.2   181.9   176.6     Lease liabilities   20.30   13.3   14.4   18.7     Derivative financial instruments   21   2.4   0.6   0.8     Derrowings   20   149.2   181.9   176.6     Lease liabilities   171.1   20.81   12.9     Provisions and other non-current liabilities   171.1   20.81   12.9     Provisions and other non-current liabilities   1	£million	Note	2024	2023 Restated <sup>1</sup>	2022 Restated <sup>1</sup>
Right-of-use assets         12         9.9         15.8         19.6           Property, plant and equipment         13         49.3         61.3         54.8           Goodwill         14         105.4         140.8         155.1           Other intangible assets         30.8         32.7         55.3           Deferred tax assets         8         13.1         16.6         13.2           Pensions         22         7.1         25.3         31.3           Total non-current assets         22         7.1         25.3         31.3           Total non-current assets         17         91.2         28.8         199.2           Inventories         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         28.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         25.2         31.1           Assets classified as held for sale         4         -         48.0         -           Cotal assets         296.7         356.8         378.2           Total current liabilities         20         0.1	ASSETS				
Property, plant and equipment         13         49.3         61.3         54.8           Goodwill         14         105.4         140.8         155.1           Other intangible assets         15         30.8         32.7         53.7           Deferred tax assets         8         13.1         16.6         13.2           Derivative financial instruments         21          0.8         0.8           Pensions         22         7.1         25.3         31.3           Total non-current assets         2         215.6         29.3         328.5           Current assets         16         132.7         142.7         182.5           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2         9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         290.7         356.8         378.2           Total aussets         512.3         650.1         706.7           LIABLITIES         2	Non-current assets				
Goodwill         14         105.4         108.8         155.1           Other intangible assets         15         30.8         32.7         53.7           Defired tax assets         8         13.1         16.6         13.2           Derivative financial instruments         21         -         0.8         3.0           Pensions         22         7.1         25.3         31.3           Total non-current assets         215.6         293.3         328.5           Current assets         16         132.7         142.7         189.2           Trade and other receivables         16         132.7         142.7         189.2           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         59.2         74.1         65.0         78.2           Total assets         296.7         35.8         378.2           Total assets         296.7         35.8         378.2           Total assets         296.7         3.1         2.         <	Right-of-use assets	12	9.9	15.8	19.6
Other intangible assets         15         30.8         32.7         53.7           Deferred tax assets         8         13.1         16.6         13.2           Derivative financial instruments         21         -         0.8         0.8           Pensions         22         7.1         25.3         31.3           Total non-current assets         215.6         293.3         328.5           Current assets         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total assets         296.7         356.8         378.2           Total assets         296.7         356.8         378.2           Total assets         296.7         356.8         378.2           Total assets classified as held for sale         4         -         28.1         -	Property, plant and equipment	13	49.3	61.3	54.8
Deferred tax assets         8         13.1         16.6         13.2           Derivative financial instruments         21         -         0.8         0.8           Pensions         22         7.1         25.3         31.3           Total non-current assets         215.6         293.3         328.5           Current assets           Inventories         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Ital current assets         296.7         356.8         378.2           Total current assets         296.7         356.8         378.2           Total current assets         296.7         356.8         378.2           Italibilities         20         0.1         1.2         3.7           Lease liabilitities directly associated with assets classi	Goodwill	14	105.4	140.8	155.1
Derivative financial instruments         21         -         0.8         0.8           Pensions         22         7.1         25.3         31.3           Total non-current assets         215.6         293.3         328.5           Current assets         316         132.7         142.7         189.2           Trade and other receivables         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total current assets         512.3         56.1         76.0           Total current sasets         296.7         356.8         378.2           Total current sasets         512.3         65.1         70.6           Lassetisabilities         20         0.1         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4	Other intangible assets	15	30.8	32.7	53.7
Pensions         22         7.1         25.3         31.3           Total non-current assets         215.6         293.3         328.5           Current assets         1         215.7         29.3         328.5           Inventories         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total assets         69.2         74.1         65.0           Total current assets         512.3         55.1         70.6           Total assets         296.7         356.8         378.2           Total assets         296.7         356.8         378.2           Total current liabilities         20         0.1         1.2         3.7           Lease liabilities         20         3.0         4.4         4.5         3.6           Trade	Deferred tax assets	8	13.1	16.6	13.2
Total non-current assets         215.6         293.3         328.5           Current assets           Inventories         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total current assets         296.7         356.8         378.2           Total casets         512.3         650.1         706.7           LIABILITIES         Total current liabilities         8         50.1         706.7           Liabilitities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         12.7         173.2	Derivative financial instruments	21	-	0.8	0.8
Current assets         Inventories         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total current assets         296.7         356.8         378.2           Total assets         512.3         650.1         706.7           LIABILITIES         Current liabilities           Borrowings         20         0.1         1.2         3.7           Lease liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities directly associated with assets classified as held for sale         20,30	Pensions	22	7.1	25.3	31.3
Inventories         16         132.7         142.7         189.2           Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total current assets         296.7         356.8         378.2           Total assets         512.3         650.1         706.7           LIABILITIES         2         3.7         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         20         149.2 <td>Total non-current assets</td> <td></td> <td>215.6</td> <td>293.3</td> <td>328.5</td>	Total non-current assets		215.6	293.3	328.5
Trade and other receivables         17         91.2         84.8         119.8           Income taxes receivable         2.9         2.0         1.1           Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total assets         296.7         356.8         378.2           Total assets         512.3         650.1         706.7           LIABILITIES         Current liabilities         8         512.3         650.1         706.7           Borrowings         20         0.1         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         12.79         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         1	Current assets				
Derivative financial instruments	Inventories	16	132.7	142.7	189.2
Derivative financial instruments         21         0.7         5.2         3.1           Assets classified as held for sale         4         -         48.0         -           Cash and cash equivalents         69.2         74.1         65.0           Total current assets         296.7         356.8         378.2           Total assets         512.3         650.1         706.7           LIABILITIES         20         0.1         1.2         3.7           Liabilities         20         0.1         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         12.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         20         149.2         181.9         176.6           Lease liabilities         20,30 <t< td=""><td>Trade and other receivables</td><td>17</td><td>91.2</td><td>84.8</td><td>119.8</td></t<>	Trade and other receivables	17	91.2	84.8	119.8
Assets classified as held for sale       4       -       48.0       -         Cash and cash equivalents       69.2       74.1       65.0         Total current assets       296.7       356.8       378.2         Total assets       512.3       650.1       706.7         LIABILITIES       Current liabilities       8       8       8       9       9       1.2       3.7         Liabilities directly associated with assets classified as held for sale       4       -       28.1       -         Lease liabilities       20, 30       4.0       3.8       4.4         Derivative financial instruments       21       5.4       1.5       3.6         Trade and other payables       18       120.0       127.9       173.2         Income taxes payable       13.1       10.9       9.6         Provisions       19       3.7       3.1       3.5         Total current liabilities       146.3       176.5       198.0         Non-current liabilities       20, 30       13.3       14.4       18.7         Derivative financial instruments       20       149.2       181.9       176.6         Lease liabilities       20, 30       13.3       14.4	Income taxes receivable		2.9	2.0	1.1
Cash and cash equivalents         69.2         74.1         65.0           Total current assets         296.7         356.8         378.2           Total assets         512.3         650.1         706.7           LIABILITIES         Current liabilities           Borrowings         20         0.1         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20,30         149.2         181.9         176.6           Lease liabilities         20,30         13.3         14.4         18.7           Derivative financial instruments         20         4         9.2         181.9 </td <td>Derivative financial instruments</td> <td>21</td> <td>0.7</td> <td>5.2</td> <td>3.1</td>	Derivative financial instruments	21	0.7	5.2	3.1
Total current assets         296.7         356.8         378.2           Total assets         512.3         650.1         706.7           LIABILITIES         Current liabilities           Borrowings         20         0.1         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20,30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0	Assets classified as held for sale	4	-	48.0	-
Total assets         512.3         650.1         706.7           LIABILITIES           Current liabilities           Borrowings         20         0.1         1.2         3.7           Liabilities directly associated with assets classified as held for sale         4         -         28.1         -           Lease liabilities         20,30         4.0         3.8         4.4           Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20,30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           P	Cash and cash equivalents		69.2	74.1	65.0
LIABILITIES         Current liabilities         Borrowings       20       0.1       1.2       3.7         Liabilities directly associated with assets classified as held for sale       4       -       28.1       -         Lease liabilities       20,30       4.0       3.8       4.4         Derivative financial instruments       21       5.4       1.5       3.6         Trade and other payables       18       120.0       127.9       173.2         Income taxes payable       13.1       10.9       9.6         Provisions       19       3.7       3.1       3.5         Total current liabilities       146.3       176.5       198.0         Non-current liabilities       20,30       13.3       14.4       18.7         Derivative financial instruments       21       2.4       0.6       0.8         Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18,19       1.2       1.1       0.8         Total liabilities       171.1       208.1       212.2         Total liabilities	Total current assets		296.7	356.8	378.2
Current liabilities         Borrowings       20       0.1       1.2       3.7         Liabilities directly associated with assets classified as held for sale       4       -       28.1       -         Lease liabilities       20, 30       4.0       3.8       4.4         Derivative financial instruments       21       5.4       1.5       3.6         Trade and other payables       18       120.0       127.9       173.2         Income taxes payable       13.1       10.9       9.6         Provisions       19       3.7       3.1       3.5         Total current liabilities       146.3       176.5       198.0         Non-current liabilities       20       149.2       181.9       176.6         Lease liabilities       20, 30       13.3       14.4       18.7         Derivative financial instruments       21       2.4       0.6       0.8         Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18, 19       1.2       1.1       0.8         Total liabilities       171.1       208.1	Total assets		512.3	650.1	706.7
Borrowings       20       0.1       1.2       3.7         Liabilities directly associated with assets classified as held for sale       4       -       28.1       -         Lease liabilities       20,30       4.0       3.8       4.4         Derivative financial instruments       21       5.4       1.5       3.6         Trade and other payables       18       120.0       127.9       173.2         Income taxes payable       13.1       10.9       9.6         Provisions       19       3.7       3.1       3.5         Total current liabilities       146.3       176.5       198.0         Non-current liabilities       20       149.2       181.9       176.6         Lease liabilities       20,30       13.3       14.4       18.7         Derivative financial instruments       21       2.4       0.6       0.8         Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18,19       1.2       1.1       0.8         Total non-current liabilities       171.1       208.1       212.2         T	LIABILITIES				
Liabilities directly associated with assets classified as held for sale       4       -       28.1       -         Lease liabilities       20, 30       4.0       3.8       4.4         Derivative financial instruments       21       5.4       1.5       3.6         Trade and other payables       18       120.0       127.9       173.2         Income taxes payable       13.1       10.9       9.6         Provisions       19       3.7       3.1       3.5         Total current liabilities       146.3       176.5       198.0         Non-current liabilities       20       149.2       181.9       176.6         Lease liabilities       20, 30       13.3       14.4       18.7         Derivative financial instruments       21       2.4       0.6       0.8         Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18, 19       1.2       1.1       0.8         Total non-current liabilities       171.1       208.1       212.2         Total liabilities       317.4       384.6       410.2	Current liabilities				
Lease liabilities       20,30       4.0       3.8       4.4         Derivative financial instruments       21       5.4       1.5       3.6         Trade and other payables       18       120.0       127.9       173.2         Income taxes payable       13.1       10.9       9.6         Provisions       19       3.7       3.1       3.5         Total current liabilities       146.3       176.5       198.0         Non-current liabilities       20       149.2       181.9       176.6         Lease liabilities       20,30       13.3       14.4       18.7         Derivative financial instruments       21       2.4       0.6       0.8         Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18,19       1.2       1.1       0.8         Total non-current liabilities       171.1       208.1       212.2         Total liabilities       317.4       384.6       410.2	Borrowings	20	0.1	1.2	3.7
Derivative financial instruments         21         5.4         1.5         3.6           Trade and other payables         18         120.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20,30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18,19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Liabilities directly associated with assets classified as held for sale	4	-	28.1	-
Trade and other payables         18         120.0         127.9         173.2           Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20,30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18,19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Lease liabilities	20, 30	4.0	3.8	4.4
Income taxes payable         13.1         10.9         9.6           Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20, 30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18, 19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Derivative financial instruments	21	5.4	1.5	3.6
Provisions         19         3.7         3.1         3.5           Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20, 30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18, 19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Trade and other payables	18	120.0	127.9	173.2
Total current liabilities         146.3         176.5         198.0           Non-current liabilities         20         149.2         181.9         176.6           Lease liabilities         20, 30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18, 19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Income taxes payable		13.1	10.9	9.6
Non-current liabilities           Borrowings         20         149.2         181.9         176.6           Lease liabilities         20,30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18,19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Provisions	19	3.7	3.1	3.5
Borrowings         20         149.2         181.9         176.6           Lease liabilities         20, 30         13.3         14.4         18.7           Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18, 19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Total current liabilities		146.3	176.5	198.0
Lease liabilities       20, 30       13.3       14.4       18.7         Derivative financial instruments       21       2.4       0.6       0.8         Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18, 19       1.2       1.1       0.8         Total non-current liabilities       171.1       208.1       212.2         Total liabilities       317.4       384.6       410.2	Non-current liabilities				
Derivative financial instruments         21         2.4         0.6         0.8           Deferred tax liability         8         3.5         7.0         12.4           Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18,19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Borrowings	20	149.2	181.9	176.6
Deferred tax liability       8       3.5       7.0       12.4         Pensions       22       1.5       3.1       2.9         Provisions and other non-current liabilities       18, 19       1.2       1.1       0.8         Total non-current liabilities       171.1       208.1       212.2         Total liabilities       317.4       384.6       410.2	Lease liabilities	20, 30	13.3	14.4	18.7
Pensions         22         1.5         3.1         2.9           Provisions and other non-current liabilities         18,19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Derivative financial instruments	21	2.4	0.6	0.8
Provisions and other non-current liabilities         18, 19         1.2         1.1         0.8           Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Deferred tax liability	8	3.5	7.0	12.4
Total non-current liabilities         171.1         208.1         212.2           Total liabilities         317.4         384.6         410.2	Pensions	22	1.5	3.1	2.9
Total liabilities         317.4         384.6         410.2	Provisions and other non-current liabilities	18, 19	1.2	1.1	0.8
	Total non-current liabilities		171.1	208.1	212.2
<b>Net assets 194.9</b> 265.5 296.5	Total liabilities		317.4	384.6	410.2
	Net assets		194.9	265.5	296.5

£million	Note	2024	2023 Restated <sup>1</sup>	2022 Restated <sup>1</sup>
EQUITY				
Share capital		44.5	44.3	44.1
Share premium		24.6	24.0	22.9
Translation reserve		41.8	40.7	55.1
Other reserves	24	4.0	11.9	7.9
Retained earnings		80.0	144.6	167.1
Total equity		194.9	265.5	296.5

<sup>1. &#</sup>x27;Inventories', 'Trade and other receivables' and 'deferred tax assets' have been restated as described in note 1h.

Approved by the Board of Directors on 9 April 2025 and signed on their behalf by:

**Peter France** Mark Hoad Director Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

£million	Share capital	Share premium	Translation Reserve	Other reserves	Retained earnings	Total
At 31 December 2022 – restated <sup>1</sup>	44.1	22.9	55.1	7.3	167.1	296.5
Loss for the year – restated <sup>1</sup>	-	-	_	-	(11.3)	(11.3)
Other comprehensive income						
Exchange differences on translation of foreign operations	_	-	(17.3)	-	-	(17.3)
Tax on exchange differences	_	-	1.1	-	_	1.1
Gain on hedge of net investment in foreign operations	_	-	1.8	-	_	1.8
Profit on cash flow hedges taken to equity less amounts recycled to the income statement	_	-	-	3.5	-	3.5
Deferred tax on movement in cash flow hedges	_	-	-	(0.7)	-	(0.7)
Remeasurement of defined benefit pension schemes	_	-	-	-	0.2	0.2
Tax on remeasurement of defined benefit pension schemes	_	-	_	-	(0.1)	(0.1)
Total comprehensive (loss)/income	-	-	(14.4)	2.8	(11.2)	(22.8)
Transactions with owners recorded directly in equity						
Equity dividends paid by the Company	_	-	-	-	(11.3)	(11.3)
Share-based payments	_	-	_	3.1	_	3.1
Deferred tax on share-based payments	-	_	_	(0.1)	_	(0.1)
New shares issued	0.2	1.1	_	_	_	1.3
Other movements	-	_	_	(1.2)	_	(1.2)
At 31 December 2023 – restated 1	44.3	24.0	40.7	11.9	144.6	265.5
At 31 December 2023 – restated <sup>1</sup>	44.3	24.0	40.7	11.9	144.6	265.5
Loss for the year	-	-	_	-	(53.4)	(53.4)
Other comprehensive income/(expense)						
Exchange differences on translation of foreign operations	-	-	2.9	-	-	2.9
Tax on exchange differences	-	-	(0.4)	-	-	(0.4)
Foreign exchange gain on disposals recycled to income statement	-	-	(0.6)	-	-	(0.6)
Loss on hedge of net investment in foreign operations	-	-	(8.0)	-	-	(0.8)
Loss on cash flow hedges taken to equity less amounts recycled to income statement	-	-	-	(10.2)	-	(10.2)
Deferred tax on movement in cash flow hedges	-	-	-	2.4	-	2.4
Remeasurement of defined benefit pension schemes	-	-	-	-	(2.3)	(2.3)
Tax on remeasurement of defined benefit pension schemes	-	-	-	-	3.1	3.1
Total comprehensive income/(loss)	-	-	1.1	(7.8)	(52.6)	(59.3)
Transactions with owners recorded directly in equity						
Dividends paid by the Company	-	-	_	-	(12.2)	(12.2)
Share-based payments	-	_	-	2.2	-	2.2
Deferred tax on share-based payments	_	-	-	(0.2)	-	(0.2)
New shares issued	0.2	0.6	_	_	_	0.8
Payments to fund employee benefit trust	_	_	_	(2.1)	_	(2.1)
				` '		` '
Other movements	-	_	-	-	0.2	0.2

<sup>1.</sup> Balances have been restated as described in note 1h.

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

31 December 2024

£million	Note	2024	2023 Restated <sup>1</sup>
Cash flows from operating activities			
Loss for the year		(43.9)	(11.3)
Taxation	8	20.0	4.5
Net finance costs		9.9	9.8
Restructuring costs and non underlying asset impairments and remeasurements	7	43.9	36.4
Amortisation, acquisition and disposal related costs	7	7.2	7.7
Adjusted operating profit		37.1	47.1
Adjustments for:			
Depreciation	12,13	12.2	14.0
Amortisation of intangible assets	15	1.6	2.5
Share based payment expense		2.2	3.1
Scheme funded pension administration costs		1.1	1.6
Other items		0.2	(0.7)
Decrease in inventories		12.8	5.3
(Increase)/decrease in receivables		(2.2)	15.4
Decrease in payables and provisions		(12.9)	(15.5)
Adjusted operating cash flow		52.1	72.8
Reimbursement from pension schemes net of funding payments	22	9.4	3.2
Restructuring and acquisition related costs		(0.6)	(4.0)
Net cash generated from operations		60.9	72.0
Income taxes paid		(9.7)	(9.1)
Net cash flow from operating activities		51.2	62.9
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(6.9)	(22.3)
Proceeds from sale of property, plant and equipment and government grants received	d	0.5	0.5
Capitalised development expenditure	15	(1.8)	(1.6)
Purchase of other intangibles	15	(0.5)	(0.6)
Proceeds from disposal of business	4	17.5	_
Cash with disposed businesses	4	(5.3)	_
Net cash flow from/(used) in investing activities		3.5	(24.0)

£million	Note	2024	2023 Restated <sup>1</sup>
Cash flows from financing activities			
Issue of share capital	23	8.0	1.3
Interest paid		(10.6)	(10.6)
Repayment of borrowings		(49.2)	(26.1)
Proceeds from borrowings		15.1	32.7
Capital payment of lease liabilities		(4.2)	(4.4)
Payments to fund employee benefit trust	24	(2.1)	(1.2)
Dividends paid by the Company	9	(12.2)	(11.3)
Net cash flow used in financing activities		(62.4)	(19.6)
Cash transferred to held for sale		-	(3.6)
Net (decrease)/increase in cash and cash equivalents		(7.7)	15.7
Cash and cash equivalents at beginning of year including those classified as held for			
sale	26	76.5	61.3
Exchange differences	26	0.3	(4.1)
Cash and cash equivalents at end of year	26	69.1	72.9
Cash and cash equivalents comprise:			
Cash at bank and in hand	26	69.2	74.1
Bank overdrafts	26	(0.1)	(1.2)
Cash and cash equivalents at end of year	26	69.1	72.9
Cash and cash equivalents included within assets classified as held for sale		-	3.6
Cash and cash equivalents at end of year including those classified as held for sale		69.1	76.5

<sup>1. &#</sup>x27;Loss for the year', 'Taxation', 'Adjusted operating profit', 'Decrease in inventories', and '(Increase)/decrease in receivables' have been restated as described in note 1h.

at 31 December 2024

#### 1 Basis of preparation

#### a) Basis of accounting

TT Electronics Plc ("the Group") is a public company limited by shares (company number 00087249) and is the ultimate parent company of the Group. The Group is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is 'TT Electronics Plc, Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB'. The nature of the Group's operations and its principal activities by operating segment are set out in note 3 and in the regional reviews on pages 20 to 22. The Consolidated Financial Statements of the Group for the year ended 31 December 2024 were authorised in accordance with a resolution of the Directors of TT Electronics Plc on 9 April 2025.

These consolidated financial statements are presented in pounds sterling, which is also the functional currency of the Company. Foreign operations are included in accordance with the policies set out in note 2.

The consolidated financial statements have been prepared on a historical cost basis modified by derivatives held at fair value. 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 financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

The financial statements set out on pages 116 to 119 have been prepared using consistent accounting policies except for the adoption of new accounting standards and interpretations noted below

# b) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2024 and the Group's financial performance for the year ended 31 December 2024.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

# c) Alternative performance measures

The Group presents Alternative Performance Measures ("APMs") in addition to the statutory results of the Group. These are presented in accordance with the guidelines on APMs issued by the European Securities and Markets Authority ("ESMA").

Adjusted operating profit has been defined as operating profit from continuing operations excluding the impacts of significant restructuring programmes, significant one-off items including property disposals, impairment charges significant in nature and/or value, business acquisition, integration, and divestment related activity, and the amortisation of intangible assets recognised on acquisition. Acquisition and disposal related items include the writing off of the pre-acquisition profit element of inventory written up on acquisition, other direct costs associated with business combinations and adjustments to contingent consideration related to acquired businesses. Restructuring includes significant changes in footprint (including movement of production facilities) and significant costs of management changes.

In addition to the items above, adjusting items impacting profit after tax include:

- The net effect on tax of significant restructuring from strategy changes that are not considered by the Group to be part of the normal operating costs of the business; and
- The tax effects of adjustments to profit before tax.

These financial statements include alternative performance measures that are not prepared in accordance with IFRS. These APMs have been selected by the Directors to assist them in making operating decisions because they represent the underlying operating performance of the Group and facilitate internal comparisons of performance over time.

Alongside the statutory results, the Directors consider the adjusted results to be an important measure used to monitor how the businesses are performing as this provides a meaningful reflection of how the businesses are managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs exclude certain significant non-recurring, infrequent or non-cash items that the Directors do not believe are indicative of the underlying operating performance of the Group (that are otherwise included when preparing financial measures under IFRS).

Adjusted profit is not a defined term under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparable periods where provided.

The Directors consider there to be five main APMs: adjusted operating profit, free cash flow, adjusted EPS, adjusted effective tax rate and net debt.

All APMs are presented on pages 161 to 166 and are reconciled to their equivalent statutory measures where this is appropriate.

continued

#### 1 Basis of preparation continued

#### d) Going concern

The Group's business activities, along with the factors likely to influence its future development, performance, and position, are detailed in the Strategic Report on pages 1 to 57. This report provides an analysis of the Group's financial position, cash flows, liquidity, and borrowing facilities. Additionally, note 21 to the financial statements outlines the Group's objectives, policies, and processes for capital management, financial risk management strategies, financial instruments, hedging activities, and exposures to credit and liquidity risks.

2024 has been a challenging year for the Group. Business performance has been mixed and adjusted EBITDA and interest cover reduced. In particular performance has been impacted by difficult component market conditions and operational challenges in our business in North America. These challenging conditions have continued into 2025, as anticipated.

As a result of the above the Group sought agreement from its lenders to an interest covenant relaxation which covers the covenant test dates at December 2024. June 2025 and December 2025.

From 30 June 2026 onwards, the Group's covenants will revert to original contractual levels and, as a result of this, the Directors have extended their going concern review period to 30 June 2026

During this extended going concern period, it is the potential impact of a possible covenant breach in the future which we consider to be the largest risk to going concern as any such breach would contractually allow the lenders to trigger default clauses and to request immediate repayment of all related facilities.

#### Financing

The Group's primary sources of £265.5 million in total borrowing facilities comprise:

- A £162.4 million committed revolving credit facility ("RCF"), signed in June 2022 and maturing in June 2027. The RCF operates on a floating rate basis tied to GBP SONIA, USD SOFR, or EURIBOR, depending on the loan currency. As at 31 December 2024, £75.9 million of the available £162.4 million RCF facility had been drawn down, as at 31 March 2025 the RCF drawn amount was £65.8 million;
- A £75 million fixed-rate loan issued in December 2021 to three institutional investors, evenly split between 7- and 10-year maturities, with an average interest rate of 3.65 per cent and the same covenants as our bank facility; and
- £28.1 million in uncommitted facilities (being overdraft lines and an accordion facility of £17.6 million)

There are no required repayments of principal amounts on any financing prior to the RCF maturity in 2027. Whilst drawdowns on existing facilities are required within the going concern review period, none of the Company's forecast models show any requirement for any additional financing beyond the existing committed facilities.

## Financial Covenants and Agreement to Relaxation by Lenders

The Group's key financing facilities, the RCF and the fixed rate loans have the same financial covenant metrics relating to debt and interest cover which measures EBITDA against net debt and net interest. The loan agreements set these at a maximum debt cover of three times and a minimum interest cover of four times. All covenants are measured on a last twelve months basis ("LtM")

As of 31 December 2024, the calculated ratios for the financial covenants as defined in the loan agreements were as follows:

- Leverage ratio of 1.8 times; and
- Interest cover of 4.4 times

In December 2024, the Group agreed with its lenders, a relaxation of the interest cover covenant for 3 testing periods, as set out below:

Interest cover maximum	31 December 2024	30 June 2025	31 December 2025	30 June 2026
Contractual	4.0x	4.0x	4.0x	4.0x
Agreed relaxation	3.75	3.0x	3.25x	n/a

In return for the relaxation, the Group has agreed that during the covenant relaxation period, in the event that interest cover falls, or is forecast in the next two testing periods to fall, below 4.0 times, then a dividend will not be paid until interest cover returns to above 4.0 times.

#### Forecasts and covenant compliance

The Group has prepared and reviewed detailed cash flow forecasts for the period through until 30 June 2026. These forecasts take into account the Group's financial position and potential impacts of principal risks on different divisions.

Key assumptions in the Group's financial projections for this period include revenue growth, operating profit growth and working capital projections. The Board considers the Company's Base Case scenario to be an appropriate base case for the going concern assessment. Under this base case scenario, the Group retains sufficient liquidity and covenant headroom throughout the forecast period, with interest cover not expected to fall below 4.0 times and debt cover expected to well within covenant limits.

The Group's financial projections have been stress-tested against "business as usual" risks (such as profit fluctuations, supply chain pressures, and working capital variances) as well as principal risks, including general revenue reduction, contractual obligations, workforce turnover, tariff impacts and health and safety. These risks were analysed both individually and collectively, assuming that all adversely impact EBITDA in all periods.

continued

#### 1 Basis of preparation continued

The Board notes that there are a number of inherent uncertainties within the Group's going concern forecasts, accordingly the Group extended these tests to take into account currently elevated geopolitical risks, operational issues experienced at two North America sites in 2024 and uncertainties about the timing of the return of demand in the Group's components market. In order to appropriately consider these risks and other principal risks in the business, the Company forecasts a severe downside scenario.

This severe downside scenario reduces EBITDA by £11.7 million, £23.9 million and £29.3 million for the 12 months to 30 June 2025, year ended 31 December 2025 and 12 months to 30 June 2026, respectively. At these levels of EBITDA, the modelling shows that the Group would need to implement some mitigating actions in order to meet the financial covenants. These mitigations could include but are not limited to reducing incentive payments, wage and salary savings, reduced dividends, capital expenditure and additional working capital measures. In this severe downside scenario, to remain compliant with covenants, the Group would need to implement mitigating actions with a EBITDA impact of circa £5 million or cash flow impact of circa £16 million, which the Board believes would be readily achievable from the range of mitigating actions available to the Group. After the impact of these mitigations, the modelling shows that severe downside scenario passing the financial covenants.

#### Impact of elevated macroeconomic and tariff uncertainty

Whilst the Group's severe downside scenario sought to take account certain tariff and elevated geopolitical risks and the resultant impact on revenues, there have been significant emerging geopolitical and macroeconomic developments in these areas. These events are recent, fast moving, and the prospect of global recession and stress in the debt market has significantly increased.

There are a wide range of potential outcomes from the proposed US tariff regime, but any global macroeconomic downturn or recession has the potential to have an impact beyond that assumed in the severe downside case. As such, current global economic volatility may have an associated impact on the Company's ability to generate the EBITDA required to meet the Company's financial covenants over the going Financial Covenants and Agreement to Relaxation by Lenders

As a result, the directors consider these matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 30 June 2026.

# e) New and revised standards and interpretations adopted, not yet adopted and those in issue but not yet effective

# New and revised standards and interpretations adopted during the year:

At the date of authorisation of these financial statements the Group has considered the following revised standards or interpretations, however they were deemed not to have a material effect on the financial statements:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

# New and revised standards and interpretations not yet adopted

The Group does not consider that any standard, amendment or interpretation issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

#### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 21 Lack of Exchangeability
- Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to IFRS Accounting Standards Volume 11
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

#### f) Change in accounting policies

Adoption of new and amendments to published standards and interpretations effective for the Group for the year ended 31 December 2024 did not have any material impact on the financial position or performance of the Group.

# g) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, 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 experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The Directors have assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements. In particular, the Group considered the impact of climate change in respect of going concern and viability of the Group over the next three years, forecast cash flows for the purposes of impairment assessments of non-current assets and the useful lives of certain assets. Whilst there is currently little short to medium-term impact expected from climate change, the Directors are aware of the changing nature of risks associated with climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's Consolidated Financial Statements.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 1 Basis of preparation continued

## Critical judgements

In the course of preparing the Financial Statements, critical judgements within the scope of paragraph 122 of IAS 1: "Presentation of Financial Statements" were made during the process of applying the Group's accounting policies. These are outlined below.

#### Adjusting items

Judgements were required as to whether items were disclosed as adjusting, with consideration given to both quantitative and qualitative factors. Further information about the determination of adjusting items in the year ended 31 December 2024 is included in note 1c.

Critical judgements involving estimates that have had a significant effect on the amounts recognised in the financial statements are set out below.

#### Key sources of estimation uncertainty

Assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- Note 8 Taxation accruals. Accruals for tax contingencies require management to make judgements and estimates in relation to tax authority audits and exposures. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Tax benefits are not recognised unless the tax positions are probable of being sustained. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. These amounts are expected to be utilised or to reverse as tax audits occur or as the statute of limitations is reached in the respective countries concerned. The Group's current tax liability at 31 December 2024 includes tax provisions of £10.4 million (2023: £9.3 million). The Group believes the range of reasonable possible outcomes in respect of these exposures is tax liabilities of up to £13.9 million (2023: £12.3 million).
- Note 8 Deferred tax assets. The Group completed a five year forward looking strategic plan covering the periods from 2025 to 2029. Under IAS 12 a deferred tax asset can only be recognised if it is considered probable that the business will achieve a net taxable profit in the near to utilise the deferred tax asset. Management determined that the strategic plan did not support full recovery of all deferred tax assets within the US, in the North America segment.

As a result, the Group derecognised deferred tax assets of £16.0 million leaving deferred tax assets of £9.2 million which offset against the North American deferred tax liabilities. The charge was recognised in items excluded from adjusted profit (note 7). Should recovery of these US deferred tax assets become probable this would cause the Group to recognise up to an additional £16.0 million of deferred tax assets and a credit would be recognised in items excluded from adjusted profit.

Note 14 – Assumptions used to determine the carrying value of goodwill in relation to the North America group of cash generating units ("CGUs"). The carrying amount of goodwill in relation to the North America group of CGUs at 31 December 2024 was £40.4 million after impairment (there is no comparative for 2023 as the Group's CGUs have changed in 2024 because the group has moved from divisions to a functional matrix structure across three regions as explained in note 14). Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which the goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from CGUs and a suitable discount rate to calculate present value. During the year a full impairment review was performed and an impairment of £36.7 million was recognised against goodwill held in the North America group of CGUs which was recognised within the North America segment in items excluded from adjusted operating profit. Should the business experience unforeseen deterioration of results a future impairment may be required. Further information is provided in note 7 and sensitivity analysis is provided in note 14.

#### h) Prior year restatements

During a project to address the Cleveland operational execution challenges the Group identified certain balances held within the trade and other receivables and inventory financial statement line items in respect to the site that could not be substantiated. As a result, the Group commenced an internal investigation over the root cause of these matters, and concluded that they represented material errors as at 31 December 2023 which required prior period restatement. This was confirmed through the year end process and in consultation with our external auditors.

Primarily, these errors related to incorrect judgements associated with complex contracts, certain finance team members being inappropriately skilled, reconciliations not being appropriately performed or reviewed, compounded by staff turnover issues as well as insufficient challenge and review from the divisional finance team. As a result, we are strengthening the local finance team and the control findings and recommendations are being incorporated into our on-going work to improve the effectiveness of our internal controls over financial reporting.

In addition, a further matter of concern was identified in relation to North America. Further investigation was undertaken, under the oversight of the Audit Committee Chair, using resource from Group internal audit and an external forensic specialist. This review confirmed an accounting irregularity in relation to the inappropriate recording of certain costs as a prepaid asset, which whilst not quantitatively material, has also been restated in the 31 December 2023 balance sheet. The Committee noted inappropriate direction from senior finance employees related to this matter.

continued

#### 1 Basis of preparation continued

In respect of all matters above it was determined the recoverability of £0.5 million of receivables in 2022, £0.8 million of inventories in 2023 and £4.4 million of receivables in 2023 was lower than their presented carrying value. The directors considered these adjustments to be material and so the prior years have been restated.

In accordance with IAS 8: 'Accounting Policies, Changes in Accounting Policies and Errors' amounts in the consolidated income statement; consolidated statement of comprehensive income; consolidated statement of financial position; consolidated statement of changes in equity and consolidated statement of cash flows for the year ending 31 December 2023 have been restated.

Restatement

The impact of this change is shown in the tables below.

2022 £million	As published			of receivables	As restated
Consolidated statement of changes in equity					
Retained earnings	167.6			(0.5)	167.1
Total equity	297.0			(0.5)	296.5
2022 £million	As published			Restatement of receivables	As restated
Consolidated statement of financial position					
Trade and other receivables	120.3			(0.5)	119.8
Retained earnings	167.6			(0.5)	167.1
Total equity	297.0			(0.5)	296.5
2023 £million	As published	Restatement of prepayments	Restatement of receivables	Restatement of inventory	As restated
Consolidated statement of financial position					
Inventories	143.5	-	-	(0.8)	142.7
Trade and other receivables	90.2	(1.0)	(4.4)	-	84.8
Deferred tax assets	15.4	0.2	0.8	0.2	16.6
Retained earnings	149.6	(0.8)	(3.6)	(0.6)	144.6
Total equity	270.5	(0.8)	(3.6)	(0.6)	265.5

2023 £million	As published	Restatement of prepayments	Restatement of receivables	Restatement of inventory	As restated
Consolidated income statement					
Cost of sales	(466.9)	_	(3.9)	(0.8)	(471.6)
Gross profit	147.0	_	(3.9)	(0.8)	142.3
Administrative expenses	(111.4)	(1.0)	_	_	(112.4)
Operating profit	8.7	(1.0)	(3.9)	(0.8)	3.0
Adjusted operating profit	52.8	(1.0)	(3.9)	(0.8)	47.1
Loss before taxation	(1.1)	(1.0)	(3.9)	(0.8)	(6.8)
Taxation	(5.7)	0.2	0.8	0.2	(4.5)
Loss for the year	(6.8)	(0.8)	(3.1)	(0.6)	(11.3)
2023 pence	As published	Restatement of prepayments	Restatement of receivables	Restatement of inventory	As restated
Earnings per share (p)					
Basic - adjusted	19.2	(0.4)	(1.7)	(0.4)	16.7
Diluted – adjusted	19.0	(0.4)	(1.7)	(0.5)	16.4
Basic	(3.9)	(0.4)	(1.7)	(0.4)	(6.4)
Diluted	(3.9)	(0.4)	(1.7)	(0.4)	(6.4)
2023 £million	As published	Restatement of prepayments	Restatement of receivables	Restatement of inventory	As restated
Consolidated statement of cashflows					
Loss for the year	(6.8)	(0.8)	(3.1)	(0.6)	(11.3)
Taxation	5.7	(0.2)	(0.8)	(0.2)	4.5
Adjusted operating profit	52.8	(1.0)	(3.9)	(0.8)	47.1
Decrease in inventories	4.5	-	-	0.8	5.3
(Increase)/decrease in receivables	10.5	1.0	3.9	_	15.4
Adjusted operating cash flow	72.8	-	-	_	72.8
Net cash generated from operations	72.0	-	-	_	72.0
Net cash flow from operating activities	62.9	-	-	-	62.9
Net (decrease)/increase in cash and cash equivalents	15.7	_	_	_	15.7

continued

#### 2 Summary of material accounting policies

The following material accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied across the Group.

#### a) Revenue

Revenue is measured at the fair value of the right to consideration, usually the invoiced value, for the provision of goods to external customers excluding value added tax and other sales related taxes and is recognised when the customer obtains control of goods for revenues which are not recognised over time. In most cases this is at the point in time of transfer of legal title of the goods; terms vary by customer, but the two most common arrangements are at the time of dispatch and at the time of delivery. Where revenue is recognised over time this is recognised with regards to completion of performance obligation milestones. For sales to customers where a right to return an item is granted, revenue is recognised to the extent of the consideration to which the Group ultimately expects to be entitled (i.e. revenue is not recognised for goods expected to be returned). Where a service warranty is provided to customers, the associated revenue, based upon an allocation of the overall cost of performance, is recognised over the warranty period. Payment terms typically range from 30 to 120 days.

#### b) Finance income

Finance income comprises interest income on funds invested, the calculated interest income on pensions assets for schemes which are in surplus and net foreign exchange gains or losses on cash balances and loans receivables. Interest income is recognised using the effective interest rate. Net foreign exchange gains or losses on other monetary assets or liabilities are recognised either within other income or cost of sales, depending on what the underlying monetary asset or liability relates to.

#### c) Finance costs

Finance costs comprise interest expense on borrowings which are not capitalised under the borrowing costs policy, the calculated interest expense on pension liabilities for schemes which are in deficit, the interest costs on lease liabilities and net foreign exchange gains or losses on external loans. Net foreign exchange gains or losses on other monetary assets or liabilities are recognised either within other income or cost of sales, depending on what the underlying monetary asset or liability relates to.

# d) Discontinued operations and assets held for sale

#### Discontinued operations

The Group reports a business as a discontinued operation when it has been disposed of in a period, or its future sale is considered to be highly probable at the balance sheet date, and results in the cessation of a major line of business or geographical area of operation.

## Assets classified as held for sale and directly associated liabilities

An asset is classified as held for sale if it is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and that it is highly probable the asset will be sold within one year from the date of classification. Assets held for sale and directly associated liabilities are remeasured to their fair value less costs to sell. Any impairment is first applied to non-current assets and then current assets in the order deemed most appropriate by management.

#### e) Dividends

Dividends are recognised as a liability in the period in which they are approved by shareholders. Dividends receivable are recognised when the Group's right to receive payment is established.

#### f) Business combinations

Business combinations are accounted for using the acquisition method. Goodwill on business combinations is recognised as the fair value of the consideration, including the full cost of any derivative financial instruments used to hedge this item, less the fair value of the identifiable assets and liabilities acquired and is recognised as an asset in the consolidated balance sheet. Costs directly attributable to business combinations are recognised as an expense within the income statement as incurred.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which is no longer than 12 months from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

continued

#### 2 Summary of material accounting policies continued

## g) Property, plant and equipment

#### Initial measurement

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads

#### Depreciation

The cost of each item of property, plant and equipment is depreciated over its useful life. Depreciation is charged to the income statement so as to write-off the cost less estimated residual value on a straight-line basis over the estimated useful life of the asset. Depreciation commences on the date the assets are ready for use within the business and the asset carrying values are reviewed for impairment when there is an indication that they may be impaired. Freehold land is not depreciated.

The depreciation rates of assets are as follows:

Freehold buildings 50 years

Leasehold building improvements 50 years (or over the period of the lease, if shorter)

Plant and equipment 3 to 10 years

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for their intended use are capitalised as part of the cost of the respective asset.

#### h) Investment property

Property held to earn rental income rather than for the purpose of the Group's principal activities is classified as investment property. Investment property is recorded at cost less accumulated depreciation and any recognised impairment loss. The depreciation policy is consistent with that described for other Group properties. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

# i) Leases

The Group applies IFRS 16 'Leases' and recognises right-of-use assets and lease liabilities for most leases (unless the lease term is 12 months or less or the underlying asset has a low value).

The Group recognises a lease liability at the lease commencement date, measured as the present value of the future lease payments, discounted at the incremental borrowing rate. A corresponding right-of-use asset is recognised separately on the face of the consolidated balance sheet, net of accumulated depreciation and impairment losses.

The Group has applied judgement to determine the lease term for contracts that include renewal options. The assessment of whether the exercise of such options is reasonably certain impacts the lease term, which affects the amount of lease liability and right-of-use asset recognised.

#### j) Government grants

Government grants relating to non-current assets are treated as deferred income and credited to the income statement by equal instalments over the anticipated useful lives of the assets to which the grants relate. Other grants are credited to the income statement over the period of the project to which they relate.

#### k) Goodwill

Goodwill arising on the acquisition of a business, representing the difference between the cost of acquisition and the fair value of the identifiable net assets acquired, is capitalised and is tested annually for impairment. Goodwill is not amortised, and any impairment losses are not subsequently reversed. On the subsequent disposal or discontinuance of a previously acquired business, the relevant goodwill is included in the gain or loss on disposal within the consolidated income statement except to the extent it has been previously impaired.

Negative goodwill arising on the acquisition of a business is credited to the consolidated income statement on acquisition as part of acquisition costs reported outside adjusted profit.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

# I) Other intangible assets

Intangible assets acquired as part of a business combination are stated in the balance sheet at their fair value at the date of acquisition less accumulated amortisation.

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The carrying values of intangible assets are tested for impairment whenever there is an indication that they may be impaired.

Customer relationships and contracts are valued on the basis of the net present value of the future additional cash flows arising from customer relationships with appropriate allowance for attrition of customers.

continued

#### 2 Summary of material accounting policies continued

Acquired computer software licences for use within the Group are capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the implementation of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Capitalised software development expenditure is stated at cost less accumulated amortisation.

The amortisation rates for intangible assets are:

Acquired patents and licences
Product development costs
Customer relationships
Order backlog
Software

up to 10 years
5 years
up to 22 years
up to 2 years
3 to 5 years

Amortisation is charged on a straight-line basis.

#### m) Deferred taxation

Deferred taxation is provided on taxable temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. No provision is made for deferred tax which would become payable on the distribution of retained profits by overseas subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is measured using the tax rates expected to apply when the asset is realised, or the liability settled based on tax rates enacted or substantively enacted by the balance sheet date. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised or that they will reverse. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### n) Inventories

Inventories are valued at the lower of cost, including related overheads, and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and the overheads incurred in bringing inventories to their present location and condition. Cost is calculated on a weighted average cost basis. Net realisable value is based on estimated selling price less costs expected to be incurred to completion and disposal. Provisions are made for obsolescence or other expected losses where necessary.

#### o) Financial instruments

#### Recognition

The Group recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### Measurement

When financial assets and liabilities are initially recognised, they are measured at fair value being the consideration given or received plus (or minus) directly attributable transaction costs.

Trade receivables are recognised at transaction price (i.e. original invoice price) and subsequently measured at amortised cost less provision made for loss allowance of these receivables based upon the expected credit loss model (simplified model). All trade receivables are held to collect contractual cash flows within a business model and meet the 'Solely Payments of Principal and Interest' (SPPI) test.

Trade payables are carried at the amounts expected to be paid to counterparties and are held at amortised cost.

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits held on call or with maturities of less than three months at inception, and highly liquid investments that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. Within the cashflow statement this definition also includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Cash and cash equivalents are initially recognised at fair value and subsequently are measured at amortised cost because they meet the SPPI test.

In determining estimated fair value, investments are valued at quoted bid prices on the trade date.

continued

#### 2 Summary of material accounting policies continued

# Derivatives and hedge accounting

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate derivatives to hedge risks associated with foreign exchange fluctuations and interest rate risk. These are designated as cash flow hedges (CFH). At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts deferred in equity are reclassified to the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

When hedging the foreign currency risk on a forecast business combination, the Group includes the accumulated gains or losses on hedging instruments within goodwill as a 'basis adjustment'.

# Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished. Originated loans and receivables are derecognised on the date they are transferred by the Group.

# Impairment of financial assets - other financial assets

At each reporting date the Group assesses credit risk by considering reasonable and supportable information that may indicate increases in credit risk. Indicators that an asset carries a higher credit risk compared to that at inception or that an asset is credit-impaired would include observable data in relation to the financial health of the debtor: significant financial difficulty of the issuer or the debtor; the debtor breaching contract; it being probable that the debtor will enter bankruptcy or financial reorganisation.

The amount of credit risk provision is the difference between the original carrying amount and the recoverable amount, being the present value of expected cash flows receivable (discounted using the original effective interest rate). The amount of the provision is recognised in the income statement within administrative expenses.

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. Receivables written off are still subject to enforcement activity and pursued by the Group.

#### p) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

#### q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# r) Employee benefits

The Group operates defined benefit post-retirement benefit schemes and defined contribution pension schemes.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the income statement in the periods during which services are rendered by employees.

# Defined benefit plans

The net liability recognised in the balance sheet for defined benefit schemes is the present value of the schemes' liabilities less the fair value of the schemes' assets. The operating and financing costs of defined benefit schemes are recognised separately in the income statement. Operating costs comprise the current service cost, any gains or losses on settlement or curtailments, and past service costs. Net interest income and expense on net defined benefit assets and liabilities is determined by applying discount rates used to measure defined benefit obligations at the beginning of the year to net defined benefit assets and liabilities at the beginning of the year and is included in finance income and costs. Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

The Group recognises remeasurements immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss. Surpluses are recognised where, on wind-up, the Group has unconditional right to any surplus and Trustees do not have unilateral power to alter members' benefits.

continued

#### 2 Summary of material accounting policies continued

#### Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Share-based payments

Certain employees of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions is determined by an external consultant and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the actual outcome of awards which have vested. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

#### s) Own shares

Own equity instruments which are re-acquired (own shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration paid to acquire such equity instruments is recognised within retained earnings.

#### t) Foreign currency translation

The functional currency for each entity in the Group is determined with reference to the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses on settlement of foreign currency transactions translated at the rate prevailing at the date of the transactions, or the translation of monetary assets and liabilities at period end exchange rates, are taken to the income statement. Non monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction.

On consolidation, income statements of subsidiaries are translated into sterling at average rates of exchange. Balance sheet items are translated into sterling at period end exchange rates. Exchange differences on the retranslation are taken to equity. Exchange differences on foreign currency borrowings financing those net investments (which are designated as net investment hedges) and exchange differences on intercompany loans which will not be repaid in the foreseeable future (which are treated as quasi equity) are also recorded within equity and are reported in the statement of comprehensive income. All other exchange differences are charged or credited to the income statement in the year in which they arise. On disposal of an overseas subsidiary any cumulative exchange movements relating to that subsidiary held in the translation reserve are transferred to the consolidated income statement.

#### u) Impairment of non-financial assets

Property, plant and equipment and intangible assets (excluding goodwill) carrying amounts are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. Assets that do not generate largely independent cash flows are assessed based on the CGU to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, an impairment loss is recognised in the income statement.

#### 3 Segmental reporting

In 2023 the Group was organised into three divisions which corresponded to the products and services provided. Following the organisational change put in place from 1 March 2024, which was announced internally in January 2024 and externally at the Capital Markets Event in April 2024, the Group has now moved from divisions to a functional matrix structure across three regions. Segmental reporting in note 3a presents performance of both the new and old segments for 2023.

The Group is organised into three regions, as shown below. Each of these regions represents an operating segment in accordance with IFRS 8 'Operating segments' and there is no aggregation of segments. The chief operating decision maker is the Chief Executive Officer. The operating segments are:

- Europe the Europe segment encompasses all the Group's European operations comprising
  the manufacturing sites in Sheffield, Bedlington, Manchester, Barnstaple, Nottingham,
  Abercynon, Fairford and Eastleigh as well as the European sales offices. The regional segment is
  supported by a leadership team who have functional responsibilities that span the individual
  entities within the business;
- North America the North America segment encompasses all the Group's North American operations comprising Juarez, Mexicali, Dallas, Minneapolis, Kansas, Denver, Cleveland and Boston. The regional segment is supported by a leadership team who have functional responsibilities that span the individual entities within the business;
- Asia the Asia segment encompasses all the Group's Asian operations comprising the manufacturing sites in Suzhou and Kuantan and the Singapore sales office. The regional segment is supported by a leadership team who have functional responsibilities that span the individual entities within the business.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 3 Segmental reporting continued

The key performance measure of the operating segments is adjusted operating profit. Refer to the section titled 'Reconciliation of KPIs and non IFRS Measures' for a definition of adjusted operating profit.

Corporate costs – Resources and costs of the head office managed centrally but deployed in support of the operating units are allocated to segments based on a combination of revenue and adjusted operating profit.

Resources and costs of the head office which are not related to the operating activities of the trading units are not allocated to regions and are separately disclosed, equivalent to the segment disclosure information, so that reporting is consistent with the format that is used for review by the chief operating decision maker. This gives greater transparency of the adjusted operating profits for each segment. Adjusting items are not allocated to segments for reporting purposes. For further discussion of these items see note 7.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Goodwill is allocated to the segments which comprise groups of cash generating units as this is the level at which goodwill is monitored.

# a) Income statement information

						2024
£million	Europe	North America	Asia	Total Operating Segments	Central	Total
Sales to external customers	146.3	184.4	190.4	521.1	-	521.1
Adjusted operating profit	18.9	(2.7)	28.5	44.7	(7.6)	37.1
Add back: adjustments made to operating profit (note 7)						(60.6)
Operating profit						(23.5)
Net finance costs						(9.9)
Profit before taxation						(33.4)

					Restated 1
Europe	North America	Asia	Total Operating Segments	Central	Total
169.6	229.5	214.8	613.9	-	613.9
11.9	19.4	23.9	55.2	(8.1)	47.1
					(44.1)
					3.0
					(9.8)
					(6.8)
	169.6	Europe America 169.6 229.5	Europe         America         Asia           169.6         229.5         214.8	EuropeNorth AmericaAsiaOperating Segments169.6229.5214.8613.9	EuropeNorth AmericaAsiaOperating SegmentsCentral169.6229.5214.8613.9-

1. 'Adjusted operating profit' has been restated as described in note 1h. This was in the North America segment.

						Restateu
£million	Power and Connectivity	Global Manufacturing Solutions	Sensors and Specialist Components	Total Operating Segments	Corporate	Total
Sales to external customers	169.7	299.2	145.0	613.9	-	613.9
Adjusted operating profit	13.8	22.4	19.0	55.2	(8.1)	47.1
Add back: adjustments made to operating profit (note 7)						(44.1)
Operating profit						3.0
Net finance costs						(9.8)
Loss before taxation						(6.8)

1. 'Adjusted operating profit' has been restated as described in note 1h. This restatement related to the Global Manufacturing Solutions and Power and Connectivity segments.

# b) Segment assets and liabilities

	Assets		Liabilities	
£million	2024	2023 Restated <sup>1</sup>	2024	2023
Europe	148.2	133.8	37.4	32.7
North America	178.3	263.5	42.6	48.3
Asia	86.7	79.0	58.6	60.9
Segment assets and liabilities	413.2	476.3	138.6	141.9
Pensions	7.1	25.3	1.5	3.1
Unallocated	92.0	148.5	177.3	239.6
Total assets/liabilities	512.3	650.1	317.4	384.6

Unallocated assets of £92.0 million (2023: £148.5 million) comprise deferred tax assets of £13.1 million (2023: £16.6 million), cash and cash equivalents of £69.2 million (2023: £74.1 million), income tax receivable of £2.9 million (2023: £2.0 million), and assets associated with the central corporate function of £6.8 million (2023: £7.8 million). The prior year also included assets held for sale of £48.0 million.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

# 3 Segmental reporting continued

Unallocated liabilities of £177.3 million (2023: £239.6 million) comprise borrowings (excluding leases and overdrafts) of £149.2 million (2023: £181.9 million), overdrafts of £0.1 million (2023: £1.2 million), deferred tax liability of £3.5 million (2023: £7.0 million), income tax payable of £13.1 million (2023: £10.9 million), and liabilities associated with the central corporate function of £11.4 million (2023: £10.4 million). The prior year also included liabilities transferred to assets held for sale of £28.1 million.

	Capital expenditure		Depreciation and amortisation	
£million	2024	2023	2024	2023
Europe	4.2	10.3	4.5	5.8
North America	3.6	11.5	6.7	7.2
Asia	1.4	2.7	2.6	3.5
Total	9.2	24.5	13.8	16.5

## c) Geographic information

## Revenue by destination

The Group operates on a global basis. Revenue from external customers by geographical destination is shown below. Management monitors and reviews revenue by region rather than by individual country given the significant number of countries where customers are based.

£million 202	4 2023
United Kingdom 111.	<b>8</b> 144.7
Rest of Europe 71.	<b>6</b> 95.7
North America 214.	<b>6</b> 225.1
Asia 122.	<b>6</b> 145.5
Rest of the World 0.	5 2.9
521.	<b>1</b> 613.9

Revenue from services is less than 1% of Group revenues. All other revenue is from the sale of goods.

#### Non-current assets

The carrying amount of non-current assets, excluding deferred tax assets, derivatives and pensions, analysed by the geographical area is shown below:

£million 2024	2023
United Kingdom 91.5	80.3
Rest of Europe -	0.1
North America 76.0	157.2
Central and South America 8.1	4.9
Asia 19.8	8.1
195.4	250.6

# d) Market information key customers

The Group operates in the following markets:

£million	2024	2023
Healthcare	118.1	146.3
Aerospace and defence	142.1	123.5
Automation and electrification	174.3	221.4
Distribution	86.6	122.7
	521.1	613.9

The Group had no customers who contributed greater than 10% of revenues in 2024 or 2023.

#### 4 Disposals

On 31 March 2024 the Group sold three business units within the Europe and Asia segments to the Cicor Group for a cash consideration of £20.2 million comprising £22.2 million received in March 2024 less a consideration adjustment of £2.0 million paid in July 2024. The divestment relates to business units in Hartlepool and Cardiff, UK and Dongguan, China which provide electronics manufacturing services and certain connectivity products, principally to industrial clients. The disposed business units contributed £16.1 million of revenue and £0.2 million of operating loss during 2024.

The assets and liabilities disposed are presented below.

£million	30 March 2024
Assets	
Property, plant and equipment	0.3
Other intangible assets	0.2
Inventories	28.0
Cash and cash equivalents	5.3
Trade and other receivables	11.4
Assets within disposal group	45.2
Liabilities	
Lease liabilities	2.6
Derivative financial instruments	0.4
Trade and other payables	18.7
Provisions	0.4
Deferred tax liability	1.0
Liabilities within disposal group	23.1
Net assets disposed	22.1

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

# 4 Disposals continued

£million	
Net proceeds per the statement of cashflows	17.5
Cash with disposed businesses	(5.3)
Impact on net debt (see note 26)	12.2
£million	
Cash consideration received	22.2
Disposal costs paid	(2.7)
Net proceeds per the statement of cash-flows at H1 2024	19.5
Working capital adjustment paid in H2 2024	(2.0)
Net proceeds per the statement of cash-flows	17.5
Net assets disposed	(22.1)
Disposal costs accrual	(0.4)
Cumulative translation difference recycled on disposal	0.6
Loss on disposal	(4.4)

The loss on disposal of £4.4 million has been reported within items excluded from adjusted operating profit which is disclosed in note 7.

#### 5 Finance costs and finance income

£million	2024	2023
Interest income	0.5	0.1
Net interest income on pension schemes in surplus	1.1	1.5
Finance income	1.6	1.6
Interest expense	10.1	9.9
Interest on lease liabilities	0.7	0.8
Net interest expense on pension schemes in deficit	0.1	0.1
Amortisation of arrangement fees	0.6	0.6
Finance costs	11.5	11.4
Net finance costs	9.9	9.8

# 6 Loss for the year

Loss from continuing operations for the year is stated after charging/(crediting):

£million	2024	2023 Restated <sup>3</sup>
Depreciation of property, plant and equipment	8.6	10.0
Depreciation of right-of-use assets	3.6	4.0
Amortisation of intangible assets <sup>1</sup>	4.3	7.2
Asset impairments (excluded from adjusted operating profit, see note 7)	52.2	-
Measurement loss of assets classified as held for sale excluded from operating profit	-	32.5
Net foreign exchange gain/(losses) recognised within operating profit	1.2	(2.2)
Cost of inventories recognised as an expense	411.4	471.6
Research and development	10.7	11.0
Staff costs (see note 11)	159.7	180.6
Restructuring (income)/costs (excluded from adjusted operating profit)	(0.1)	2.0
Pension restructuring costs (excluded from adjusted operating profit)	1.3	1.9
Acquisition and disposal related costs (excluded from adjusted operating profit)	4.5	3.1
Remuneration of Group Auditor:		
- audit of these financial statements	1.0	1.0
- audit of financial statements of subsidiaries of the Company	0.9	1.0
– assurance and other services <sup>2</sup>	0.1	0.1
Income from government grants	0.3	0.2
Share-based payments expense	2.2	3.1

<sup>1.</sup> Included within amortisation of intangible assets is £2.7 million (2023: £4.6 million) reported within items excluded from adjusted operating profit. The remaining charge is within administrative expenses.

<sup>2.</sup> Assurance and other services of £0.1 million relate to the half year review (2023: £0.1 million relating to the half year review).

 $<sup>3. &#</sup>x27;Cost\ of\ inventories\ recognised\ as\ an\ expense'\ has\ been\ restated\ as\ described\ in\ note\ 1h.$ 

continued

#### 7 Adjusting items

As described in note 1c, adjusted profit measures are an alternative performance measure used by the Board to monitor the operating performance of the Group.

		2024		2023	
£million	Operating profit	Tax	Operating profit restated <sup>1</sup>	Tax restated <sup>1</sup>	
As reported	(23.5)	(20.0)	3.0	(4.5)	
Restructuring costs					
Restructuring costs	0.1	-	(2.0)	0.7	
	0.1	-	(2.0)	0.7	
Pension restructuring costs					
Pension restructuring costs	(1.3)	0.3	(1.9)	0.7	
	(1.3)	0.3	(1.9)	0.7	
Asset impairments and measurement losses					
Asset impairments	(52.2)	3.2	_	-	
Deferred tax asset derecognition	-	(16.0)			
Measurement loss on assets classified as held for sale	-	-	(32.5)	-	
	(52.2)	(12.8)	(32.5)	-	
Amortisation of intangible assets arising on business combinations					
Amortisation of intangible assets arising on					
business combinations	(2.7)	0.5	(4.6)	1.6	
	(2.7)	0.5	(4.6)	1.6	
Acquisition and disposal related costs					
Torotel integration costs	-	-	(0.4)	0.1	
Ferranti Power and Control acquisition and integration costs	(0.2)	-	(1.3)	0.2	
Disposal costs	(4.4)	(0.4)	(1.2)	0.2	
Property sale	0.7	-	-	-	
Other	(0.6)	0.1	(0.2)	-	
	(4.5)	(0.3)	(3.1)	0.5	
Total items excluded from adjusted measure	(60.6)	(12.3)	(3.1)	3.5	
Adjusted measure	37.1	(7.7)	47.1	(8.0)	

<sup>1. &#</sup>x27;Adjusted operating profit' and 'tax' have been restated as described in note 1h.

#### Restructuring credit £0.1 million (2023: £2.0 million cost)

Net restructuring credit was £0.1 million comprising a credit of £0.4 million in respect of the closure of our Barbados facility in 2021 partly offset by £0.3 million cost in respect of the closure of the Hatfield, USA facility. In the prior period restructuring costs of £2.0 million relate to costs associated with the relocation of production facilities from our USA site in Covina to Kansas, representing the last stage of the self-help programme which started in 2020.

#### Pension restructuring costs £1.3 million (2023: £1.9 million)

Pension restructuring costs of £1.3 million (2023: £1.9 million) comprised £1.1 million (2023: £1.9 million) associated with the buy-out of the UK scheme and a settlement cost of £0.2 million in respect of the buy-out of one of the US schemes that completed in January 2024.

## Asset impairments and measurement losses £52.2 million (2023: £32.5 million)

Due to revised forecasts for one manufacturing site in North America, in the context of the weak components market, impairment charges were recognised in the North America segment. The impairment was £15.5 million in total comprising £9.9 million of property, plant and equipment, £5.4 million of right of use assets and £0.2 million of intangible assets. The impairment reduced the carrying value to £0.6 million for property, plant and equipment, representing fair value less cost of disposal, and £nil for right of use assets and intangible assets.

During the year an impairment of £36.7 million was recognised against goodwill for the North America segment reflecting recent trading performance.

As at 31 December 2024 the Group derecognised £16.0 million of deferred tax assets reflecting the recent performance and near term outlook for the North America region. The associated losses remain available to the Group once the North America region returns to taxable profit.

Measurement loss on assets classified as held for sale in the prior year of £32.5 million relates to the writing down of assets held for sale in preparation for the sale of three business units to the Cicor Group ('Project Albert', see note 4).

# Amortisation of intangible assets arising on business combinations £2.7 million (2023: £4.6 million)

Amortisation of intangible assets arising on business combinations of £2.7 million (2023: £4.6 million) relate to amortisation of the fair value of acquired order books, acquired customer relationships and other intangible assets acquired on business combinations.

# Acquisition and disposal related costs £4.5 million (2023: £3.1 million)

Acquisition and disposal related costs of £4.4 million (2023: £3.1 million) comprise £4.4 million (2023: £1.2 million) in relation to the sale of three business units to the Cicor Group ('Project Albert', see note 4), £0.3 million relating to costs incurred in preparing land for sale, £0.3 million relating to historic legal claims, £0.2 million (2023: £1.3 million) relating to the acquisition of the Power and Control business of Ferranti Technologies Ltd. based in Manchester, UK, and a gain of £0.7 million relating to the sale of property in Pembroke, UK. The prior year included £0.4 million of integration costs relating to the acquisition of Torotel, Inc based in Kansas, US.

continued

#### 8 Taxation

#### a) Analysis of the tax charge for the year

£million	2024	2023 Restated <sup>1</sup>
Current tax		
Current income tax charge	13.9	11.1
Adjustments in respect of current income tax of previous year	1.0	1.9
Total current tax charge	14.9	13.0
Deferred tax		
Relating to origination and reversal of temporary differences	(10.9)	(4.1)
Change in tax rate	0.1	-
Derecognition of deferred tax assets in the North America segment	16.0	-
Adjustments in respect of deferred tax of previous years	(0.1)	(4.4)
Total deferred tax credit	5.1	(8.5)
Total tax charge in the income statement	20.0	4.5

<sup>1.</sup> The tax charge for 2023 has been restated as described in note 1h.

The applicable tax rate for the period is based on the UK standard rate of corporation tax of 25.0% (2023: 23.5%). Overseas taxation is calculated at the rates prevailing in the respective jurisdictions. The Group's effective tax rate for the year was (59.9%) (the adjusted tax rate was 28.3%, see section 'Reconciliation of KPIs and non IFRS measures'). Included within the total tax charge above is a £12.3 million debit relating to items reported outside adjusted profit (2023: £3.5 million credit).

# b) Reconciliation of the total tax charge for the year

£million	2024	Restated 1
Loss before tax from continuing operations	(33.4)	(6.8)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 25% (2023: 23.5%)	(8.3)	(1.5)
Effects of:		
Impact on deferred tax arising from changes in tax rates	0.1	0.1
Overseas tax rate differences	3.0	(0.5)
Items not deductible for tax purposes or income not taxable	8.2	9.7
Adjustment to current tax in respect of prior periods	0.9	0.1
Current year tax losses and other items not recognised	0.3	(0.8)
Impairment of deferred tax assets in the North America segment	16.0	-
Adjustments in respect of deferred tax of previous years	(0.2)	(2.6)
Total tax charge reported in the income statement	20.0	4.5

<sup>1.</sup> The tax charge for 2023 has been restated as described in note 1h

The overall aim of the Group's tax strategy is to support business operations by ensuring a sustainable tax rate, mitigating tax risks in a timely and cost-efficient way and complying with tax legislation in the jurisdictions in which the Group operates. It is however inevitable that the Group will be subject to routine tax audits or is in ongoing disputes with tax authorities in the multiple jurisdictions it operates within. This is much more likely to arise in situations involving more than one tax jurisdiction. Differences in interpretation of legislation, of global standards (e.g. OECD guidance) and of commercial transactions undertaken by the Group between different tax authorities are one of the main causes of tax exposures and tax risks for the Group.

In order to manage the risk to the Group an assessment is made of such tax exposures and provisions are created using the best estimate of the most likely amount to be incurred within a range of possible outcomes. The resolution of the Group's tax exposures can take a considerable period of time to conclude and, in some circumstances, it can be difficult to predict the final outcome.

The current tax liability at 31 December 2024 includes tax provisions of £10.4 million (2023: £9.3 million). The Group believes the range of reasonable possible outcomes in respect of these exposures is tax liabilities of up to £13.9 million (2023: £12.3 million).

## c) Deferred tax

The Group completed a five year forward looking strategic plan covering the periods from 2025 to 2029 in which it was forecast that the Europe and Asia regions would show increasing profitability. Therefore, a deferred tax asset relating to these regions was recognised on the basis that it is considered probable that net taxable profits will be recognised in the future.

The authorised pension surplus payments charge reduced from 35% to 25% from 6 April 2024. The deferred tax liability has been recognised at 25% (2023: 35%).

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### **8 Taxation** continued

The amounts of deferred taxation assets/(liabilities) provided in the financial statements are as follows:

£million	As at 1 Jan 2024	Continuing operations	Recognised in equity/OCI	Net exchange translation	As at 31 December 2024
Intangible assets	(8.5)	0.4	-	(0.1)	(8.2)
Property, plant and equipment	(1.4)	1.1	-	(0.2)	(0.5)
Deferred development costs	(0.3)	0.2	-	-	(0.1)
Retirement benefit obligations	(8.4)	3.8	3.1	0.1	(1.4)
Inventories	0.8	0.4	-	-	1.2
Tax losses	14.1	(13.0)	-	0.3	1.4
Unremitted overseas earnings	(0.8)	0.5	-	(0.1)	(0.4)
Share-based payments	0.7	(0.2)	(0.2)	-	0.3
Cash flow hedges	(0.6)	-	2.4	(0.2)	1.6
Short-term temporary differences	14.0	1.7	-	-	15.7
Net deferred tax asset/(liability)	9.6	(5.1)	5.3	(0.2)	9.6
Deferred tax assets	16.6				13.1
Deferred tax liabilities	(7.0)				(3.5)
Net deferred tax asset/(liability)	9.6				9.6

£million	As at 1 Jan 2023	Continuing operations	Recognised in equity/OCI	to assets and liabilities classified as held for sale	Net exchange translation	As at 31 December 2023 Restated <sup>1</sup>
Intangible assets	(12.4)	1.2	_	2.7	_	(8.5)
Property, plant and equipment	0.8	(1.2)	-	(1.0)	-	(1.4)
Deferred development costs	(0.5)	0.2	-	-	-	(0.3)
Retirement benefit obligations	(10.4)	2.1	(0.1)	-	-	(8.4)
Inventories	0.9	(0.2)	-	-	0.1	0.8
Tax losses	10.7	3.6	-	-	(0.2)	14.1
Unremitted overseas earnings	(1.8)	1.0	-	-	-	(0.8)
Share-based payments	0.7	-	(0.1)	-	0.1	0.7
Cash flow hedges	0.1	-	(0.7)	-	-	(0.6)
Short-term temporary differences	12.7	1.8	-	(0.4)	(0.1)	14.0
Net deferred tax asset/(liability)	0.8	8.5	(0.9)	1.3	(0.1)	9.6
Deferred tax assets	13.2					16.6
Deferred tax liabilities	(12.4)					(7.0)
Net deferred tax asset/(liability)	0.8					9.6

<sup>1. &#</sup>x27;Deferred tax assets' has been restated as described in note 1h.

Deferred tax	Description
Intangible assets	Deferred tax relating to intangible assets created on acquisitions by the Group. This excludes any internally generated intangibles relating to product development costs.
Property, plant and equipment	Deferred tax relating to temporary differences in the value of property, plant and equipment between Group accounting and local accounting and/or tax returns.
Deferred development costs	Deferred tax relating to deferred development costs.
Retirement benefit obligations	Deferred tax relating to retirement benefit obligations.
Inventories	Deferred tax relating to temporary differences between the local book value and Group consolidated value of inventory.
Tax losses	Deferred tax relating to recognised tax losses carried forwards for offset against future profits of the Group. Included within tax losses as at 31 December 2024 is an asset of £nil (2023: £6.6 million) in respect of capitalised US R&D expenses.
Unremitted overseas earnings	Deferred tax relating to the repatriation of subsidiary profits to the Group's ultimate holding company.
Share based payments	Deferred tax relating to share based payment.
Cash flow hedges	Deferred tax relating to derivatives designated as cash flow hedges.
Short term temporary differences	Deferred tax relating to temporary differences between Group accounts and local accounts or tax return arising where a tax deduction is received on payment of an amount either between Group companies or to external unconnected third parties rather than on an accounting basis. This includes product development costs.

At 31 December 2024, the gross amount and expiry date of losses not recognised for deferred tax purposes but available for carry forward are as follows:

£million	Expiring within 5 years	Expiring within 6-10 years	Unlimited	Total	
Losses for which no deferred tax asset has been recognised	-	-	136.0	136.0	

Deferred tax is not recognised on these losses because profit projections do not support the utilisation of these losses.

Tax losses of £136.0 million are subject to substantial limitations in the type of profits they can be offset against and no such capital disposals are currently anticipated. Included within this number is £56.2 million in respect of capitalised R&D expenses and R&D tax credits. Deferred tax is not recognised on these temporary differences, unused tax losses or unused tax credits because profit projections do not support their utilisation.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### **8 Taxation** continued

At 31 December 2023, the gross amount and expiry date of losses available for carry forward were as follows:

£million	Expiring within 5 years	Expiring within 6-10 years	Unlimited	Total
Losses for which no deferred tax asset has been recognised	0.6	-	71.2	71.8

At 31 December 2024, the Group had no other items for which no deferred tax assets have been recognised (2023: £nil).

#### 9 Dividends

	2024		2023	
	pence per share	2024 £million	pence per share	2023 £million
Final dividend paid for prior year	4.65	8.2	4.30	7.5
Interim dividend declared for current year	2.25	4.0	2.15	3.8

The Directors do not recommend a final dividend.

#### 10 Earnings per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of shares in issue during the year.

Pence	2024	2023 Restated <sup>1</sup>
Loss per share (pence)		
Basic	(30.2)	(6.4)
Diluted	(30.2)	(6.4)

<sup>1. &#</sup>x27;Loss per share' has been restated as described in note 1h.

As the Group made a statutory loss in 2024 and 2023, diluted statutory EPS for 2024 has been calculated using the basic weighted average number of shares because using weighted average diluted shares would be anti-dilutive.

The numbers used in calculating adjusted, basic and diluted earnings per share are shown below. Adjusted earnings per share is based on the adjusted profit after interest and tax.

Adjusted earnings per share:

£million (unless otherwise stated)	2024	2023 Restated <sup>1</sup>
Loss for the year attributable to owners of the Company	(53.4)	(11.3)
Restructuring costs	(0.1)	2.0
Pension restructuring costs	1.3	1.9
Asset impairments and measurement losses	52.2	32.5
Amortisation of intangible assets arising on business combinations	2.7	4.6
Acquisition and disposal related costs	4.5	3.1
Tax effect of adjusting items (see note 7)	12.3	(3.5)
Adjusted earnings	19.5	29.3
Adjusted earnings per share (pence)	11.0	16.7
Adjusted diluted earnings per share (pence)	10.9	16.4

<sup>1 &#</sup>x27;Loss for the year attributable to owners of the Company' and 'Adjusted earnings per share' have been restated as described in note 1h.

The weighted average number of shares in issue is as follows (new shares issued in the year described in note 23):

million	2024	2023	
Basic	176.9	175.6	
Adjustment for share awards	1.6	2.6	
Diluted	178.5	178.2	

#### 11 Employee information

The average number of full time equivalent employees (including Directors) during the year from continuing operations was:

Number	2024	2023
By function		
Production	3,725	4,357
Sales and distribution	245	311
Administration	314	328
	4,284	4,996
By region		
Europe	1,085	1,302
North America	1,617	2,036
Asia	1,582	1,658
Total	4,284	4,996

continued

#### 11 Employee information continued

Aggregate emoluments, including those of Directors, for the year were:

£million	2024	2023
Wages and salaries	120.7	135.6
Social security charges	32.4	36.8
Employers' pension costs	3.3	3.5
Defined benefit pension costs	1.1	1.6
Share based payments expense	2.2	3.1
	159.7	180.6

Remuneration in respect of the Directors was as follows:

£million	2024	2023
Emoluments	1.1	2.4

Key management personnel are the TT Management Board ("TMB"). The remuneration of key management during the year was as follows:

£million	2024	2023
Short-term benefits	2.3	3.5
Share based payments	1.3	1.2
	3.6	4.7

The Schedule 5 requirements of the Accounting Regulations for directors' remuneration, including that of the highest paid director, are included within the Directors' remuneration report on pages 91 to 99.

12 Right-of-use assets			
fmillion	Land and buildings	Other	Right-of-use
Cost	55		
At 1 January 2023	46.2	1.5	47.7
Additions	5.0	0.6	5.6
Disposals	(6.1)	(0.4)	(6.5)
Transferred to assets held for sale	(5.4)	_	(5.4)
Net exchange adjustment	(1.5)	_	(1.5)
At 1 January 2024	38.2	1.7	39.9
Additions	2.6	0.4	3.0
Disposals	(0.5)	(0.3)	(8.0)
Net exchange adjustment	0.3	-	0.3
At 31 December 2024	40.6	1.8	42.4
Depreciation			
At 1 January 2023	26.8	1.3	28.1
Depreciation charge	3.7	0.3	4.0
Disposals	(6.1)	(0.4)	(6.5)
Transferred to assets held for sale	(0.9)	_	(0.9)
Net exchange adjustment	(0.6)	_	(0.6)
At 1 January 2024	22.9	1.2	24.1
Depreciation charge	3.3	0.3	3.6
Impairment	5.3	0.1	5.4
Disposals	(0.4)	(0.3)	(0.7)
Net exchange adjustment	0.4	(0.3)	0.1
At 31 December 2024	31.5	1.0	32.5
Net book value			
At 31 December 2024	9.1	0.8	9.9
At 31 December 2023	15.3	0.5	15.8

Additions during the year relate to a new lease agreement in Suzhou, China (£1.9 million) and other locations throughout the Group (£0.7 million). Prior year additions relate to a new lease agreement in Cardiff, UK (£4.4 million) and other locations throughout the Group (£1.2 million).

Included within the impairment charge for the year is £5.4 million (2023: £nil) relating to one manufacturing site within the North America segment and within items excluded from adjusted operating profit as described in note 7. Impaired right of use assets have been written down to a recoverable amount of £nil.

The Group only leases land and buildings for use in trading activities. Lease liabilities are disclosed in note 20. Contractual cashflows for these leases are disclosed in note 21e.

continued

#### 13 Property, plant and equipment

£million	Land and buildings	Plant and equipment	Total
Cost			
At 1 January 2023	27.6	171.8	199.4
Additions	1.0	21.3	22.3
Disposals	(0.4)	(9.9)	(10.3)
Transferred to assets held for sale	(1.9)	(20.4)	(22.3)
Reclassification	0.7	(0.7)	-
Net exchange adjustment	(1.1)	(7.1)	(8.2)
At 1 January 2024	25.9	155.0	180.9
Additions	1.7	5.2	6.9
Disposals	-	(3.3)	(3.3)
Transferred to assets held for sale	(0.8)	(0.3)	(1.1)
Other movements	-	(0.4)	(0.4)
Net exchange adjustment	0.5	1.2	1.7
At 31 December 2024	27.3	157.4	184.7
Depreciation and impairment			
At 1 January 2023	7.3	137.3	144.6
Depreciation charge	1.6	8.4	10.0
Disposals	(0.4)	(9.9)	(10.3)
Transferred to assets held for sale	(1.2)	(18.0)	(19.2)
Net exchange adjustment	(0.2)	(5.3)	(5.5)
At 1 January 2024	7.1	112.5	119.6
Depreciation charge	1.6	7.0	8.6
Impairment	6.9	3.0	9.9
Disposals	(0.1)	(3.0)	(3.1)
Transferred to assets held for sale	(0.8)	-	(0.8)
Net exchange adjustment	0.1	1.1	1.2
At 31 December 2024	14.8	120.6	135.4
Net book value			
At 31 December 2024	12.5	36.8	49.3
At 31 December 2023	18.8	42.5	61.3

Included within land and buildings in the prior year was one investment property with a carrying value of £nil and a fair value of £0.7 million. This property was sold in 2024 and a gain on disposal of £0.7 million was recognised within items adjusted from operating profit (see note 7). Rental income of £nil (2023: £0.2 million) was recognised within other income in relation to this property.

Included within the impairment charge for the year is £9.9 million (2023: £nil) relating to one manufacturing site within the North America segment and within items excluded from adjusted operating profit as described in note 7. Impaired property, plant and equipment has been written down to a recoverable amount of £0.6m, representing fair value less cost of disposal.

Transferred to held for sale represents assets purchased during the year and then sold as part of the disposal on 31 March 2024 where the Group sold three business units within the Europe and Asia segments to the Cicor Group as described in note 4.

#### 14 Goodwill

£million	
Cost	
At 1 January 2023	172.8
Transferred to held for sale	(26.3)
Net exchange adjustment	(5.7)
At 31 December 2023	140.8
Net exchange adjustment	1.3
At 31 December 2024	142.1
Impairment	
At 1 January 2023	17.7
Transferred to held for sale	(17.7)
At 31 December 2023	-
Impairment	36.7
At 31 December 2024	36.7
Net book value	
At 31 December 2024	105.4
At 31 December 2023	140.8

Goodwill arising from acquisitions represents the premium paid above the fair value of net assets, including identified intangible assets, at the time of acquisition. Future enhancements to acquired businesses—driven by strategic direction, operational efficiencies, and investment—are expected to improve profitability over the ownership period.

In 2023, the Group operated through three divisions aligned with its product and service offerings. However, following an organisational restructuring effective 1 March 2024—internally announced in January 2024 and externally at the Capital Markets Event in April 2024—the Group transitioned to a functional matrix structure spanning three regions. See note 3 for more details. Following this Group restructure goodwill was re-allocated to the new groups of CGUs shown in the table below. At this point goodwill was re-assessed and no indicators of impairment were found.

Goodwill is allocated to groups of CGUs and monitored at this level. Each group of CGUs comprises multiple CGUs which are primarily individual manufacturing sites.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 14 Goodwill continued

In the year ended 31 December 2023 £8.6 million of goodwill (net of £17.7 million impairment) was transferred to assets held for sale. The amount transferred comprised £6.4 million (net of £17.7 million impairment) relating to the IoT Solutions CGU and £2.2 million related to the Global Manufacturing Solutions group of CGUs. These two CGUs ceased to exist after the re-allocation of goodwill to new groups of CGUs following the Group's new regional structure (see above).

Goodwill, excluding amounts transferred to assets held for sale, is attributed to the following groups of CGUs below:

£million	2024	2023
Europe:		
Europe	52.7	-
North America:		
North America	40.4	-
Asia:		
Asia	12.3	-
Power and Connectivity:		
Power Solutions	-	63.7
IoT Solutions	-	3.5
Global Manufacturing Solutions:		
Global Manufacturing Solutions	-	16.7
Sensors and Specialist Components:		
Resistors	-	32.3
Sensors	-	24.6
Total	105.4	140.8

# Impairment Testing

The Group tests goodwill impairment annually or more frequently if there are indications that goodwill might be impaired.

Recoverable amounts for CGUs are calculated using a value-in-use approach. Key assumptions include discount rates, growth projections, and operating cash flow forecasts. Growth rates beyond the forecast period align with long-term GDP projections, capped at long-term inflation rates for the primary CGU market. These rates are determined based on the Group's geographic footprint and market presence. Discount rates are estimated using pre-tax rates that reflect market conditions and CGU-specific risks. In determining the cost of equity, the Capital Asset Pricing Model has been used. Accordingly the cost of equity is determined by adding a risk premium, based on an industry adjustment, to the expected return of the equity market above the risk-free return. The relative risk adjustment reflects the risk inherent in each group of CGUs relative to all other sectors and geographies on average.

The cost of debt is determined using a risk-free rate based on the cost of government bonds, and an interest rate premium equivalent to a corporate bond with a similar credit rating to TT Electronics Plc.

Long-term growth assumptions reflect anticipated demand trends in line with economic conditions. Price evolution and cost-control measures are expected to drive sustained profitability improvements. Management has detailed plans in place reflecting the latest budget and strategic growth plan. The pre-tax discount rates and periods of management approved forecasts are shown below. The discount rates used in the annual impairment test as at 30 September 2024 (Europe and Asia) and 31 December 2024 (North America) are shown below:

			2024			2023
	Pre-tax discount rate	Long term growth rate	Period of forecast (years)	Pre-tax discount rate	Long term growth rate	Period of forecast (years)
Europe:						
Europe	14.7%	1.4%	5.0			
North America:						
North America	15.5%	2.1%	5.0			
Asia:						
Asia	14.6%	3.5%	5.0			
Power and Connectivity:						
Power Solutions				13.8%	2.0%	5.0
IoT Solutions				14.1%	1.9%	5.0
Global Manufacturing Solutions:						
Global Manufacturing Solutions				16.5%	3.1%	5.0
Sensors and Specialist Components:						
Resistors				13.8%	1.9%	5.0
Sensors				13.6%	2.0%	5.0

The date of the annual impairment test was 30 September 2024 for the Europe and Asia CGUs with the impairment test for North America being carried out as at 31 December 2024. The recoverable amounts associated with the goodwill balances which are based on these performance projections and current forecast information do not indicate that any goodwill balance, other than that for North America, is impaired. Based on the impairment testing performed, an impairment charge of £36.7 million was recorded in 2024 (2023: £nil) in respect of the North America group of CGUs related to the operational issues and weak performance in North America, the timing of the recoverability in the profitability and certain macroeconomic assumptions including the discount rate. After impairment, the recoverable amount of the North America group of CGUs was £148.8 million.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 14 Goodwill continued

The impairment charge is shown as an adjusting item (see note 7) in conjunction with related assets in the North America group of CGUs. In the prior year an impairment charge of £17.7 million was recognised in relation to the IoT Solutions CGU and was recorded in assets held for sale as at  $\frac{31}{1000}$  December  $\frac{2023}{1000}$ 

#### Sensitivity Analysis

Sensitivity analysis has been performed on the key assumptions; operating cash flow projections, revenue growth rates and discount rate. Cash flows can be impacted by changes to sales prices, direct costs and replacement capital expenditure; individually they are not significant assumptions. Forecast sales growth rates are based on past experience adjusted for the strategic direction and near-term investment priorities. Cash flow forecasts are determined based on historic experience of operating margins, adjusted for the impact of changes in product mix and cost-saving initiatives, including the impact of our committed restructuring projects and cash conversion based on historical experience. If a company's actual performance does not meet these projections this could lead to an impairment of the goodwill in future periods.

In accordance with IAS 36 'Impairment of Assets', sensitivity analysis has been carried out with respect to the North America group of CGUs, which has a recoverable amount of £148.8 million as at 31 December 2024, as illustrated below:

- a further 1 per cent increase in the discount rate would result in a reduction in value in use (and additional impairment) of £11.3 million.
- a further 5 per cent decrease in operating profit over the entire assessment period (driven by lower than anticipated margin) would result in a reduction in value in use (and additional impairment) of £8.2 million.
- a 10 per cent reduction in the terminal value of operating profit (driven by lower than anticipated margin) would result in a reduction in value in use (and additional impairment) of £10.1 million.
- f working capital cash inflows expected in 2025 fail to materialise this would result in a reduction in value in use of £6.1 million
- 12 month delay in the anticipated improvement in the financial performance of our Cleveland manufacturing site would result in a reduction in value in use (and additional impairment) of £14.9 million.

## 15 Other intangible assets

£million	Product development costs	Patents, licences and other	Customer relationships	Total
Cost				
At 1 January 2023	22.2	39.4	69.2	130.8
Additions	1.6	0.6	-	2.2
Disposals	(0.3)	(0.2)	-	(0.5)
Transferred to assets held for sale	(7.4)	(1.2)	(17.7)	(26.3)
Net exchange adjustment	(0.9)	(0.2)	(1.4)	(2.5)
At 1 January 2024	15.2	38.4	50.1	103.7
Additions	1.8	0.5	-	2.3
Disposals	(0.2)	(1.4)	(1.0)	(2.6)
Transferred to assets held for sale	(0.2)	-	-	(0.2)
Other movements	0.3	-	-	0.3
Net exchange adjustment	0.2	0.1	0.4	0.7
At 31 December 2024	17.1	37.6	49.5	104.2
Amortisation				
At 1 January 2023	13.1	37.0	27.0	77.1
Charge for the year	1.8	1.5	3.9	7.2
Disposals	(0.3)	(0.2)	-	(0.5)
Transferred to assets held for sale	(3.7)	(1.0)	(6.7)	(11.4)
Net exchange adjustment	(0.6)	(0.4)	(0.4)	(1.4)
At 1 January 2024	10.3	36.9	23.8	71.0
Charge for the year	1.1	0.5	2.7	4.3
Impairment	0.2	-	-	0.2
Disposals	(0.1)	(1.3)	(1.0)	(2.4)
Net exchange adjustment	0.2	(0.1)	0.2	0.3
At 31 December 2024	11.7	36.0	25.7	73.4
Net book value				
At 31 December 2024	5.4	1.6	23.8	30.8
At 31 December 2023	4.9	1.5	26.3	32.7

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Included within the amortisation charge for the year is £2.7 million (2023: £4.6 million) included within items excluded from adjusted profit as the charge relates to intangibles acquired upon acquisition of businesses.

Included within the impairment charge for the year is £0.2 million (2023: £nil) relating to one manufacturing site within the North America segment and within items excluded from adjusted operating profit as described in note 7. Impaired intangible assets have been written down to a recoverable amount of £nil.

continued

#### 15 Other intangible assets continued

Customer relationships are intangible assets recognised upon acquisition which are amortised over long periods of time and are summarised below. The amortisation charge is excluded from adjusted operating profit as described in note 7. The composition of customer relationships and the years remaining until they are fully amortised is shown below.

Customer relationships held on the balance sheet are summarised below.

£million	Net book value	Years remaining
Torotel	9.5	17.9
Aero Stanrew	6.6	6.0
Precision Inc.	4.5	7.7
Ferranti Power and Control	2.3	10.0
Stadium Group	0.9	8.3
At 31 December 2024	23.8	

£million	Net book value	Years remaining
Torotel	10.0	18.9
Aero Stanrew	7.8	7.0
Precision Inc.	4.9	8.7
Ferranti Power and Control	2.5	11.0
Stadium Group	1.1	9.3
At 31 December 2023	26.3	

#### **16 Inventories**

£million	2024	Restated 1
Raw materials	74.9	86.9
Work in progress	34.3	36.0
Finished goods	23.5	19.8
	132.7	142.7

<sup>1. &#</sup>x27;Work in progress' (Inventories) has been restated as described in note 1h.

Inventories are stated after a provision for obsolescence of £17.2 million (2023: £17.8 million). The directors do not consider there to be a material difference between net book value and replacement cost for inventories.

#### 17 Trade and other receivables

£million	2024	2023 Restated <sup>1</sup>
Trade receivables	76.3	71.0
Prepayments	5.9	7.1
VAT and other taxes receivable	5.1	3.4
Accrued income	1.5	1.3
Contract assets	-	0.8
Other receivables	2.4	1.2
	91.2	84.8

<sup>1. &#</sup>x27;Trade receivables', 'Prepayments' and 'Other receivables' have been restated as described in note 1h.

Other receivables are expected to be converted into cash within twelve months.

Loss allowance for expected credit losses in respect of trade receivables and amounts owed by non-controlling interests are shown in note 21d(ii) and note 21d(iii) respectively.

#### 18 Trade and other payables

£million	2024	2023
Current liabilities		
Trade payables	61.3	68.5
Taxation and social security	3.6	2.7
Accruals	23.9	27.4
Deferred income	22.5	21.0
Goods received not invoiced	7.4	6.3
Other payables	1.3	2.0
	120.0	127.9

Other payables are expected to be settled with cash in the next twelve months.

£million	2024	2023
Non-current liabilities		
Accruals	0.1	0.1

Deferred income primarily represents pre-funded inventory which is expected to be converted into finished goods and sold within 12 months. All the brought forward balance carried over from 2023 was converted into finished goods and sold to the end customer within the year.

continued

#### 19 Provisions

£million	Property	Reorganisation	Legal, warranty and other	Total
At 1 January 2023	0.7	0.4	3.1	4.2
Utilised	-	(0.2)	(1.9)	(2.1)
Arising during the year	2.2	_	1.8	4.0
Transferred to held for sale	(1.9)	_	-	(1.9)
Exchange differences	-	_	(0.1)	(0.1)
At 1 January 2024	1.0	0.2	2.9	4.1
Utilised	-	(0.2)	(1.2)	(1.4)
Disposal of business	-	_	(0.4)	(0.4)
Arising during the year	0.1	0.3	2.2	2.6
At 31 December 2024	1.1	0.3	3.5	4.9
£million			2024	2023
Non-current			1.1	1.0
Current			3.8	3.1
			4.9	4.1

## **Property**

Property provisions of £1.1 million (2023: £1.0 million) relate to dilapidation provisions.

# Reorganisation

Reorganisation provisions relate to committed costs in respect of restructuring programmes, as described in note 7, usually resulting in cash spend within one year.

 $\pm 0.3$  million (2023:  $\pm 0.2$  million) relate to the preparation of land owned by the Group for future disposal.

#### Legal, warranty and other

Legal, warranty and other claims represent the best estimate for the cost of settling outstanding product and other claims, and warranty provisions created on the disposal of businesses.

 $\pm 1.5$  million (2023:  $\pm 0.7$  million) relate to local warranty provisions of which  $\pm 0.8$  million was charged to the income statement during the year.

£1.6 million (2023: £1.3 million) relate to onerous contracts acquired within the Ferranti Power and Control business of which £0.3 million was utilised and £0.6 million was charged to the income statement during the year.

£0.4 million (2023: £0.9 million) relates to other provisions with £0.9 million utilised in the year, a further £0.8 million charged to the income statement in the year and £0.4 million released on divestment of former Group entities in March 2024.

The Group has, on occasion, been required to enforce commercial contracts and to defend itself against proceedings brought by other parties. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, taking into account professional advice received, and represent management's best estimate of the likely outcome. The timing of utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and negotiations. Contractual and other provisions represent the Directors' best estimate of the cost of settling future obligations although there is a higher degree of judgement involved. Unless specific evidence exists to the contrary, these provisions are shown as current.

No provision is made for proceedings which have been or might be brought by other parties against Group companies unless management, taking into account professional advice received, assesses that it is more likely than not that such proceedings may be successful. Contingent liabilities associated with such proceedings have been identified, but the Directors are of the opinion that any associated claims that might be brought can be resisted successfully, and therefore the possibility of any material outflow in settlement in excess of amounts provided is assessed as unlikely.

The timing of the utilisation of these amounts is uncertain as they are subject to commercial negotiation and legal process in different jurisdictions. Where possible the Group has purchased insurance cover to protect itself from these exposures.

continued

#### 20 Borrowings and lease obligations

£million	Maturity	Currency of denomination	Current	Non-current	Total
At 31 December 2024					
£162.4 million multi-currency revolving credit facility	2027	GBP	-	36.0	36.0
	2027	USD	-	39.9	39.9
Unsecured loan note	2028	GBP	-	37.5	37.5
Unsecured loan note	2031	GBP	-	37.5	37.5
Overdrafts			0.1	-	0.1
Lease liabilities			4.0	13.3	17.3
Loan arrangement fee			-	(1.7)	(1.7)
Total			4.1	162.5	166.6
At 31 December 2023					
£162.4 million multi-currency revolving credit facility	2027	GBP	-	68.0	68.0
	2027	USD	-	40.8	40.8
Unsecured loan note	2028	GBP	-	37.5	37.5
Unsecured loan note	2031	GBP	-	37.5	37.5
Overdrafts			1.2	-	1.2
Lease liabilities			3.8	14.4	18.2
Loan arrangement fee			-	(1.9)	(1.9)
Total			5.0	196.3	201.3

The Group's primary source of finance is the £162.4 million committed revolving credit facility (RCF), and an uncommitted accordion facility of £17.6 million, which was signed in June 2022. The Group's RCF is payable on a floating rate basis above GBP SONIA or USD depending on the currency of the loan and will mature in June 2027. As at 31 December 2024, £75.9 million (31 December 2023: £108.8 million) of the facility was drawn down. Arrangement fees with amortised cost of £1.7 million (2023: £1.9 million) have been netted off against these borrowings.

The interest margin payable on the facility is based on the Group's compliance with financial covenants, net debt / adjusted EBITDA (bank covenant) and is payable on a floating basis above GBP SONIA, or USD SOFR depending on the currency of denomination of the loan.

In December 2021 the Group issued £75.0 million of unsecured loan notes with £37.5 million maturing in seven years and £37.5 million maturing in 10 years respectively to a collection of three counterparties. The average interest rate on the loan notes is 3.65 per cent.

In December 2024 the RCF and the unsecured loan note lenders agreed to a relaxation of the covenant relating to the ratio of consolidated EBITDA to consolidated net finance charges for each reporting period up to, and including, 31 December 2025. This is 3.75x at 31 December 2024, 3.00x at 30 June 2025 and 3.25x at 31 December 2025.

As part of this agreed relaxation, the Group has committed that, should it wish to issue a dividend, it will test the covenant ratio both for the measurement period immediately prior to the distribution and the forecasts for the subsequent two measurement periods, against the original interest cover covenant ratio of more than 4.0x.

#### **Undrawn facilities**

At 31 December 2024, the total lease liabilities and borrowing facilities available to the Group net of £1.7 million of loan arrangement fees (2023: £1.9 million) amounted to £281.1 million (2023: £282.4 million). At 31 December 2024, the Group had available £86.5 million (2023: £56.9 million) of undrawn committed borrowing facilities (comprising the main facility £86.5 million (2023: £53.6 million) and China £nil (2023: £3.3 million)) and £28.1 million (2023: £22.6 million) of undrawn uncommitted borrowing facilities, representing overdraft lines and the accordion facility.

#### 21 Financial risk management

The main risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. These risks arise from exposures that occur in the normal course of business and are managed by the Group's Treasury department in close co-operation with the Group's business divisions and operating companies, under the oversight of a Treasury Committee which is chaired by the Chief Financial Officer. The responsibilities of the Group's Treasury department include the monitoring of financial risks, management of cash resources, debt and capital structure management, approval of counterparties and relevant transaction limits, and oversight of all significant treasury activities undertaken by the Group. The Group Treasury department operates as a service centre to the business divisions of the Group and not as a profit centre.

A Group Treasury policy has been approved by the Board of Directors and is periodically updated to reflect developments in the financial markets and the financial exposure facing the Group.

The Group's principal financial instruments comprise borrowings, cash and cash equivalents and derivatives used for risk management purposes. The Group's borrowings, surplus liquidity and derivative financial instruments are monitored and managed centrally by the Group's Treasury department.

The Group's accounting policies with regard to financial instruments are detailed in note 2o.

continued

#### 21 Financial risk management continued

#### a) Derivatives, other financial instruments and risk management

The Group uses derivative financial instruments to manage certain exposures to fluctuations in exchange rates and interest rates. The Group does not hold any speculative financial instruments.

The Group is exposed to transactional and translation foreign exchange risk. Transactional foreign exchange risk arises from sales or purchases by a Group company in a currency other than that company's functional currency. Translation foreign exchange risk arises on the translation of profits earned in overseas currencies into GBP and the translation of net assets denominated in overseas currencies into GBP, the Group's functional currency.

To mitigate transactional foreign exchange risk, wherever possible, Group companies enter into transactions in their functional currencies with customers and suppliers. When this is not possible, hedging strategies are undertaken through the use of forward currency contracts for up to two years ahead. The forward currency contracts have been designated as cash flow hedges and the effective portion of the mark to market valuation of these derivatives at 31 December 2024 is taken to the hedging reserve within equity. Currency basis spread that is not designated is taken to the income statement.

The Group has designated £39.9 million (\$52.0 million) (2023: £40.8 million (\$52.0 million)) of loans in a net investment hedge of USD net assets. No ineffectiveness was recorded (2023: £nil) and a loss of £0.8 million (2023: £1.8 million gain) was taken to the translation reserve. The amount accumulated in this reserve in respect of gains/losses arising on hedging instruments designated in net investment hedges up to 31 December 2024 was an accumulated loss of £2.7 million (2023: accumulated loss of £1.9 million).

The Group's interest rate management policy is to maintain a balance between fixed and floating rates of interest on borrowings and deposits, and to use interest rate derivatives when appropriate and pre-approved by the Treasury Committee. The interest rate hedging instruments are floating to fixed rate interest rate swaps used to manage the Group's interest cost.

At 31 December 2024, the Group had a net derivative financial liability of £7.1 million (2023: £3.9 million net asset).

Foreign exchange (FX) hedges	Notional Amount (£m)	Average Hedged Rate	Fair value (£m)	Type of hedge
31 December 2024				
USD:CNY	61.5	6.84	(3.0)	CFH - Forward rate
USD:MXN	31.2	18.72	(4.1)	CFH - Forward rate
USD:GBP	16.3	0.78	(0.2)	CFH - Forward rate
USD:MYR	11.8	4.49	0.1	CFH - Forward rate
CNY:GBP	6.8	0.11	0.1	CFH - Forward rate
CNY:EUR	3.8	0.13	(0.1)	CFH - Forward rate
EUR:GBP	3.2	0.85	0.1	CFH - Forward rate
GBP:USD	0.8	1.27	-	CFH - Forward rate
Total	135.4		(7.1)	
31 December 2023				
USD:CNY	61.1	6.76	(1.9)	CFH – Forward rate
USD:MXN	44.9	20.29	4.9	CFH - Forward rate
USD:GBP	21.7	1.03	0.6	CFH – Forward rate
EUR:GBP	11.3	0.87	-	CFH – Forward rate
USD:MYR	10.1	4.53	-	CFH - Forward rate
CNY:GBP	7.2	0.12	0.2	CFH - Forward rate
CNY:EUR	4.6	0.13	0.1	CFH - Forward rate
GBP:USD	2.6	1.26	-	CFH - Forward rate
Total	163.5		3.9	

## CFH is an abbreviation for cash flow hedge.

The most common exchange rate risk is the transaction risk the Group takes when it invoices a customer or purchases from suppliers in a different currency to the underlying functional currency of the business. The Group policy is to review transactional foreign exchange exposures and place contracts on a quarterly basis. To the extent the cash flows associated with a transactional foreign exchange risk are committed the Group will hedge 100%. The notional values of the hedged transactions are disclosed in the above table. The group's policy is to hedge these transactions on a 1:1 ratio. Foreign currency basis spread of the derivative item is not designated and is therefore recognised in the income statement. The potential sources of ineffectiveness are timing of forecast transaction and credit risk. There was no hedge ineffectiveness incurred during the period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 21 Financial risk management continued

The closing value of the hedging reserve in relation to FX hedges on 31 December 2024 was an accumulated loss of £6.5 million (2023: accumulated gain of £3.2 million). The transactions that have been designated as the hedged item in a cash flow hedge relationship are still considered highly probable forecasted transactions, both during the next year and at the year ended 31 December 2024.

Hedges with a notional amount of £94.6 million (2023: £106.6 million) are due within 12 months with the remainder maturing within 24 months.

#### b) Foreign exchange risk

Trade receivables are denominated in the currencies in which the Group trades. The Group's policy is that receivables and payables not in the functional currency of the subsidiary concerned are, in the main, hedged through forward foreign currency exchange contracts.

The Group's exposure to foreign currency before the impact of hedging is shown below:

£million	GBP	USD	Euro	Other	Total
31 December 2024					
Trade and other receivables	-	18.0	1.0	0.1	19.1
Cash and cash equivalents	-	7.7	0.9	1.1	9.7
Borrowings	-	(39.9)	-	-	(39.9)
Lease liabilities	-	-	-	(8.0)	(8.0)
Trade and other payables	(0.2)	(8.8)	(0.6)	(1.6)	(11.2)
Net Derivative financial instruments	-	-	(0.1)	(7.0)	(7.1)
Total	(0.2)	(23.0)	1.2	(8.2)	(30.2)
31 December 2023					
Trade and other receivables	-	17.6	2.4	0.1	20.1
Cash and cash equivalents	-	13.8	2.6	0.3	16.7
Borrowings	-	(40.8)	-	-	(40.8)
Lease liabilities	-	-	-	(1.0)	(1.0)
Trade and other payables	(0.5)	(14.2)	(1.5)	(0.9)	(17.2)
Net Derivative financial instruments	0.8	-	0.1	3.0	3.9
Total	0.3	(23.6)	3.6	1.5	(18.3)

A 10% strengthening of GBP against the following currencies at 31 December 2024 would have reduced profit after tax by the amounts shown below. These sensitivities have been chosen because they are a reasonable approximation of possible changes. This analysis assumes that all other variables, in particular interest rates, remain constant, A 10% weakening of GBP against the above currencies at 31 December 2024 would have had an equal but opposite effect on profit after tax, on the basis that all other variables remain constant.

£million	2024	2023
US dollar	1.7	1.7
Euro	0.1	0.4

A 10% strengthening of GBP against the following currencies at 31 December 2024 would have decreased equity by the amounts shown below. These sensitivities have been chosen because they are a reasonable approximation of possible changes. This analysis assumes that all other variables, in particular interest rates, remain constant. The Group finances operations by obtaining funding through external borrowings and, where they are in foreign currencies, these borrowings may be designated as net investment hedges. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to other comprehensive income, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations. This has been considered in the analysis below.

£million	2024	2023
US dollar	2.3	2.4
Euro	(0.1)	(0.4)

10% weakening of GBP against the above currencies at 31 December 2024 would have had an equal but opposite effect on equity, on the basis that all other variables remain constant.

#### c) Interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates primarily impact borrowings by changing their future cash flows (floating rate debt) or their fair value (fixed rate debt) and deposits. The Group's objective is to manage this interest rate exposure through the use of interest rate derivatives.

continued

#### 21 Financial risk management continued

The exposure of the Group's financial assets and liabilities to interest rate risk is as follows:

£million	Floating rate	Fixed rate	Non-interest bearing	2024 total
Financial assets				
Trade and other receivables	-	-	76.3	76.3
Cash and cash equivalents	14.7	-	54.5	69.2
Derivative financial instruments	-	-	0.7	0.7
Total financial assets	14.7	-	131.5	146.2
Financial liabilities				
Borrowings (including overdrafts)	(76.0)	(75.0)	1.7	(149.3)
Lease liabilities	-	(17.3)	-	(17.3)
Trade and other payables	-	-	(92.7)	(92.7)
Derivative financial instruments	-	-	(7.8)	(7.8)
Total financial liabilities	(76.0)	(92.3)	(98.8)	(267.1)
£million	Floating rate	Fixed rate	Non-interest bearing	2024 total
Financial assets				
Trade and other receivables – restated <sup>1</sup>	_	_	71.0	71.0
Trade and other receivables – restated <sup>1</sup> Cash and cash equivalents	- 14.7	- -	71.0 59.4	71.0 74.1
	- 14.7 -	- - -		
Cash and cash equivalents	- 14.7 - 14.7	- - -	59.4	74.1
Cash and cash equivalents Derivative financial instruments		- - -	59.4 6.0	74.1 6.0
Cash and cash equivalents Derivative financial instruments Total financial assets		- - - - (75.0)	59.4 6.0	74.1 6.0
Cash and cash equivalents Derivative financial instruments Total financial assets Financial liabilities	14.7		59.4 6.0 136.4	74.1 6.0 151.1
Cash and cash equivalents Derivative financial instruments Total financial assets Financial liabilities Borrowings (including overdrafts)	14.7	(75.0)	59.4 6.0 136.4	74.1 6.0 151.1 (183.1)
Cash and cash equivalents Derivative financial instruments Total financial assets Financial liabilities Borrowings (including overdrafts) Lease liabilities	14.7	(75.0)	59.4 6.0 136.4	74.1 6.0 151.1 (183.1) (18.2)
Cash and cash equivalents Derivative financial instruments Total financial assets Financial liabilities Borrowings (including overdrafts) Lease liabilities Trade and other payables	14.7	(75.0)	59.4 6.0 136.4 1.9 - (102.3)	74.1 6.0 151.1 (183.1) (18.2) (102.3)

<sup>1. &#</sup>x27;Trade and other receivables' has been restated as described in note 1h.

At 31 December 2024, 50% of borrowings was at a fixed rate when including the effect of derivatives (2023: 41%).

The interest charged on floating rate financial liabilities is based on the relevant benchmark rate (such as GBP SONIA and USD SOFR). Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The average cost of the debt for the Group is expected to be approximately 5.0% over the next 12 months.

Considering the net debt position of the Group at 31 December 2024, any increase in interest rates would result in a net loss in the consolidated income statement, and any decrease in interest rates would result in a net gain. The effect on loss after tax of a 1% movement in interest rate, based on the year end floating rate borrowings, with all other variables held constant, is estimated to be £0.5 million (2023: £0.7 million). The impact on equity would be materially the same.

#### d) Credit risk

Exposure to credit risk arises as a result of transactions in the Group's ordinary course of business and is applicable to all financial assets. Investments in cash and cash equivalents and derivative financial instruments are with approved counterparty banks and other financial institutions. Counterparties are assessed prior to, during, and after the conclusion of transactions to ensure exposure to credit risk is limited to an acceptable level. The maximum exposure with respect to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

The Group's major exposure to credit risk is in respect of trade receivables. Given the number and geographical spread of the Group's ultimate customers and the solvency of major trade debtors, credit risk is believed to be limited. The Group is not reliant on any particular customer in the markets in which it operates and there is no significant concentration of credit risk. The Group regularly monitors its exposure to bad debts in order to minimise this exposure.

The Group has strict procedures in place to manage the credit risk on trade receivables. Customer credit risk is managed by each operating company within a region but is subject to Group oversight to ensure that each division's customer credit risk management system operates in a prudent and responsible manner. Credit evaluations are performed for all customers and credit limits are established based on internal or external rating criteria. The credit quality of the Group's significant customers is monitored on an ongoing basis. Letters of credit or payments in advance are obtained where customer credit quality is not considered strong enough for open credit. The Group operates the expected credit losses model when applying credit risk to receivables.

During the year there was a £0.1 million impairment of trade receivables as at 31 December 2024 (2023: £0.3 million) recognised within admin expenses. The solvency of the debtor and their ability to repay the receivables were considered in assessing the impairment of such assets. The Group performed an expected credit loss model at 31 December 2024 and a general provision of £nil (2023: £nil) was required.

## (i) Risk for trade receivables by geographical regions

The maximum exposure to credit risk for trade receivables at 31 December by geographic areas was:

£million	2024	2023 Restated <sup>1</sup>
Europe (including UK)	26.6	22.6
North America	35.8	33.9
Asia	13.5	14.3
Rest of the World	0.4	0.2
	76.3	71.0

<sup>1. &#</sup>x27;Trade and other receivables' has been restated as described in note 1h.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 21 Financial risk management continued

#### (ii) Impairment losses

The ageing of trade receivables at 31 December was:

£million	2024 Gross	2024 Impairment	Gross Restated <sup>1</sup>	2023 Impairment
Not past due	62.0	-	61.7	-
Past due 1 – 60 days	12.5	-	7.4	-
Past due 61 – 120 days	2.1	(0.3)	2.1	(0.2)
More than 120 days	0.4	(0.4)	0.4	(0.4)
	77.0	(0.7)	71.6	(0.6)

<sup>1. &#</sup>x27;Trade and other receivables' has been restated as described in note 1h.

£million	2024	2023
At 1 January	0.6	2.1
Charged to income statement	0.1	0.3
Utilised	-	(1.8)
At 31 December	0.7	0.6

#### e) Liquidity risk

The Group maintains a balance between availability of funding and maximising investment return on cash balances through the use of short-term cash deposits, credit facilities and longer-term debt instruments. Management regularly reviews the funding requirements of the Group.

The Group's policy is to centrally manage debt and surplus cash balances.

At 31 December 2024, the Group had £86.5 million of undrawn committed borrowing facilities (2023: £56.9 million) and £28.1 million (2023: £22.6 million) of undrawn uncommitted borrowing facilities.

#### Contractual cashflows of financial liabilities

The following are the contractual maturities of financial liabilities including contractual future interest payments and commitment fees:

£million	Carrying value	Contractual Cash Flows	On demand	Under 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
31 December 2024										
Borrowings (excl overdrafts)	149.2	175.0	-	0.9	5.3	6.1	80.8	40.2	1.4	40.3
Overdrafts	0.1	0.1	0.1	-	-	-	-	-	-	-
Lease liabilities	17.3	18.8	-	1.0	3.4	4.0	2.3	1.6	1.1	5.4
Trade and other payables	92.7	92.7	-	91.5	1.2	-	-	-	-	-
Derivatives settled gross	7.8	116.2	-	14.2	61.6	40.4	-	-	-	-
	267.1	402.8	0.1	107.5	71.5	50.5	83.1	41.8	2.5	45.7
31 December 2023										
Borrowings (excl overdrafts)	181.9	219.9	-	1.6	6.8	8.4	8.4	114.1	39.7	40.9
Overdrafts	1.2	1.2	1.2	_	-	_	_	_	-	-
Lease liabilities	18.2	21.9	_	1.1	3.4	3.9	3.9	1.8	1.3	6.5
Trade and other payables	102.3	102.3	-	100.4	1.9	-	-	-	-	-
Derivatives settled gross	2.1	82.5	-	10.3	41.8	30.4	-	-	-	-
	305.7	427.8	1.2	113.4	53.9	42.7	12.3	115.9	41.0	47.4

#### f) Fair value of financial assets and liabilities

IFRS 13 "Fair Value Measurement" requires an analysis of those financial instruments that are measured at fair value at the end of the year in a fair value hierarchy. In addition, IFRS 13 requires financial instruments not measured at fair value but for which fair value is disclosed to be analysed in the same fair value hierarchy:

- 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 (i.e. unobservable inputs).

continued

#### 21 Financial risk management continued

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

			2024		2023 Restated <sup>1</sup>
£million	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Held at amortised cost					
Cash and cash equivalents	n/a	69.2	69.2	74.1	74.1
Trade receivables	n/a	76.3	76.3	71.0	71.0
Trade and other payables	n/a	(92.7)	(92.7)	(102.3)	(102.3)
Borrowings (excluding unsecured loan notes)	2	(74.2)	(74.2)	(108.1)	(108.1)
Unsecured loan notes	3	(75.0)	(66.0)	(75.0)	(61.2)
Held at fair value					
Derivative financial instruments (assets)	2	0.7	0.7	6.0	6.0
Derivative financial instruments (liabilities)	2	(7.8)	(7.8)	(2.1)	(2.1)
Assets classified as held for sale and associated liabilities	3	-	_	19.9	19.9
Held at depreciated cost					
Investment properties	3	-	-	-	0.7

<sup>1. &#</sup>x27;Trade and other receivables' has been restated as described in note 1h.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- cash and cash equivalents, trade and other receivables, trade and other payables approximate
  to their carrying amounts largely due to the short-term maturities of these instruments;
- the fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt and remaining maturities.
- the fair value of derivative financial instrument assets (£0.7 million) and liabilities (£5.4 million) are estimated by discounting expected future cash flows using current market indices such as yield curves and forward exchange rates over the remaining term of the instrument (level 2); and
- the fair value of investment properties are based on market valuations obtained through third party valuations (level 3).
- the fair value of unsecured loan notes has been derived from available market data for borrowings of similar terms and maturity period.

#### g) Capital management

The overriding objectives of the Group's capital management policy are to safeguard and support the business as a going concern through the business cycle and to maintain an optimal capital structure by reducing the Group's overall cost of capital. The Board considers equity shareholders' funds as capital.

The Group maintains a balance between availability of funding and maximising investment return on cash balances through the use of short-term cash deposits, credit facilities and longer term debt instruments, and management regularly reviews the funding requirements of the Group.

Dividends are paid when the Board consider it appropriate to do so, taking into account the availability of funding. The Group has a progressive dividend policy.

The Group has net debt of £97.4 million (2023: £126.2 million). Included within the debt facilities are certain financial covenants related to IFRS (excluding IFRS 16 update, and after the application of other covenant defined adjustments) net debt divided by adjusted EBITDA. Adjusted EBITDA is EBITDA adjusted to exclude the items not included within adjusted operating profit/net finance charges for which compliance certificates are produced on a 12 month rolling basis every half year. All financial covenants were fully complied with during the year and up to the date of approval of the financial statements.

#### 22 Retirement benefit schemes

#### Defined contribution schemes

The Group operates 401(k) plans in North America and defined contribution arrangements in the rest of the world. The assets of these schemes are held independently of the Group and are not on its balance sheet. The total contributions charged by the Group in respect of defined contribution schemes were £3.3 million (2023: £3.5 million).

#### Defined benefit schemes

At 31 December 2024 the Group operated one defined benefit schemes in the UK (the TT Group (1993) Pension Scheme) and one overseas defined benefit scheme in the USA. These schemes are closed to new members and the UK scheme is closed to future accrual.

The TT Group scheme commenced in 1993 and increased in size in 2006, 2007 and 2019 through the mergers of former UK schemes following a number of acquisitions. The parent company is the sponsoring employer in the TT Group scheme. The TT Group scheme is governed by TTG Pension Trustees Limited (the "Trustee") that has control over the operation, funding and investment strategy in consultation with the Group.

In November 2022, the Trustees of the TT Group Scheme entered into a bulk annuity insurance contract (a "buy-in policy") with an insurer in respect of the liabilities of the defined benefit scheme. The insurer will pay into the Scheme cash matching the benefits covered by the policy which are due to members. The Trustee is of the opinion that this investment decision is appropriate, reduces the risks in the Scheme and provides additional security for the benefits due to members of the Scheme. The Trustee continues to be responsible for running the Scheme and retains the legal obligation for the benefits provided under the Scheme.

As the buy-in policy is a qualifying insurance asset, the fair value of the insurance policy is deemed to be the present value of the obligations that have been insured. The policy secured matches the benefits due to Scheme members under the Scheme's Trust Deed and Rules.

continued

#### 22 Retirement benefit schemes continued

Since the assets of the Scheme were greater than the premium required to secure the liabilities through the buy-in, the Scheme is in a net asset position at 31 December 2024 of £7.1 million.

The Group is not exposed to any unusual, entity specific or scheme specific risks, but given the material nature of the TT Group scheme, the Group has developed a comprehensive strategy covering the following areas to manage the financial risk associated with it:

- Maintaining a long term working partnership with the Trustee to ensure strong governance of risks within the TT Group scheme. The TT Group scheme is a long term undertaking and is managed accordingly, in order to provide security to members' benefits and value for money to the Group.
- The Scheme's investment strategy has been assessed as being low risk as the insured asset matches changes in the assessed value of the Schemes liabilities due to changes in interest rates, inflationary expectations and longevity expectations. The buy-in policy therefore matches the term and nature of the liabilities.

The weighted average duration of the TT Group scheme defined benefit obligation is around 11 years.

UK legislation requires the Trustee to carry out a statutory funding valuation at least every three years and to target full funding against a basis that prudently reflects the TT Group scheme's risk exposure.

The last triennial valuation of the TT Group scheme as at April 2022 showed a net surplus of £45.4 million against the Trustee's statutory funding objective.

Due to the favourable funding position the Trustee and Company have agreed that there was no requirement for any further funding contributions to the TT Group scheme. In December 2024 a £15.0 million (2023: £5.0 million) refund of the surplus was paid to the group out of scheme assets by the Trustee (£11.2 million (2023: £3.2 million) net of tax due, which has been paid directly by the scheme).

In the year ended 31 December 2023 the Trustees of the BI Technologies Corporation Retirement Plan, one of the US defined benefit schemes in the USA, completed a partial buy-out and a bulk settlement exercise, extinguishing gross liabilities of £5.5 million in total. In January 2024, the buy-out was completed, extinguishing the remaining gross liabilities. A final payment of £1.8 million was made and a settlement cost of £0.2 million was recognised within items excluded from adjusted operating profit as a result of this exercise.

An analysis of the pension surplus/(deficit) by scheme is shown below:

£million	2024	2023
TT Group (1993)	7.1	25.3
USA schemes	(1.5)	(3.1)
Net surplus	5.6	22.2

Given the nature of the Group's control of the TT Group under the Scheme rules, the Group considers that it has an unconditional right to refund of surplus in the event of the Scheme's wind-up. Based on these rights, any pension surpluses have been recognised in full under IFRIC 14. The ongoing expenses of running the Scheme are now met from the remaining Scheme assets.

Following the decision by the Court of Appeal to uphold the High Court's ruling in Virgin Media Ltd vs NTL Pension Trustees II, the Company has commenced the process of investigation into identifying the potential impact to benefits and the associated accounting liabilities for the defined benefit pensions schemes within the Group. As this process is still at an early stage, the Group is not yet in a position to be able to determine or quantify any potential financial impacts of any possible challenges to historic changes affecting these schemes.

The principal assumptions used for the purpose of the actuarial valuations for the Group's primary defined benefit schemes were as follows:

%	TT Group 2024	TT Group 2023
Discount rate	5.50	4.80
Inflation rate (RPI)	3.30	3.20
Increases to pensions in payment (LPI 5% pension increases)	3.15	2.95
Increases to deferred pensions (CPI)	2.90	2.70

The mortality tables applied by the actuaries at 31 December 2024 for the TT Group (1993) Scheme were S3 tables ('Middle' for females) with 107% (male)/104% (female) weighting for pensioners and 114% (male)/107% (female) weighting for non-pensioners with a 1.5% long-term rate of improvement in conjunction with the CMI 2023 projection model. The assumptions are equivalent to life expectancies as follows: Current pensioner aged 65: 86 years (male), 88 years (female). Future retiree currently aged 45: 87 years (male), 90 years (female).

#### Risk and sensitivity

Following the buy-in, changes in actuarial assumptions will impact the liabilities and insured asset to the same extent, with no overall impact on the net reporting position. A decrease in the discount rate by 0.1% per annum increases the liabilities and assets by approximately £3.4 million. An increase by 0.1% per annum in the inflation rate increases the liabilities and assets by approximately £2.0 million. An increase in the life expectancy of 1 year increases the liabilities and assets by approximately £9.7 million.

The sensitivities above consider the impact of the single change shown, with the other assumptions unchanged. The inflation sensitivities allow for the consequential impact on the relevant pension increase assumptions. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

continued

#### 22 Retirement benefit schemes continued

The amounts recognised in respect of the pension surplus in the consolidated balance sheet are:

£million	2024	2023
Equities	-	1.2
Cash and cash equivalents	7.1	24.5
Insured assets	310.0	336.9
Other	-	0.9
Fair value of assets	317.1	363.5
Present value of defined benefit obligation	(311.5)	(341.3)
Net surplus recognised in the consolidated balance sheet	5.6	22.2

The schemes' assets are unquoted unless otherwise stated and do not include the Group's financial instruments, any property occupied by, or other assets used by the Group. All of the funds included in the asset split are pooled investment vehicles for which due diligence has been completed. We have classified all of the Scheme's investments other than the cash held at the custodian, government bonds and the exchange traded funds (ETFs) as unquoted assets.

Amounts recognised in the consolidated income statement are:

£million	2024	2023
Scheme administration costs	(1.0)	(1.3)
Net loss on pension projects (excluded from adjusted operating profit)	(1.3)	(1.9)
Net interest credit	1.1	1.4

Amounts recognised in the consolidated statement of comprehensive income are a gain of £2.3 million (2023: gain of £0.2 million) which comprises of; the actual return on scheme assets excluding interest income, a loss of £23.4 million (2023: loss of £18.3 million) and the remeasurement of the schemes obligations, a gain of £21.3 million (2023: gain of £18.5 million).

Changes in the present value of the defined benefit obligation are:

£million	2024	2023
Defined benefit obligation at 1 January	341.3	368.4
Past service charge and settlements	(1.5)	(5.5)
Interest on obligation	15.6	17.7
Remeasurements:		
Effect of changes in demographic assumptions	(0.8)	(9.7)
Effect of changes in financial assumptions	(22.0)	6.0
Effect of experience adjustments	0.3	(15.0)
Benefits paid	(21.5)	(20.2)
Exchange	0.1	(0.4)
Defined benefit obligation at 31 December	311.5	341.3
TT Group (1993)	310.0	336.9
USA scheme	1.5	4.4
	311.5	341.3

Changes in the fair value of the schemes' assets are:

£million	2024	2023
Fair value of schemes' assets at 1 January	363.5	396.8
Interest income on defined benefit scheme assets	16.7	19.1
Return on scheme assets, excluding interest income	(23.5)	(18.3)
Contributions by employer	-	0.2
Return of pension surplus 1	(15.0)	(5.0)
Pension scheme expenses	(2.0)	(3.2)
Settlements	(1.5)	(5.5)
Benefits paid	(21.5)	(20.2)
Exchange	0.4	(0.4)
Fair value of schemes' assets at 31 December	317.1	363.5

<sup>1.</sup> During 2024 the TT Group (1993) Pension Scheme returned £15.0 million (2023: £5.0 million) of pension surplus as cash to the Group. This was net of £3.8 million (2023: £1.8 million) of tax paid directly by the scheme to HMRC.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### 23 Share capital

#### Share capital

£million	2024	2023
Issued and fully paid		
177,884,541 (2023: 177,371,049) ordinary shares of 25p each	44.5	44.3

During the period the Company issued 513,492 ordinary shares as a result of share options being exercised under the Sharesave scheme and Share Purchase plans.

The performance conditions of the Restricted Share Plan awards issued in 2021, 2022 and 2023 and the Long-term Incentive Plan awards issued in 2021 were met and shares were allocated to award holders from existing shares held by an Employee Benefit Trust for £nil consideration.

The aggregate consideration received for all share issues during the year was £0.8 million which was represented by a £0.2 million increase in share capital and a £0.6 million increase in share premium.

#### 24 Other reserves

£million	Share Based Payment Reserve	Employee Benefit Trust	Share options reserve	Hedging Reserve	Merger reserve	Total
At 1 January 2023	4.3	(0.4)	3.9	_	3.4	7.3
Share based payment charge	3.1	-	3.1	-	-	3.1
Awards made to employees	(1.0)	1.1	0.1	-	-	0.1
Deferred tax on share based payments	(0.1)	-	(0.1)	-	-	(0.1)
Funding of employee benefit trust	-	(1.3)	(1.3)	-	-	(1.3)
Loss on cash flow hedges taken to equity less amounts taken to income statement	_	_	_	3.5	_	3.5
Deferred tax on movement in cash flow hedges	-	-	-	(0.7)	-	(0.7)
At 1 January 2024	6.3	(0.6)	5.7	2.8	3.4	11.9
Share based payment charge	2.2	-	2.2	-	-	2.2
Awards made to employees	(1.8)	1.4	(0.4)	-	-	(0.4)
Deferred tax on share based payments	(0.2)	-	(0.2)	-	-	(0.2)
Funding of employee benefit trust	-	(1.7)	(1.7)	-	-	(1.7)
Loss on cash flow hedges taken to equity less amounts recycled to income statement	-	_	_	(10.2)	_	(10.2)
Deferred tax on movement in cash flow hedges	-	-	-	2.4	_	2.4
At 31 December 2024	6.5	(0.9)	5.6	(5.0)	3.4	4.0

#### 25 Share-based payment plans

The Company has the following share-based payment plans in operation at 31 December 2024:

- Long-term Incentive Plan ("LTIP") for senior executives;
- Restricted Share Plan ("RSP") for certain senior executives; and
- Sharesave plans for UK employees and a Share Purchase plan for US employees.

The LTIP and RSP schemes have been classified as equity settled schemes. The terms of the LTIP and RSP schemes state that the Group has the right to decide how to settle these awards and it is the Group's intention to settle these with equity. At the date of vesting the Group will settle the awards either with new issue shares or shares purchased on the market at an earlier point in time.

The Group offers the employees the option for the Group to settle the tax liability, which the employee would incur upon receipt of the award, on behalf of the employee with the relevant tax authority. In this circumstance the Group may choose to pay, in cash, the tax liability due on behalf of the employee to the tax authority and the employee would receive the remaining value of their award in equity. In 2024 the Group paid £0.5 million to settle the employees' tax liabilities (2023: £0.5 million). The Group estimates that the future cashflows associated with the above would remain consistent with the 2024 outflows. The Group also offers the employee the option for the Group to sell the remaining shares on the employees' behalf and to forward that cash to the employee, although the Group is not compelled to do so no matter what the employee chooses. In 2024 £0.1 million was used for these purposes (2023: £0.1 million). The Group estimates that the future cashflows associated with the above would remain consistent in future years with the 2024 outflows. These arrangements do not change the assessment that the share-based payments are equity settled.

The Sharesave scheme has also been classified as an equity settled scheme. The rules of this scheme state that the participant must always be paid in equity and that neither party can request settlement in any other way.

#### a) Long-term Incentive Plans

Details of the LTIP awards outstanding during the year are as follows:

	2024	2023
	Number of share awards	Number of share awards
At 1 January	2,265,228	3,958,289
Granted	942,323	1,238,163
Forfeited/Lapsed	(679,131)	(2,931,224)
Exercised/Vested	(518,854)	-
At 31 December	2,009,566	2,265,228
Exercisable at 31 December	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

#### **25 Share-based payment plans** continued

During 2024 grants of awards were made under the LTIP for the issue of shares in 2027. An award is a contingent right to receive shares in the future, subject to continued employment and the achievement of predetermined performance criteria. The performance targets attached to awards require the achievement of earnings per share ('EPS') and total shareholder return ('TSR') targets as detailed in the Directors' Remuneration Report on page 93.

The fair value of the shares was estimated at the grant date using a Monte Carlo simulation model, considering the terms and conditions upon which the shares were granted. This model simulates the TSR and compares it against the group of comparator companies. It considers historic dividends and share price fluctuations to predict the distribution of relative share price performance.

The table below lists the awards which were made during the year and the inputs to the model:

Grant date	Number of awards	Fair value at grant date	Share price at grant date	Exercise price	Expected volatility	Vesting period (years)
2024						
11 March 2024	942,323	132.8p	150.0p	£nil	37%	3.0
2023						
14 March 2023	758,233	135.1p	183.0p	£nil	38%	3.0
2 October 2023	479,930	117.8p	171.0p	£nil	38%	3.0

The award of shares is not affected by the risk free rate of interest since no investment is required by the recipient, and therefore no interest could be earned elsewhere. Expected volatility is based on historical share price movements.

The performance conditions of the LTIP grants made in 2021 that reached the end of their performance periods in 2024 were partially met and shares were allocated to award holders from existing shares held by an Employee Benefit Trust for £nil consideration.

#### b) Restricted Share Plan

During the year the Group granted 1,047,446 shares (2023: 1,530,984) under the restricted plan. Awards are typically subject to continuing employment with no other vesting criteria.

Details of the restricted share plan awards outstanding during the year are as follows:

	2024	2023
	Number of share awards	Number of share awards
At 1 January	2,910,500	2,289,873
Granted	1,047,446	1,530,984
Forfeited/Lapsed	(1,089,928)	(123,745)
Exercised/Vested	(248,028)	(786,612)
At 31 December	2,619,990	2,910,500
Exercisable at 31 December	-	_

During the year 77,800 (2023: 76,536) notional RSP share awards were granted to senior managers which will ultimately be settled in cash.

The performance conditions of the RSP grants made in 2021, 2022 and 2023 that reached the end of their performance periods in 2024 were partially met and shares were allocated to award holders from existing shares held by an Employee Benefit Trust for £nil consideration.

The table below lists the awards which were made during the year the inputs to the model:

Grant date	Number of awards	Fair value at grant date	Share price at grant date	Exercise price	Expected volatility	Vesting period (years)
2024						
11 March 2024	1,047,446	150.0p	150.0p	£nil	37%	3.0
Grant date	Number of awards	Fair value at grant date	Share price at grant date	Exercise price	Expected volatility	Vesting period (years)
2023						
16 March 2023	1,247,648	183.0p	183.0p	£nil	38%	3.0
3 August 2023	56,460	153.0p	153.0p	£nil	38%	3.0
2 October 2023	226,876	172.0p	172.0p	£nil	38%	3.0

All of the above awards are subject to continuing employment with the Group.

## c) Sharesave schemes

The Group operates a Sharesave scheme for participating employees in the UK under a three-year plan. Employees may purchase the Group's shares at a 20% discount to the market price on the day prior to the commencement of the offer up to a maximum contribution value of £6,000 in any one year. Monthly contributions are saved with Lloyds Bank plc, via Equiniti Ltd. the Registrars, in the employee's share savings plan and will only be released to employees who remain in the Group's employment for a period of three years from commencement of the savings contract. Options become exercisable on completion of the three-year term or within six months of leaving in certain circumstances. All Sharesave scheme awards are accounted for as equity settled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

## 25 Share-based payment plans continued

Details of the save as you earn share plan awards outstanding during the year are as follows:

	2024	2023
	Number of share awards	Number of share awards
At 1 January	3,451,965	3,749,876
Granted	564,005	1,292,868
Forfeited/Lapsed	(1,239,891)	(908,159)
Exercised	(263,996)	(682,620)
At 31 December	2,512,083	3,451,965
Exercisable at 31 December	216,873	303,407

The fair value of the shares at grant date was as follows:

Date price set	Market price	Option price	Fair value	outstanding
07 September 2021	271.0p	226.0p	110.9p	196,264
06 September 2022	149.3p	119.5p	67.5p	1,020,583
05 September 2023	174.1p	139.4p	66.5p	751,984
03 September 2024	158.6p	126.9p	20.0p	543,252

The Group operates a Stock Purchase Plan for participating US employees. Under the plan employees may purchase the Group's shares at a 15% discount to the market price at the date of acquisition, up to a maximum of \$6,500 per annum. Employees save on a monthly basis and shares are purchased each quarter.

The total share-based payment charge for the year excluding a social security credit of £nil (2023: £0.1 million debit) arising from the above share scheme plans was £2.2 million (2023: £3.1 million).

#### 26 Reconciliation of net cash flow to movement in net debt

Net cash of £69.1 million (2023: £76.5 million) comprises cash at bank and in hand of £69.2 million (2023: £74.1 million), overdrafts of £0.1 million (2023: £1.2 million) and cash within assets held for sale of £nil (2023: £3.6 million).

£million	Net cash	Lease liabilities	Borrowings	Net debt
At 1 January 2023	61.3	(23.1)	(176.6)	(138.4)
Cash flow	19.3	-	-	19.3
Transferred to held for sale	(3.6)	2.6	-	(1.0)
Repayment of borrowings	-	-	26.1	26.1
Proceeds from borrowings	-	-	(32.7)	(32.7)
Payment of lease liabilities	-	4.4	-	4.4
New leases	-	(3.4)	-	(3.4)
Net movement in loan arrangement fees	-	-	(0.1)	(0.1)
Exchange differences	(4.1)	1.3	1.4	(1.4)
At 31 December 2023	72.9	(18.2)	(181.9)	(127.2)
Included within assets classified as held for sale and associated liabilities	3.6	(2.6)	_	1.0
At 31 December 2023	76.5	(20.8)	(181.9)	(126.2)
Cash flow	(4.1)	-	-	(4.1)
Disposals of business	(3.6)	2.6	-	(1.0)
Repayment of borrowings	-	-	49.2	49.2
Proceeds from borrowings	-	-	(15.1)	(15.1)
Net movement in loan arrangement fees	-	-	(0.2)	(0.2)
Payment of lease liabilities	-	4.2	-	4.2
New leases	-	(3.0)	-	(3.0)
Exchange differences	0.3	(0.3)	(1.2)	(1.2)
At 31 December 2024	69.1	(17.3)	(149.2)	(97.4)

continued

#### 27 Changes in liabilities arising from financing activities

£million	Lease liabilities	Borrowings	Interest rate swaps	Liabilities arising from financing activities
At 1 January 2023	(23.1)	(176.6)	0.6	(199.1)
Cash movements				
Cash flows	5.2	3.3	(0.6)	7.9
Non cash movements				
Transferred to held for sale	2.6	-	-	2.6
Interest accrued	(0.8)	(9.9)	-	(10.7)
Net movement in loan arrangement fees	-	(0.1)	-	(0.1)
New leases	(3.4)	-	-	(3.4)
Exchange differences	1.3	1.4	-	2.7
At 31 December 2023	(18.2)	(181.9)	_	(200.1)
Included within liabilities associated with assets classified as held for sale	(2.6)	_	_	(2.6)
At 31 December 2023	(20.8)	(181.9)	-	(202.7)
Cash movements				
Cash flows	4.9	44.0	-	48.9
Non cash movements				
Disposals of business	2.6	-	-	2.6
Interest accrued	(0.7)	(9.9)	-	(10.6)
Net movement in loan arrangement fees	-	(0.2)	-	(0.2)
New leases	(3.0)	-	-	(3.0)
Exchange differences	(0.3)	(1.2)	-	(1.5)
At 31 December 2024	(17.3)	(149.2)	-	(166.5)

#### 28 Contingent liabilities

The Group is subject to claims which arise in the ordinary course of business. Other than those for which provisions have been made and included within note 19, the Directors consider the likelihood of any other claims giving rise to a significant liability to be remote.

#### 29 Capital commitments

£million	2024	2023
Contractual commitments for the purchase of property, plant and equipment	0.6	2.7

#### 30 Leases

The total cash outflow for leases is £4.9 million (2023: £5.1 million) comprising lease repayments of £4.2 million (2023: £4.4 million) and interest on lease liabilities of £0.7 million (2023: £0.8 million).

Interest on lease liabilities is shown in note 5, the maturity of the lease liabilities is shown in note 21(e) and the corresponding assets to which the lease liabilities relate are shown in note 12.

## 31 Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

No related party transactions have taken place in 2024 or 2023 that have affected the financial position or performance of the Group.

Key management personnel and Directors' emoluments are disclosed in note 11.

#### 32 Five year record

£million (unless otherwise stated)	2024	2023 Restated <sup>4</sup>	2022 Restated <sup>4</sup>	2021	2020
Revenue	521.1	613.9	617.0	476.2	431.8
Operating profit	(23.5)	3.0	(3.4)	19.3	6.6
Adjusted operating profit <sup>1</sup>	37.1	47.1	47.1	34.8	27.5
(Loss)/profit before taxation	(33.4)	(6.8)	(10.1)	16.0	2.9
Adjusted profit before taxation <sup>1</sup>	27.2	37.3	40.4	31.5	23.8
(Loss)/earnings	(53.4)	(11.3)	(13.2)	12.8	1.3
Adjusted earnings <sup>1</sup>	19.5	29.3	32.0	25.3	19.5
(Loss)/earnings per share (pence)	(30.2)	(6.4)	(7.5)	7.3	0.8
Adjusted earnings per share (pence) 1	11.0	16.7	18.2	14.5	11.7
Dividends – paid and proposed <sup>2</sup>	4.0	12.0	11.1	9.9	8.2
Dividend per share – paid and proposed (pence) <sup>2</sup>	2.3	6.8	6.3	5.6	4.7
Average number of shares in issue	176.9	175.6	175.8	174.8	166.5
Net debt <sup>3</sup>	97.4	126.2	138.4	102.5	83.9
Total equity	194.9	265.5	296.5	330.0	298.0

- Adjusted operating profit, profit before taxation, adjusted earnings and adjusted earnings per share exclude the impact of restructuring costs, asset impairments and acquisition and disposal related costs.
- 2. 2024 shows the cashflows/value of the proposed 2024 dividend. 2023 and before shows the cashflows/value of the actual dividends relating to that particular year.
- 3. Net debt includes cash and overdrafts within assets and liabilities held for sale
- 4. Income statement measures and 'Total equity' have been restated as described in note 1h.

## **COMPANY STATEMENT OF FINANCIAL POSITION**

at 31 December 2024

£million	Note	2024	2023
Non current assets			
Right-of-use assets	2	0.2	0.4
Property, plant and equipment	2	0.2	0.3
Intangible assets	2	0.5	0.8
Investments	3	124.6	126.4
Deferred tax asset	11	1.4	3.4
Pensions	10	7.1	25.3
Debtors	4	179.5	128.1
Total fixed assets		313.5	284.7
Current assets			
Debtors	4	33.1	27.6
Cash at bank and in hand	13	0.7	1.4
Total current assets		33.8	29.0
Current liabilities			
Lease liabilities	6	0.2	0.2
Creditors: amounts falling due within one year	5	101.7	18.6
Total current liabilities		101.9	18.8
Net current assets		(68.1)	10.2
Non current liabilities			
Lease liabilities	6	0.1	0.3
Deferred tax liability	11	1.8	8.4
Total non current liabilities		1.9	8.7
Net assets		243.5	286.2
Capital and reserves			
Called up share capital	7	44.5	44.3
Share premium account	7	24.6	24.0
Share options reserve	8	5.7	5.8
Merger reserve		3.4	3.4
Profit and loss account	9	165.3	208.7
Shareholders' funds		243.5	286.2

The Company reported a loss for the financial year ended 31 December 2024 of £32.0 million (2023: profit of £10.2 million).

Approved by the Board of Directors on 9 April 2025 and signed on their behalf by:

Peter France Director Mark Hoad Director

## **COMPANY STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2024

£million	Share capital	Share premium	Merger reserve	Share options reserve	Profit and loss account	Tota
At 1 January 2022	44.1	22.9	3.4	3.9	209.6	283.9
Profit for the year	-	-	-	-	10.2	10.2
Other comprehensive income						
Remeasurement of defined benefit pension schemes	-	-	-	-	0.3	0.3
Tax on remeasurement of defined benefit pension schemes	_	-	_	-	(0.1)	(0.
Total comprehensive income	-	-	-	-	10.4	10.4
Transactions with owners recorded directly in equity						
Dividends paid by the Company	-	-	-	-	(11.3)	(11.
Share-based payments	-	-	-	3.1	-	3.
Other movements	-	-	-	(1.2)	-	(1.
New shares issued	0.2	1.1	-	-	-	1.
At 31 December 2023	44.3	24.0	3.4	5.8	208.7	286.
Loss for the year	-	-	-	-	(32.0)	(32.
Other comprehensive (loss)/income						
Remeasurement of defined benefit pension schemes	-	-	-	-	(2.3)	(2.
Tax on remeasurement of defined benefit pension schemes	_	_	_	_	3.1	3.
Total comprehensive loss	-	-	-	-	(31.2)	(31.
Transactions with owners recorded directly in equity						
Dividends paid by the Company	-	-	-	-	(12.2)	(12.
Share-based payments	-	-	-	2.2	-	2.
Deferred tax on share-based payments	_	-	-	(0.2)	_	(0.
Payments to fund employee benefit trust	_	_	-	(2.1)	_	(2.
New shares issued	0.2	0.6	-	-	-	0.
At 31 December 2024	44.5	24.6	3.4	5.7	165.3	243.

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## **NOTES TO THE COMPANY FINANCIAL STATEMENTS**

continued

#### 1 Material accounting policies

#### a) Basis of preparation

The financial statements of TT Electronics plc (the "Company") were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes:
- disclosures in respect of transactions with wholly owned subsidiaries:
- disclosures in respect of capital management;
- the effects of new but not vet effective IFRSs:
- disclosures in respect of the compensation of key management personnel;
- comparable movement tables for tangible and intangible fixed assets; and
- disclosures in respect of leases

The accounting policies set out in note 2 of the Consolidated financial statements have, unless otherwise stated, been applied in the preparation of the Company financial statements.

#### Change in accounting policy

There have been no changes to accounting policies during the year. Adoption of new and amendments to published standards and interpretations effective for the Group for the year ended 31 December 2024 did not have any impact on the financial position or performance of the Group.

## b) Critical accounting judgements and key sources of estimation uncertainty

During the year there were no judgements made by the Directors, in the application of the adopted accounting policies, deemed to have a significant effect on the financial statements nor were there any estimates deemed to carry a significant risk of material adjustment in the next year.

Details of the Directors' assessment of the Company's ability to continue in operational existence for at least twelve months from the date of signing these financial statements are shown in note 1 of the Consolidated financial statements and in the Governance and Directors' Report on page 57.

## c) Investments

Fixed asset investments in subsidiaries are carried at cost less provision for impairment.

## d) Own shares held by Employee Benefit Trust

Transactions of the Company-sponsored Employee Benefit Trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the Trust's purchases of shares in the Company are debited directly to equity.

#### **2 Non Current Assets**

£million	Intangible Assets	Plant, equipment and vehicles	Right-of-use assets
Cost			
At 1 January 2023	18.0	1.2	1.2
Disposals	-	_	(0.1)
Additions	0.4	-	-
At 31 December 2023	18.4	1.2	1.1
At 31 December 2024	18.4	1.2	1.1
Depreciation			
At 1 January 2023	17.1	0.7	0.7
Disposals	-	_	(0.1)
Depreciation charge	0.5	0.2	0.1
At 31 December 2023	17.6	0.9	0.7
Depreciation charge	0.3	0.1	0.2
At 31 December 2024	17.9	1.0	0.9
Net book value			
At 31 December 2024	0.5	0.2	0.2
At 31 December 2023	0.8	0.3	0.4

Intangible assets solely relate to software.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

#### 3 Investments

£million	Subsidiary undertakings
Cost	
At 1 January 2023	252.0
At 31 December 2023	252.0
Disposals	(48.6)
At 31 December 2024	203.4
Provisions	
At 1 January 2023	125.6
At 31 December 2023	125.6
Disposals	(46.8)
At 31 December 2024	78.8
Net book value	
At 31 December 2024	124.6
At 31 December 2023	126.4

During the year the Company disposed of its investments in 'TT Electronics IoT Solutions Limited', and 'TTG Properties Ltd' as part of the Groups divestment of three business units to the Cicor Group. See note 4 of the Group accounts for more information.

The Company's subsidiary undertakings and their locations are shown in note 14. Shareholdings are held indirectly for all principal operating subsidiary undertakings.

#### 4 Debtors

£million	2024	2023
Current debtors		
Amounts owed by subsidiary undertakings	31.0	25.7
Prepayments, accrued income and other receivables	2.1	1.9
Amounts due within one year	33.1	27.6
Non Current debtors		
Amounts owed by subsidiary undertakings	179.5	128.1
Amounts due later than one year	179.5	128.1
Total	212.6	155.7

'Amounts owed by subsidiary undertakings' have been considered for impairment using the 12 months expected credit loss model because there was no change in credit risk since initial recognition. The expected credit loss is considered immaterial because the probability of nonpayment when the Company chooses to call in the debtor is negligible.

As at 31 December 2024 £179.5 million (2023: £128.1 million) of debtors have been classified as non current due to management's expectation that these will not be settled within 12 months.

#### **5 Creditors**

£million	2024	2023
Amounts falling due within one year		
Trade creditors	2.4	2.6
Amounts owed to subsidiary undertakings	91.0	8.7
Taxation and social security	4.4	0.9
Accruals and deferred income	3.9	6.4
	101.7	18.6

#### **6 Lease obligations**

£million	Current lease liabilities	Non-current lease liabilities	Total
At 31 December 2023	0.2	0.3	0.5
Capital repayments	-	(0.2)	(0.2)
At 31 December 2024	0.2	0.1	0.3

#### 7 Share capital

£million	2024	2023
Issued, called up and fully paid		
177,884,541 (2023: 177,371,049) ordinary shares of 25p each	44.5	44.3

During the period the Company issued 513.492 ordinary shares as a result of share options being exercised under the Sharesave scheme and Share Purchase plans.

The performance conditions of the Restricted Share Plan awards issued in 2021, 2022 and 2023 and the Long-term Incentive Plan awards issued in 2021 were partially met and shares were allocated to award holders from existing shares held by an Employee Benefit Trust for £nil consideration.

The aggregate consideration received for all share issues during the year was £0.8 million which was represented by a £0.2 million increase in share capital and a £0.6 million increase in share premium.

## 8 Share-based payments

Details of share-based payments are shown in note 25 of the Consolidated financial statements. Any charge associated with share-based payments made to employees of subsidiaries are recharged out to the relevant subsidiaries within the same financial year

## 9 Profit for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its profit and loss account for the year. The Company reported a loss for the financial year ended 31 December 2024 of £32.0 million (2023: profit of £10.2 million). The auditor's remuneration for audit services is disclosed in note 6 to the Consolidated financial statements.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

#### 10 Pension schemes

#### Defined benefit scheme

In November 2022, the Trustees of the TT Group Scheme entered into a bulk annuity insurance contract with an insurer in respect of the liabilities of the defined benefit scheme ('buy-in'). The insurer will pay into the Scheme cash matching the benefits due to members. The Trustee is of the opinion that this investment decision is appropriate, reduces the risks in the Scheme and provides additional security for the benefits due to members of the Scheme. The Trustee continues to be responsible for running the Scheme and retains the legal obligation for the benefits provided under the Scheme.

As the buy-in policy is a qualifying insurance asset, the fair value of the insurance policy is deemed to be the present value of the obligations that have been insured. The policy secured matches the benefits due to Scheme members under the Scheme's Trust Deed and Rules.

Since the assets of the Scheme were greater than the premium required to secure the liabilities through the buy-in, the Scheme Is in a net asset position at 31 December 2024 of £7.1 million.

The last triennial valuation of the TT Group scheme as at April 2022 showed a net surplus of £45.4 million against the Trustee's statutory funding objective.

Due to the favourable funding position the Trustee and Company have agreed that there was no requirement for any further funding contributions to the TT Group scheme. In December 2024 a £15.0 million refund of the surplus was paid to the group out of scheme assets by the Trustee (£11.2 million after tax suffered by the scheme).

#### Defined contribution scheme

The Company operates a Group personal pension plan for employees and pays contributions to administered pension insurance plans. The Company has no further payment obligation once the contributions have been paid. Payments to the defined contribution scheme are charged as an expense as they are incurred. The total contributions charged by the Company including employee salary exchange contributions in respect of the year ended 31 December 2024 were £0.6 million (2023: £0.6 million).

#### 11 Deferred tax

The deferred tax asset of £1.4 million (2023: £3.4 million) comprises £0.3 million asset in respect of share-based payments (2023: £0.7 million asset) the movement in which has been recognised in equity (£0.2 million) and the income statement (£0.2 million); £1.1 million in respect of non-current assets (2023: £1.2 million asset); and £nil in respect of tax losses (2023: £1.5 million) the movement in which has been recognised in profit and loss (£1.5 million).

The deferred tax liability of £1.8 million (2023: £8.4 million) is in respect of the pension asset (2023: £8.4 million liability), the movement in which has been recognised in equity (credit equity of £3.1 million), and the income statement (credit to income statement of £3.5 million).

#### 12 Employee information

The average number of full time equivalent employees (including Directors) during the year was 71.

#### 13 Related party transactions

During 2024 and 2023, the Company did not have any related party transactions other than with wholly owned subsidiaries.

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## NOTES TO THE COMPANY FINANCIAL STATEMENTS

continued

## 14 Subsidiary undertakings

The following entities are 100% owned with only ordinary shares in issue, unless otherwise stated. The country of incorporation matches the country in which the registered office/principal place of business is located.

Name of subsidiary undertaking	Registered office/principal place of business
TT Electronics Integrated Manufacturing Services (Suzhou) Co., Ltd	(1)
TT Electronics SAS	(2)
TT Electronics GmbH	(3)
TT Electronics Srl	(4)
BI Technologies Corporation SDN BHD (ordinary and preference shares)	(5)
BI Technologies S.A. de C.V.	(6)
Optron de Mexico S.A. de C.V.	(7)
TT Electronics Asia Pte Ltd	(8)
TT Electronics Sweden AB	(9)
AB Connectors Limited	(10)
AB Electronic Components Limited	(11)
Abtest Limited <sup>2</sup>	(11)
Aero Stanrew Group Limited (ordinary and preference shares) 1,2	(12)
Aero Stanrew Limited	(12)
Automotive Electronic Systems Limited <sup>1</sup>	(11)
BI Technologies Limited <sup>2</sup>	(11)
Commendshaw Limited <sup>2</sup>	(11)
Controls Direct Limited <sup>2</sup>	(11)
Crystalate Electronics Limited	(11)
Dale Electric International Limited 1.2	(11)
Deltight Washers Limited <sup>2</sup>	(11)
Ferrus Power Limited <sup>2</sup>	(11)
Fox Industries Limited <sup>2</sup>	(11)
Hale End Holdings Limited <sup>2</sup>	(11)
Kingslo Limited <sup>2</sup>	(11)
KRP Power Source (UK) Limited <sup>2</sup>	(11)
Linton and Hirst Group Limited <sup>2</sup>	(11)
Midland Electronics Limited	(11)
MMG Linton and Hirst Limited <sup>2</sup>	(11)
Nulectrohms Limited <sup>2</sup>	(11)
Roxspur Measurement & Control Limited	(11)
Sensit Limited <sup>2</sup>	(11)

Name of subsidiary undertaking	Registered office/principal place of business
TT Electronics Electrical Holdings Limited <sup>2</sup>	(11)
TT Electronics (Woking) Limited <sup>2</sup>	(11)
TT Electronics IGT Limited	(11)
TT Electronics Power Limited <sup>2</sup>	(11)
TT Electronics Wireless Limited <sup>2</sup>	(11)
TT Electronics Wireless Devices Limited <sup>2</sup>	(11)
Stadium Zirkon UK Limited <sup>2</sup>	(11)
TT Electronics (Norwich) Limited <sup>2</sup>	(11)
The Brearley Group Limited <sup>2</sup>	(11)
TT Asia Holdings Limited	(11)
TT Automotive Electronics Limited <sup>2</sup>	(11)
TT Electronics Europe Limited 1.2	(11)
TT Electronics Fairford Limited	(13)
TT Electronics Group Holdings Limited <sup>1</sup>	(11)
TT Electronics Holdco Limited	(11)
TT Electronics Power Solutions (UK) Limited	(11)
TT Group Limited <sup>2</sup>	(11)
TT Power Solutions Limited <sup>2</sup>	(11)
TTE Trustees Limited 1,2	(11)
TTG Investments Limited <sup>1</sup>	(11)
TTG Nominees Limited 1,2	(11)
TTG Pension Trustees Limited 1,2	(11)
Valuegolden Limited <sup>2</sup>	(11)
Welwyn Components Limited	(14)
Welwyn Electronics Limited <sup>2</sup>	(11)
Wolsey Comcare Limited <sup>2</sup>	(11)
Zirkon Holdings Limited <sup>2</sup>	(11)
AB Interconnect, Inc.	(15)
Apsco Holdings, Inc	(15)
BI Technologies Corporation	(15)
Cletronics N.A. Inc,	(16)
International Resistive Company Inc	(15)
International Resistive Company of Texas, LLC	(17)
Optek Technology Inc.	(15)
Power Partners, Inc.	(18)

continued

#### **14 Subsidiary undertakings** continued

Name of subsidiary undertaking	Registered office/principal place of business
Precision, Inc.	(19)
Torotel, Inc.	(20)
Torotel Products, Inc.	(20)
TT Electronics Global Manufacturing Solutions (Mexico), Inc.	(16)
TT Electronics Integrated Manufacturing Services, Inc.	(21)
TT Electronics Power Solutions (US), Inc.	(16)
TT Group Industries, Inc.	(16)

- (1) 158-24 Hua Shan Road, Snd Suzhou, 215129, China
- (2) 4 place Louis Armand, 75012 Paris, France
- (3) Max-Lehner-Strasse 31, 85354, Freising, Germany
- (4) Via Santa Redegonda N. 11, Milano, Italy
- (5) Lot 6.05, Level 6, KPMG tower, 8 First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor, Darul Ehsan, Malaysia
- (6) Ave Circulo de la Amistad No.102, Parque Industrial Mexicali IV, Mexico
- (7) Ave Rio Bravo 1551-a, Parque Industrial Rio Bravo, CD. Juarez Chihuahua, Mexico
- (8) 2 Shenton Way, #18-01 SGX Centre 1, 068804, Singapore
- (9) Gullfossgatan 3, 164 40 Kista, Sweden
- (10) Abercynon, Mountain Ash, Rhondda Cynon Taff, CF45 4SF, Wales
- (11) Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB, England
- (12) Unit 1 Gratton Way, Roundswell Business Park, Barnstaple, Devon, EX31 3AR, England
- (13) London Road, Fairford, Gloucestershire, GL7 4DS, England
- (14) Welwyn Electronics Park, Bedlington, Northumberland, NE22 7AA, England
- (15) Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
- (16) CT Corporation System, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States
- (17) Corporation Service Company, 211 East 7th Street, Suite 620, Austin, TX 78701-3218, United States
- (18) 155 Northboro Road, Suite #9, Southborough, MA 01772, USA
- (19) 1700 Freeway Boulevard, Minneapolis, MN 55430, United States
- (20) 520 N Rogers Road, Olathe, KS66062, United States
- (21) CT Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH43219, United States
- 1 Shares held directly by TT Electronics plc
- 2 Dormant UK subsidiary

#### UK Registered Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2024. The following entities are 100% owned and have a single class of ordinary share with a nominal value of £1, unless otherwise stated. All subsidiaries below are registered at Fourth floor, St Andrews House, West Street, Woking GU21 6EB, United Kingdom.

Name of subsidiary undertaking	Company number
AB Electronic Components Limited	578077
Automotive Electronic Systems Limited <sup>1</sup>	1518303
Crystalate Electronics Limited	691591
Midland Electronics Limited	675333
TT Asia Holdings Limited	2464046
TT Electronics Group Holdings Limited 1,2	299275
Semelab Limited	6649272
Ferrus Power Limited	2601096
Fox Industries Limited	2098754
Hale End Holdings Limited <sup>3</sup>	2353285
Kingslo Limited	1830552
KRP Power Source (UK) Limited	888113
TT Electronics Electrical Holdings Limited <sup>4</sup>	459656
TT Electronics (Woking) Limited	7249966
TT Electronics Power Limited	2844194
TT Electronics United Wireless Limited	7030729
TT Electronics Wireless Devices Limited <sup>3</sup>	645215
Stadium Zirkon UK Limited	2126710
TT Electronics (Norwich) Limited	2270716
Valuegolden Limited	2604168
Zirkon Holdings Limited <sup>5</sup>	3730931

- 1 Shares held directly by TT Electronics plc
- 2 Single class of ordinary shares with a nominal value of £0.25
- 3 Ordinary shares with a nominal value of £1.00 and 'A' Ordinary shares of £1.00
- 4 Single class of ordinary shares with a nominal value of £0.20
- 5 Ordinary shares of £1.00 each and non voting ordinary shares with a nominal value of £0.01

## RECONCILIATION OF KPIS AND NON IFRS MEASURE

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA), additional information is provided on the APMs used by the Group below.

To assist with the understanding of earnings trends, the Group has included within its financial statements APMs adjusted operating profit and other adjusted profit measures. The APMs used are not defined terms under IFRS and therefore may not be comparable to similar measures used by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Management uses adjusted measures to assess the operating performance of the Group, having adjusted for specific items as detailed in note 7. They form the basis of internal management accounts and are used for decision making, including capital allocation, with a subset also forming the basis of internal incentive arrangements. By using adjusted measures in segmental reporting, this enables readers of the financial statements to recognise how incentive performance is targeted. Adjusted measures are also presented in this announcement because the Directors believe they provide additional useful information to shareholders on comparable trends over time. Finally, this presentation allows for separate disclosure and specific narrative to be included concerning the adjusting items; this helps to ensure performance in any one year can be more clearly understood by the user of the financial statements.

## **INCOME STATEMENT MEASURES:**

Alternative Performance Measure	Closest equivalent statutory measure	Note reference to reconciliation to statutory measure	Definition and purpose
Adjusted operating profit	Operating profit	Adjusting items as disclosed in note 7	Adjusted operating profit has been defined as operating profit from continuing operations excluding the impacts of significant restructuring programmes, significant one-off items including property disposals, impairment charges significant in nature and/or value, business acquisition, integration, and divestment related activity; and the amortisation of intangible assets recognised on acquisition. Acquisition and disposal related items include the writing off of the pre-acquisition profit element of inventory written up on acquisition, other direct costs associated with business combinations and adjustments to contingent consideration related to acquired businesses. Restructuring includes significant changes in footprint (including movement of production facilities) and significant costs of management changes.
			To provide a measure of the operating profits excluding the impacts of significant items such as restructuring or acquisition related activity and other items such as amortisation of intangibles which may not be present in peer companies which have grown organically.
Adjusted	Operating profit margin	Adjusting items as disclosed in	Adjusted operating profit as a percentage of revenue.
operating margin			To provide a measure of the operating profits excluding the impacts of significant items such as restructuring or acquisition related activity and other items such as amortisation of intangibles which may not be present in peer companies which have grown organically.

Alternative Performance Measure	equivalent statutory measure	Note reference to reconciliation to statutory measure	Definition and purpose
Adjusted earnings per share	Earnings per share		The profit for the year attributable to the owners of the Group adjusted to exclude the items not included within adjusted operating profit divided by the weighted average number of shares in issue during the year.  To provide a measure of earnings per share excluding the impacts of significant items such as restructuring or acquisition related activity and other items such as amortisation of intangibles which may not be present in peer companies which have grown organically.
Adjusted diluted earnings per share	Diluted earnings per share		The profit for the year attributable to the owners of the Group adjusted to exclude the items not included within adjusted operating profit divided by the weighted average number of shares in issue during the year, adjusted for the effects of any potentially dilutive options.  To provide a measure of earnings per share excluding the impacts of significant items such as restructuring or acquisition related activity and other items such as amortisation of intangibles which may not be present in peer companies which have grown organically.
Prior period revenue and adjusted operating profit at constant currency	Revenue and operating profit	See note APM 1	Revenue and adjusted operating profit for the prior year retranslated at the current year's foreign exchange rates.
Organic revenue and adjusted operating profit	Revenue	See note APM 2	Revenue and adjusted operating profit from continuing operations in the current year compared to the prior year, excluding the effects of currency movements, acquisitions and disposals. This measures the underlying growth or decline of the business.  To provide a comparable view of the revenue growth of the business from period to period excluding acquisition and disposal impacts.
Adjusted effective tax charge	Effective tax charge	See note APM 3	The effective tax charge on the company's adjusted profit, which gives a clearer view of the ongoing tax rate by excluding the effects of unusual or non-recurring items.
Return on invested capital	None	See note APM 4	Adjusted operating profit for the year divided by average invested capital for the year. Average invested capital excludes pensions, provisions, tax balances, derivative financial assets and liabilities, cash and borrowings and is calculated at average rates taking twelve monthly balances.  This measures how efficiently assets are utilised to generate returns
			with the target of exceeding the cost to hold the assets.

Closest

## RECONCILIATION OF KPIS AND NON IFRS MEASURE

continued

#### **Income statement measures:** continued

Alternative Performance Measure	Closest equivalent statutory measure	Note reference to reconciliation to statutory measure	Definition and purpose
Revenue and adjusted operating profit excluding passthrough revenue	Revenue, operating profit and operating margin	See note APM 13	Revenue and operating margin excluding the impact of nil margin sales to customers to secure their supply chain.
Organic revenue and	revenue and operating	See note APM 14	This is organic revenue and adjusted operating profit (see APM 2) with pass through revenues (see APM 13) removed.
adjusted operating profit excluding pass through revenues	profit and operating margin		To provide a comparable view of growth for the business from period to period excluding acquisition and disposal impacts and one-off nil margin sales

## **Statement of financial position measures:**

Alternative Performance Measure	Closest equivalent statutory measure	Note reference to reconciliation to statutory measure	Definition and purpose
Net debt	Cash and cash equivalents less borrowings and lease liabilities	Reconciliation of net cash flow to movement in net (debt)/funds (note 26)	Net debt comprises cash and cash equivalents and borrowings including lease liabilities.  This is additional information provided which may be helpful to the user in understanding the liquidity and financial structure of the business.
Leverage (bank covenant)	Cash and cash equivalents less borrowings	See note APM 12	Leverage is the net debt defined as per the banking covenants (net debt (excluding lease liabilities) adjusted for certain terms as per the bank covenants) divided by EBITDA excluding items removed from adjusted profit and further adjusted for certain terms as per the bank covenants.  Provides additional information over the Group's financial covenants to assist with assessing solvency and liquidity.
Net capital and development expenditure (net capex)	None	See note APM 5	Purchase of property, plant and equipment net of government grants (excluding property disposals), purchase of intangibles (excluding acquisition intangibles) and capitalised development.  A measure of the Group's investments in capex and development to support longer term growth.
Dividend per share	Dividend per share	Not applicable	Amounts payable by dividend in terms of pence per share.  Provides the dividend return per share to shareholders.

## **Statement of cash flows measures:**

Closest

Alternative Performance Measure	equivalent statutory measure	Note reference to reconciliation to statutory measure	Definition and purpose
Adjusted operating cash flow	Operating cash flow	See note APM 6	Adjusted operating profit, excluding depreciation of property, plant and equipment and amortisation of intangible assets less working capital and other non-cash movements.
			An additional measure to help understand the Group's operating cash generation.
Adjusted operating	Operating cash flow	See note APM 7	Adjusted operating cash flow less net capital and development expenditure.
cash flow post capex			An additional measure to help understand the Group's operating cash generation after the deduction of capex.
Working capital cashflow	Cashflow – inventories payables, provisions and receivables	See note APM 8	Working capital comprises three statutory cashflow figures: (increase)/decrease in inventories, increase/(decrease) in payables and provisions, and (increase)/decrease in receivables. This definition includes the movement of any provisions over trade receivables.
	receivables		To provide users a measure of how effectively the group is managing its working capital and the resultant impact on liquidity.
Free cash flow	Net increase/ decrease in cash and cash	See note APM 9	Free cash flow represents cash generated from trading after all costs including restructuring, pension contributions, tax and interest payments. Cashflows to settle LTIP schemes are excluded.
	equivalents		Free cash flow provides a measure of how successful the company is in creating cash during the period which is then able to be used by the Group at its discretion.
Cash conversion	None	See note APM 10	Adjusted operating cash flow post capex (less any property disposals which were part of restructuring programmes) divided by adjusted operating profit.
			Cash conversion measures how effectively we convert profit into cash and tracks the management of our working capital and capital expenditure.
R&D cash spend as a percentage of	None	See note APM 11	R&D cash spend and R&D investment as a percentage of revenue excludes revenue from contract manufacturing services as these activities do not give rise to intellectual property.
revenue			To provide a measure of the company's expenditure on R&D relative to its overall size which may be helpful in considering the Group's longer-term investment in future product pipeline.

2024

## RECONCILIATION OF KPIS AND NON IFRS MEASURE

continued

## Non-financial measures:

Ī	Alternative Performance Measure	Closest equivalent statutory measure	Note reference to reconciliation to statutory measure	Definition
	Employee engagement	Not applicable	Not applicable	We use our employee survey to measure how our employees feel about working in TT using a scale of 1 (low) to 7 (high) against eight factors (as surveyed by Best Companies Ltd). A company is awarded between zero and three stars based on the employee feedback.
				Provides a measure of employee sentiment and engagement.
	Safety performance	Not applicable	Not applicable	Safety performance is defined as the number of occupational injuries resulting in three or more days' absence per 1,000 employees. This KPI allows us to compare our performance with that of our peers. We use a UK benchmark published by the Health and Safety Executive and apply this to all our facilities worldwide, reflecting our commitment to raising standards globally.
				Provides users additional information about the Group's commitment and achievements in the area of health and safety.

## **APM 1 – Prior period revenue and adjusted operating profit at constant currency:**

				2020
£million	Europe	North America	Asia	Total
2023 revenue	169.6	229.5	214.8	613.9
Foreign exchange impact	-	(7.5)	(9.2)	(16.7)
2023 revenue at 2024 exchange rates	169.6	222.0	205.6	597.2

						2023
£million	Europe	North America	Asia	Total Operating Segments	Central	Total
2023 adjusted operating profit –	11.0	10.4	00.0	55.0	(0.1)	471
restated 1	11.9	19.4	23.9	55.2	(8.1)	47.1
Foreign exchange impact	0.1	(1.0)	(1.3)	(2.2)	-	(2.2)
2023 adjusted operating profit at 2024 exchange rates	12.0	18.4	22.6	53.0	(8.1)	44.9

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h. This was related to the North America segment.

## **APM 2 – Organic revenue and operating profit:**

				2024
£million	Europe	North America	Asia	Total
2024 revenue	146.3	184.4	190.4	521.1
Removal of businesses disposed	(11.8)	-	(4.3)	(16.1)
2024 revenue on an organic basis	134.5	184.4	186.1	505.0
2023 revenue	169.6	229.5	214.8	613.9
Removal of businesses disposed	(51.3)	-	(17.3)	(68.6)
Foreign exchange impact	-	(7.5)	(8.7)	(16.2)
2023 revenue on an organic basis	118.3	222.0	188.8	529.1
Organic revenue increase (%)	14%	(17%)	(1%)	(5%)

£million	Europe	North America	Asia	Total Operating Segments	Central	Total
2024 operating profit	18.9	(2.7)	28.5	44.7	(7.6)	37.1
Removal of businesses disposed	0.5	-	(0.3)	0.2	-	0.2
2024 operating profit on an organic basis	19.4	(2.7)	28.2	44.9	(7.6)	37.3
2023 operating profit – restated <sup>1</sup>	11.9	19.4	23.9	55.2	(8.1)	47.1
Removal of businesses disposed	(0.2)	-	(1.7)	(1.9)	-	(1.9)
Foreign exchange impact	0.1	(1.0)	(1.2)	(2.1)	-	(2.1)
2023 operating profit on an organic basis	11.8	18.4	21.0	51.2	(8.1)	43.1
Organic operating profit increase (%)	64%	(115%)	34%	(12%)	6%	(13%)

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h. This was related to the North America segment.

## RECONCILIATION OF KPIS AND NON IFRS MEASURE

continued

## **APM 3 – Effective tax charge:**

£million	2024	2023 Restated <sup>1</sup>
Adjusted operating profit	37.1	47.1
Net interest	(9.9)	(9.8)
Adjusted profit before tax	27.2	37.3
Adjusted tax	(7.7)	(8.0)
Adjusted effective tax rate	28.3%	21.4%

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h.

## **APM 4 – Return on invested capital:**

£million	2024	Restated 1
Adjusted operating profit	37.1	47.1
Average invested capital	371.0	433.8
Return on invested capital	10.0%	10.9%

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h.

## **APM 5 – Net capital and development expenditure (net capex):**

£million	2024	2023
Purchase of property, plant and equipment	(6.9)	(22.3)
Proceeds from sale of investment property, plant and equipment and capital grants received	0.5	0.5
Capitalised development expenditure	(1.8)	(1.6)
Purchase of other intangibles	(0.5)	(0.6)
Net capital and development expenditure	(8.7)	(24.0)
Net capital and development expenditure	(8.7)	(24.0)

## **APM 6 – Adjusted operating cash flow:**

£million	2024	2023 Restated <sup>1</sup>
Adjusted operating profit	37.1	47.1
Adjustments for:		
Depreciation	12.2	14.0
Amortisation of intangible assets	1.6	2.5
Share based payment expense	2.2	3.1
Scheme funded pension administration costs	1.1	1.6
Other items	0.2	(0.7)
Decrease in inventories	12.8	5.3
(Increase)/decrease in receivables	(2.2)	15.4
Decrease in payables and provisions	(12.9)	(15.5)
Adjusted operating cash flow	52.1	72.8
Reimbursement from pension schemes	9.4	3.2
Restructuring and acquisition related costs	(0.6)	(4.0)
Net cash generated from operations	60.9	72.0
Net income taxes paid	(9.7)	(9.1)
Net cash flow from operating activities	51.2	62.9

<sup>1. &#</sup>x27;Adjusted operating profit', 'Decrease in inventories' and '(Increase)/decrease in receivables' have been restated as described in note 1h.

## **APM 7 – Adjusted operating cash flow post capex:**

£million	2024	2023
Adjusted operating cash flow	52.1	72.8
Purchase of property, plant and equipment	(6.9)	(22.3)
Proceeds from sale of property, plant and equipment and government grants received	0.5	0.5
Capitalised development expenditure	(1.8)	(1.6)
Purchase of other intangibles	(0.5)	(0.6)
Adjusted operating cash flow post capex	43.4	48.8

## APM 8 - Working capital cashflow:

£million	2024	Restated 1
Decrease in inventories	14.2	5.3
(Increase)/decrease in receivables	(3.6)	15.4
Decrease in payables and provisions	(12.9)	(15.5)
Scheme funded pension administration costs	1.1	1.6
Working capital cashflow	(1.2)	6.8

 $<sup>1\ &#</sup>x27;Decrease\ in\ inventories'\ and\ '(Increase)/decrease\ in\ receivables'\ have\ been\ restated\ as\ described\ in\ note\ 1h.$ 

## RECONCILIATION OF KPIS AND NON IFRS MEASURE

continued

## APM 9 - Free cash flow:

£million	2024	2023
Net cash flow from operating activities	51.2	62.9
Net cash flow from investing activities	3.5	(24.0)
Add back: Proceeds from disposal of business	(17.5)	-
Add back: Cash with disposed businesses	5.3	-
Payment of lease liabilities	(4.2)	(4.4)
Interest paid	(10.6)	(10.6)
Free cash flow	27.7	23.9

## **APM 10 – Cash conversion:**

£million	2024	2023 Restated <sup>1</sup>
Adjusted operating profit	37.1	47.1
Adjusted operating cash flow post capex	43.4	48.8
Cash conversion	117%	104%

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h.

## APM 11 - R&D cash spend as a percentage of revenue:

£million	2024	2023
Revenue (excluding contract manufacturing)	269.1	314.7
R&D cash spend	11.3	10.8
R&D cash spend as a percentage of revenue	4.2%	3.4%

## APM 12 - Leverage:

Adjusted operating profit	37.1	
Adjusted operating profit	0711	47.1
Depreciation	12.2	14.0
Amortisation	1.6	2.5
EBITDA	50.9	63.6
Adjustment to align with covenants	(5.3)	(5.3)
EBITDA (covenants)	45.6	58.3
Net debt as per note 26	97.4	126.2
Less: leases	(17.3)	(20.8)
Net debt excluding leases	80.1	105.4
Adjustment to align with covenants	2.0	4.9
Net debt (covenants)	82.1	110.3
Leverage	1.8	1.9

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h.

## APM 13 – Revenue and adjusted operating profit excluding passthrough revenue:

£million	2024	Restated 1
Revenue	521.1	613.9
Removal of passthrough revenue	(5.3)	(19.9)
Revenue excluding passthrough revenue	515.8	594.0
Adjusted operating profit	37.1	47.1
Removal of operating profit attributable to passthrough revenue	-	-
Adjusted operating profit excluding passthrough revenue	37.1	47.1
Adjusted operating margin excluding passthrough revenue	7.2%	7.9%

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h.

## RECONCILIATION OF KPIS AND NON IFRS MEASURE

continued

## APM 14 – Organic revenue and adjusted operating margin excluding pass through revenues:

£million	2024	2023
Revenue	521.1	613.9
Removal of businesses disposed	(16.1)	(68.6)
Removal of passthrough revenue	(5.3)	(19.9)
FX adjustment to bring in line with 2024 fx rates	-	(15.1)
Organic revenue excluding passthrough	499.7	510.3
Organic revenue growth excluding passthrough	(2%)	

£million	2024	2023 Restated <sup>1</sup>
Adjusted operating profit	37.1	47.1
Removal of businesses disposed	0.2	(1.9)
Removal of adjusted operating profit attributable to passthrough revenue	-	-
FX adjustment to bring in line with 2024 fx rates	-	(2.1)
Organic adjusted operating profit excluding passthrough and disposed businesses	37.3	43.1
Organic adjusted operating margin excluding passthrough and disposed businesses	7.4%	8.4%
Organic adjusted operating profit growth excluding passthrough and disposed businesses	(13%)	

<sup>1 &#</sup>x27;Adjusted operating profit' has been restated as described in note 1h.

# SHAREHOLDER **INFORMATION**

AGM and trading update 30 June 2025

2025 half-vear results August 2025

Preliminary announcement of 2025 results March 2026

Annual Report 2025 April 2026

#### **DIVIDENDS**

See page 24 for details on the dividend policy.

## **ANNUAL GENERAL MEETING ("AGM")**

The next AGM will be held on 30 June 2025 at 11.30 am. Details of the AGM procedure for 2025 and the Notice of Annual General Meeting will be made available at www.ttelectronics.com/investors/agm-gm.

#### ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by special resolution approved at a general meeting of the shareholders

#### SHARE CAPITAL

The Company's issued share capital comprises a single class of share capital divided into ordinary shares of 25 pence each. All issued shares are fully paid. The share capital during the year is shown in note 23 to the consolidated financial statements. The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, a copy of which can be obtained from Companies House in the United Kingdom or by writing to the Group General Counsel and Company Secretary. Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may decide by ordinary resolution, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Holders of ordinary shares are entitled to speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, to appoint corporate representatives and to exercise voting rights. Holders of ordinary shares may also receive a dividend, and on a liquidation may share in the assets of the Company. In addition, holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts. Subject to meeting certain thresholds, holders of ordinary shares may require a general meeting of the Company to be held or the proposal of resolutions at Annual General Meetings.

#### **SHAREHOLDER INFORMATION CONTINUED**

# VOTING RIGHTS AND RESTRICTIONS ON TRANSFER OF SHARES

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy, and entitled to vote, has one vote and on a poll, every member present in person or by proxy, and entitled to vote, has one vote. for every ordinary share held. You can find further details regarding voting at the Annual General Meeting in the Notice of the Annual General Meeting which accompanies this document. None of the ordinary shares carries any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's Registrars not later than 48 hours before a general meeting. A shareholder can lose their entitlement to vote at a general meeting where that shareholder has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. The Directors may refuse to register a transfer of a certificated share which is not fully paid, provided the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer: (i) is lodged, duly stamped (if stampable), at the registered office of the Company or any other place decided by the Directors accompanied by the certificate for the share to which it relates and/or such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; (ii) is in respect of only one class of shares; (iii) is in favour of a person who is not a minor, bankrupt or a person in respect of whom an order has been made on the grounds that such person is suffering from a mental disorder or is otherwise incapable of managing their affairs; or (iv) is in favour of not more than four transferees.

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

The Directors may decide to suspend the registration of transfers for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST

There are no other restrictions on the transfer of ordinary shares in the Company except: certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws or the Market Abuse Regulations 2015); pursuant to the Company's share dealing code whereby the Directors and certain employees of the Group require approval to deal in the Company's shares; and where a shareholder with at least a 0.25 per cent interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of ordinary shares or on voting rights.

#### SHARE DEALING SERVICES

Shareview Dealing is a telephone and internet service provided by Equiniti. It offers a simple and convenient way of buying and selling TT Electronics plc shares.

Log on to www.shareview.co.uk/dealing or call 03456 037 037 between 8.00 am and 4.30 pm, Monday to Friday (except bank holidays), for more information about this service and for details of the rates and charges. Please note that telephone lines remain open until 6.00 pm for enquiries.

A daily postal dealing service is also available and a form, together with terms and conditions, can be obtained by calling 0371 384 2248. Commission is 1.90 per cent with a minimum charge of £70.

#### SHAREGIFT

ShareGift is a charity share donation scheme for shareholders, administered by The Orr Mackintosh Foundation. It is especially for those who may wish to dispose of a small parcel of shares whose value makes it uneconomical to sell on a commission basis. Further information can be obtained at www.sharegift.org or from Equiniti.

# MULTIPLE ACCOUNTS ON THE SHAREHOLDER REGISTER

If you have received two or more copies of this document, this means that there is more than one account in your name on the shareholder register. This may be caused by either your name or address appearing on each account in a slightly different way. For security reasons, the Registrars will not amalgamate the accounts without your written consent.

If you would like any multiple accounts combined into one account, please write to Equiniti Limited at the address given on this page.

## SUBSTANTIAL SHAREHOLDING NOTIFICATIONS

The Company had been notified of the following voting rights attaching to TT Electronics plc shares in accordance with the Disclosure and Transparency Rules at 8 April 2025 and 31 December 2024.

So far as has been ascertained, no other person or corporation holds or is beneficially interested in any substantial part of the share capital of the Company.

		8 April 2025		31 December 2024	
	Number	%	Number	%	
FIL Limited	17,651,300	12.03	17,651,300	12.03	
Aberforth	14,832,779	9.10	14,832,779	9.10	
DBAY Advisors Limited	18,815,378	8.89	11,840,378	6.65	
BennBridge Limited	8,984,103	5.10	8,984,103	5.10	
Slater Investments Ltd	8,915,000	5.06	8,915,000	5.06	
Artemis Investment Management LLP	8,940,400	5.02	-	-	
M&G plc	8,764,166	5.00	8,764,166	5.00	
Chelverton Asset Management Ltd	8,797,581	4.98	8,797,581	4.98	
Schroders plc	8,672,794	4.91	8,672,794	4.91	
Polar Capital LLP	8,539,130	4.88	8,539,130	4.88	
Aberdeen Asset Management Ltd	7,835,077	4.83	7,835,077	4.83	
NN Group N.V.	7,815,000	4.78	7,815,000	4.78	
Franklin Templeton	7,590,000	4.64	7,590,000	4.64	

## **SHAREHOLDER ENQUIRIES**

#### Registrar

The Company's Registrar is Equiniti Limited.

Equiniti provides a range of services to shareholders.



Extensive information including many answers to frequently asked questions can be found online.

Use the QR code to register for FREE at www.shareview.co.uk

Equiniti's registered address is:

Highdown House Yeoman Way Worthing West Sussex BN99 3HH

Equiniti offers a range of shareholder information online at www.shareview.co.uk

## **WEBSITE**

Information on the Group's financial performance, activities and share price is available at www.ttelectronics.com





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For more information on our business please visit www.ttelectronics.com