



# Annual Report 2025

Annual Report and Accounts for the year end December 2025



**FLOWTECH**  
a world of motion

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**Welcome to the Flowtech Annual Report for 2025**, including the latest financial highlights, Group updates and strategic progress reports, which will collectively provide a complete and insightful overview of our business during the calendar year.

Our Annual Report, as in previous reports, is split into three sections; **Strategic Report, Governance, and Financial Statements**. These are designed to give a comprehensive summary of our progress, including the current status of our Strategic Roadmap, initially set out in late 2023.

Previous reports have outlined our Performance Improvement Plan, explained a new operating model for the group and within this a realignment of our leadership structure. They have also explained how we have combined the collective strength and knowledge of the business under the banner of One Flowtech.

The focus of this report is to summarise the second full year of our roadmap, where we have entered into a transformation phase for our Digital Platform Ecosystem. It has started with laying the foundations in 2025 and will continue through to 2026 and beyond as we look to optimise our digital estate and deliver an improved and sustained period of growth.

In summarising our progress, we believe we are in a strong position entering 2026 to now capitalise on the efforts made over the past two years, which will begin to validate the business as a sustainable, compounding and investable platform.

# Section 1

# Strategic Report

# Financial Highlights

## Revenue

**£116.9m**

(+9.0%)

(2024: £107.3m)

## Gross Profit

**39.2%**

(+100bps)

(2024: 38.2%)

## Underlying EBITDA\*

**£7.7m**

(+30.5%)

(2024: £5.9m)

## Net Debt\*\*

**£15.2m**

(2024: £15.1m)

## Net cash from operating activities

**£7.8m**

(2024: £8.7m)

## Underlying Operating Profit\*

**£3.6m**

(2024: £2.7m)

## Operating Loss

**£1.0m**

including an impairment charge of £1.8m

(2024: -£25.2m loss including impairment charges of £25.7m)

\* Underlying operating profit is used as an alternative performance measure to assess the trading performance of the business and is operating profit before separately disclosed items which are amortisation and impairment of intangibles, impairment of goodwill, impairment of right of use assets, share based payments, and restructuring costs. The £4.0m differential between underlying operating profit and underlying EBITDA relates to depreciation charges.

\*\*Net debt is bank debt less the value of cash and cash equivalents. It excludes lease liabilities under IFRS16. Bank debt is the value of the Barclays Revolving Credit Facility of £20m and any utilised value of the £5m overdraft facility, less any unamortised value of loan arrangement fee.

# In year highlights

Our 2025 successes have been numerous, drawing on the combined strength of our engineering network and unlocking the combined potential of our people, processes and solutions as **One Flowtech**.

From the delivery of a state-of-the-art web platform (alongside a wider ecosystem) in August, to the expansion of our Brand and product offering, to securing exciting new Engineering projects and consolidation of our network of Engineering Solution Centres, the focus of our year has been on delivering stable and improved growth, unlocking both organic and inorganic opportunities and realising the full potential for Flowtech as a market leader in a highly-fragmented market.

Our overall group performance reflects this upswing, with an increase in Total Group Revenue of 9%, a stronger H2 25 Underlying EBITDA recovery and an increase in the Group orderbook of 20% as we exited 2025, reflecting more engineering projects in the pipeline, and plenty of positive momentum going into 2026.

Underlying EBITDA has seen a stronger recovery since H2 24 with continued improved momentum in H2 25, with Net Debt seeing a slight increase of 0.1m during the year. Working Capital has seen an underlying reduction of £2.1m (c7%) in 2025, which equates to a 21% reduction over the past 24 months.



Flowtech Website

White Label Website

## Digital Platform Transformation

Our new website was launched in August 2025, designed as a scalable, digital offering to replace outdated legacy platforms, with the added capability of providing an end-to-end White Label platform to support our Trade Partners.

This launch has led to the following positive proof points:

- ✓ **Improved Customer Experience & Stabilised Uptime** - orders completed within 5 minutes increased from 36 → 48%, alongside a +31% increase in customer satisfaction. This has eliminated ~340k annual downtime risk delivering a stable £1.5m- £1.8m monthly run-rate
- ✓ **Stronger demand & conversion** - traffic is +24% YoY improving acquisition efficiency, while new customers are +286% YoY with a clear post-launch step change. Web sales are now ~40 - 50% of total revenue\*, demonstrating increasing digital channel adoption
- ✓ **Cost Efficiency** - 78% reduction in infrastructure costs, delivering ~£175k-£200k annual savings
- ✓ **Delivery capability transformed** - shift from quarterly to bi-weekly releases, delivered with zero downtime
- ✓ **Product scalability transformed** - platform now supports new product introduction at scale +130k SKUs vs hundreds previously, enabling significantly broader range of availability and digital growth

### Forward plans to scale growth in 2026

The website is one component of an integrated digital platform that enables scalable, multi-channel growth, enhanced commercial effectiveness, improved customer insights, and partner enablement.

- ↑ Margin, self-service + conversion
- ↑ Revenue, x-sell/upsell + new customers
- ↑ Market share, scaling international
- ↑ Competitive differentiation - product configurators, and leading customer experience

\* UK product distribution sales from the main fulfilment centre only

## Two Further Acquisitions

After the successful acquisition of Thorite in August 2024, we were pleased to make two more acquisitions in the form of **Allswage UK** (March 2025) and **Thomas Group** (May 2025).

Whilst Allswage unlocked hose assembly equipment, testing and certification, Thomas Group expanded our knowledge of engine parts, filtration and fuel technology.

These acquisitions were underpinned by our continued turnaround of Thorite, returning them to profitability in early 2025 and **building continued positive momentum throughout the year.**



## Major Projects on the Horizon

Our Flowtech Major Projects team were proud to win not one but two major bridge infrastructure contracts in Ireland, for works on Narrow Water Bridge (July 2025) and Rice Bridge (June 2025) with a combined contract value of £8.18m (€9.4m) over a two year period.

For both projects, Flowtech will be providing support on the MEICA (Mechanical, Electrical, Instrumentation, Control and Automation) elements, working alongside a number of strategic partners to ensure successful completion of these prestigious engineering projects.



## Supplier Partnerships

In May 2025, Flowtech announced a new partnership with SMC Corporation Limited, who are the global market leader in fluid control and automation solutions, with over 12,000 items and 700,000 variants available.

Our supplier list was also bolstered by the re-establishment of a 45-year-old relationship with HPC Kaiser, a leading Global Compressed Air provider, as well as Piab, Gast and Graco, which are three significant pneumatics brands brought to Flowtech through the acquisition of Thorite.

## Expanding Branch & Engineering Network

We have relocated or opened a number of new locations as brand new ventures or as part of our ongoing modernisation plan to improve work environments and capacity, optimising our network and continuing to serve customers locally and nationally:



- **West Midlands** (relocation of Thorite location and new Process Centre of Excellence)
- **South Yorkshire** (Thorite relocation from Sheffield to new improved location)
- **Leicester** (opened new Engineering Solutions Centre to better serve this important region)
- **West Bromwich** (new Solutions Centre with acquisition of Allswage)
- **Ashford** (new Solutions Centre with the acquisition of Thomas)
- **Rotterdam** (relocation of two facilities into one, new state of the art Engineering Solution Centre facility)

# A World of Motion

From the food we eat to the water flowing into our homes, the bridges we cross on our way to work to agricultural machinery in the field, and automated production lines to data centres, modern economies depend on controlled movement, force and flow.

- **Hydraulic systems** use pressurised fluid to generate force and movement, powering heavy lifting, construction equipment and infrastructure.
- **Pneumatic systems** use compressed air to drive high-speed automation and precision control
- **Process control systems** regulate pressure, temperature and flow to ensure safety, efficiency and consistency.

These technologies are embedded in the machinery and infrastructure that keep key industries operating, such as Construction & Mining, Aerospace, Transport, Marine and Automotive, with extensive experience in Agriculture, Food & Beverage and Major Infrastructure such as Data Centres and Bridges.

Across these sectors, Flowtech operates within a significant and essential industrial ecosystem spanning fluid power, automation and motion control across the UK, Ireland and the Benelux.



## UK Domestic Market

**£1.1bn**

2024

Domestic fluid power market  
(BFPA 2024)

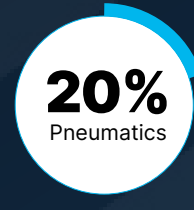
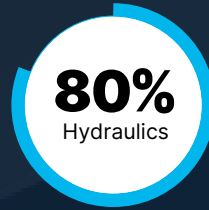
## UK Manufacturer Sales (Inc. Exports)

**£1.4bn**

2024

Total Manufacturer Sales  
(BFPA 2024)

## UK Market Split



## European Fluid Power, Automation & Industrial Controls Market

**€68-70bn**

Estimated Market Size

Forecasted growth by 2030

↗ **8% CAGR**

## Global Fluid Power Market

**€64-65bn**

2025

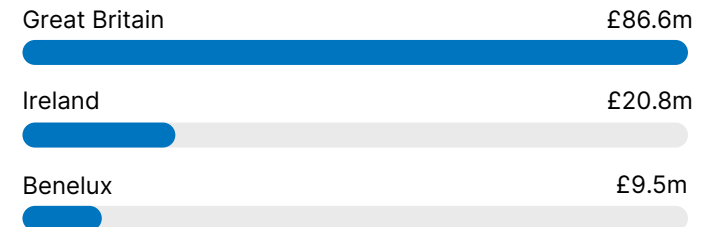
Forecasted growth by 2030

↗ **5% CAGR**

Flowtech's role sits at the centre of this environment.

**With our 2025 revenue sitting at £116.9m**

and geographical split between Great Britain, Ireland and the Benelux region, there is a huge opportunity for growth.



# Our Integrated Platform

## Flowtech combines distribution scale with engineering depth.

Our offer consists of **three elements**:

- 1 Products** – high-service distribution supported by significant stock depth
- 2 Services** – diagnostics, repair, engineering support and system optimisation
- 3 Projects** – design, build and integration of complex systems

**We act as a shock absorber within the supply chain, bridging customers requiring complex engineering solutions and global manufacturers producing specialist components.**

Flowtech is not simply a distributor, nor solely an engineering contractor - we are an engineering-led distribution platform operating across the full lifecycle of motion control systems.

This integrated model creates meaningful barriers to entry within a fragmented market and supports scalable growth across regions and sectors.

## Underpinned by Digital and Data

Digital does not simply refer to an online catalogue. It underpins how Flowtech can scale the platform, improving customer and supplier outcomes, which allows us to really bring to life the Flowtech offering, our service capability and our deep sectoral knowledge. In addition, it enables our sales teams to promote what we do directly to our customers.

**It enables:**

- ✓ Faster, easier procurement for Trade and repeat-buy customers
- ✓ Product discovery, availability visibility and customer self-service
- ✓ Technical information and specification support for Systems Builders
- ✓ Improved service responsiveness through better data and workflow
- ✓ Stronger supplier route-to-market through improved visibility and representation
- ✓ Continuous improvement in customer experience and operational efficiency

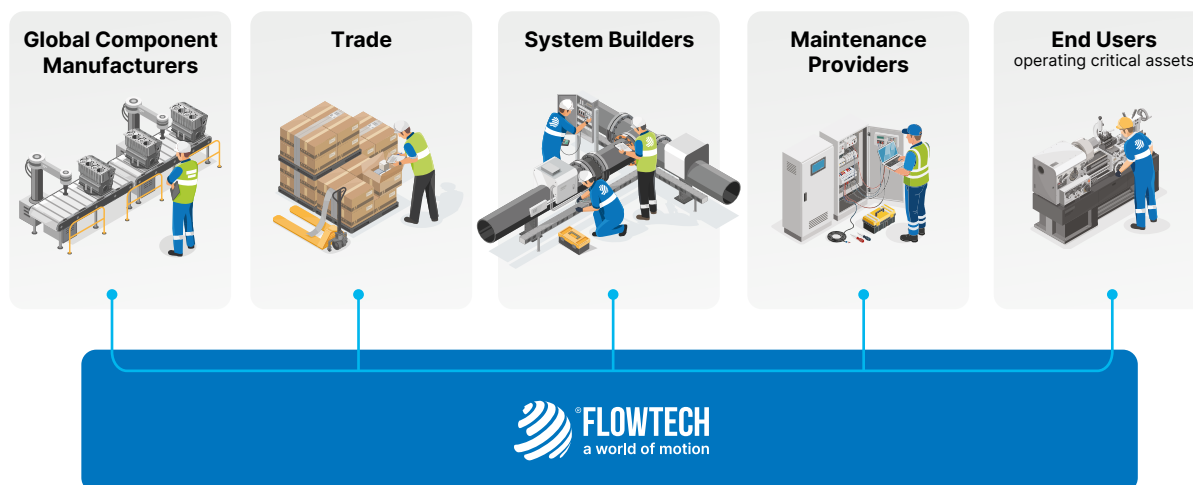
## A Complex & Fragmented Supply Chain

The motion control industry operates across interconnected layers. Each layer has distinct commercial dynamics and technical requirements. The market is fragmented and technically demanding.

**Many competitors operate effectively within a single layer.**

**Flowtech operates across all layers** - enabling engagement at specification stage, through distribution, and into full lifecycle support. This is backed up by 2,300 supplier partners, who ensure we are offering superior, market-leading and reliable components to all of

**This breadth of engagement reduces substitution risk, strengthens customer relationships and supports a blended margin profile across products, services and projects.**



# How We Help Customers

We help customers reduce cost, improve performance and deliver complex engineering solutions with confidence.



## 1 Operate for Less

We provide fast, reliable access to leading global brands through significant stock availability, efficient procurement channels and strong supplier partnerships.

Our distribution scale allows customers to consolidate purchasing, reduce lead times and simplify supplier management. High availability, technical support and digital ordering reduce friction across procurement.

By combining inventory depth with engineering expertise, we help customers avoid costly downtime, reduce unplanned spend and minimise working capital tied up in stock.

For suppliers, our scale and technical capability strengthen route-to-market reach and support brand representation at specification stage as well as point of sale.

- ✓ **180,000 products in stock**
- ✓ **£50m\* inventory** (\*sales value)
- ✓ **Despatch Accuracy to customer - 99.8%**
- ✓ **Next Day Delivery Performance - 99.9%**  
(if products are in stock)



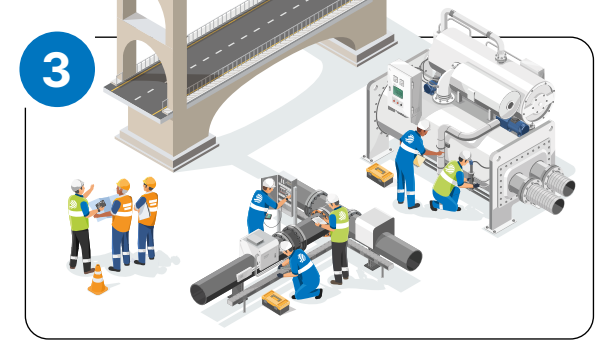
## 2 Operate Efficiently and Sustainably

We help customers improve reliability, extend asset life and reduce the total cost of ownership of critical systems.

Through our 25 Engineering Solution Centres and specialist teams, including 121 Engineering and Technical Specialists, we provide bespoke manufacturing, in-house system design, diagnostics, servicing and repair. We support customers both reactively, when failure occurs, and proactively, through preventative maintenance and system optimisation.

This improves uptime, reduces waste and rework, and helps customers run safer, more efficient operations.

- ✓ **25 Engineering Solutions Centres**
- ✓ **121 Engineering and Technical Specialists**



## 3 Innovate Through Engineering

We help customers move beyond component supply and systems build to the delivery of fully integrated turnkey systems and fully engineered outcomes.

Our engineers support customers at specification stage and throughout system design, build and implementation. From selection and integration of components and systems design through to commissioning, installation and end-to-end project management with ongoing support, our teams are there every step of the way.

By engaging early in the design phase and delivering through installation and lifecycle support, Flowtech increases customer lifetime value, reduces substitution risk and embeds itself within long-term asset programmes.

- ✓ **Largest project value delivered £3.9m**  
(Narrow Water Bridge)
- ✓ **Prospects Value - £26m**
- ✓ **Overall Pipeline - £200m**  
(excluding lost, won and abandoned projects)
- ✓ **Major infrastructure projects supported - 3 live projects**

# Our Go-to-Market Strategy

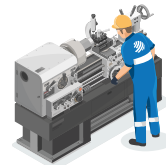
Our commercial model **reflects the way the industry functions.**

We serve **three core customer types:**



## Trade

High-frequency, availability-led purchasing requiring logistics efficiency and digital ordering capability.



## End Users

Uptime-driven operators requiring reliability, diagnostics and lifecycle optimisation.



## Systems Builders

Customers we engage at specification stage to reduce substitution risk and strengthens long-term supply positions. They operate longer project cycles, and require application engineering, integration capability and technical sales support.

By operating effectively **across all three customer types**, Flowtech:

- ✓ Captures specification pull-through into distribution
- ✓ Supports integration at system design stage
- ✓ Diversifies revenue streams
- ✓ Increases share of wallet across the lifecycle
- ✓ Reduces cyclicality risk

This multi-layered engagement **deepens switching costs** and **supports long-term customer retention.**

# Priority Sectors

Fluid power technologies are used across a wide range of industries. While our capability is broad, we prioritise sectors where integration complexity and lifecycle value are highest.

Below we have highlighted **Infrastructure, Agriculture and Food & Beverage** and detailed the value we bring along with case studies that are linked to each industry.

In addition to these priority areas, Flowtech supports customers across advanced manufacturing, aerospace, marine, construction, transport, energy, utilities and data centres - demonstrating both the universality of fluid power technologies and the breadth of our market exposure.



## Agriculture

When it comes to farming and agriculture, our engineering solutions have wide ranging applications, including tractors, harvesters and sprayers, that all require complex hydraulic systems that are reliable with minimum disruption.

Our Engineering Solution Centre workshops give us the capabilities to assemble and modify components, along with supplying a broad spectrum of products and engineering solutions.

How we **add value** to Agriculture:

- 1 Valves
- 2 Gear Pumps + Motors
- 3 Steering Units
- 4 Electronics Displays
- 5 Gearboxes
- 6 Electrification
- 7 Hydraulic Hose Assemblies
- 8 Hydraulic Power Units (HPUs)
- 9 Remote Controls



## Agriculture Supply Chain Positioning

Flowtech support customers in the agricultural industry at every stage of the engineering lifecycle, from farm machinery designers looking at manufacturing specialist farm vehicles with smart technology, to farmers looking at getting existing machinery repaired or maintained.

### Farmers



#### (End Users)

Supporting farm owners with replacement components or technical advice to keep existing machinery running smoothly.

### Machinery Designers & Manufacturers



#### (Systems Builders / OEMs)

Supporting businesses who design bespoke farm machinery with components and system builds

### Repair Services & Callout



#### (Trade / MROs)

Supporting businesses who specifically repair farm machinery, such as faulty tractors or harvesters.

## Case Study: Fruit Harvesting Machine

### 📍 Glasgow

- We supported a large fruit-harvesting business (SFM) with technical solutions for bespoke fruit-picking machines, as well as other complex hydraulic systems that would make the harvesting process more energy-efficient in the future
- Our team of hydraulic engineers worked closely with SFM to provide a bespoke kit of hydraulic parts, coupled with electrical controls to suit every fruit-picking machine
- These included a flow-sharing valve, which provided an easy-to-install solution with the flexibility of making complex changes to the systems at a touch of a button, and a load-sensing valve, which ensured that demand for oil is controlled, resulting in improved machine efficiency
- With the help of our application engineers, SFM now provide bespoke design and build services to their customers around the world



# Infrastructure

Bridges, utilities, data centres, water and civil engineering assets requiring mechanical, electrical and integration expertise. These long-life, critical assets align strongly with our project capability and lifecycle support model.

## Bridges

Flowtech is a specialist MEICA (Mechanical, Electrical, Instrumentation, Control, and Automation engineering company, delivering cutting-edge solutions for moving structures across bridges, flood defences, marine structures, and industrial automation. With a commitment to quality and innovation, we provide tailored engineering solutions that enhance efficiency and reliability.

How we **add value** to Bridges:

- 1 **Bridge & Flood Defence Solutions** – ensuring critical infrastructure resilience
- 2 **Mechanical and Electrical Engineering** – precision-driven engineering solutions
- 3 **Instrumentation and Automation** – smart technology integration for efficiency
- 4 **Industrial Automation Systems** – custom automation to optimise operations



## Case Study: Merchant Square Bridge Design

### 📍 London

- Flowtech were asked to provide engineering support for a showpiece bridge inspired by the shape of a fan, located in Merchant Square, London
- The project included a Fan bridge and a Rolling Bridge
- The Fan Bridge was built from five individual leaves, which are each raised hydraulically at various speeds and to different heights to give the bridge its unique fan effect. They were powered by five hydraulic cylinders, each capable of lifting in excess of 50 tonnes, and a twin-pump hydraulic power pack to raise all five bridge leaves simultaneously
- The Rolling Bridge, known as the Hedgehog, was built to unfold using hydraulic cylinders and electronic controls
- The result is a pair of impressive bridges that is a centrepiece of Merchant Square and impresses local people as well as attracting tourists from around the world.

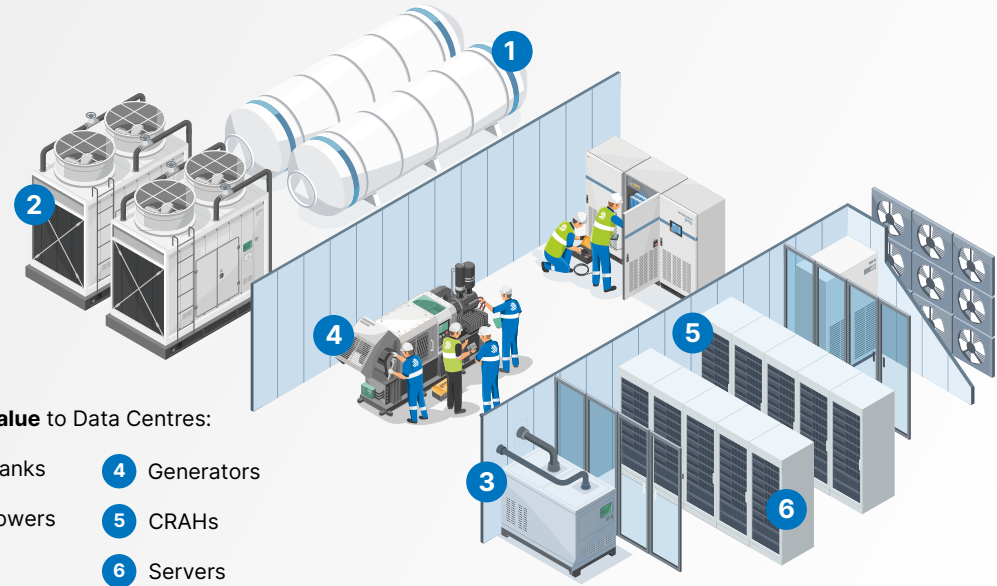


Read More

## Data Centres

At Flowtech, we offer an extensive product range of proven data centre solutions in flow control, fluid conveyance and pipe systems enabling our data centre clients to maintain high uptime, avoid outages and keep disruptions to a minimum.

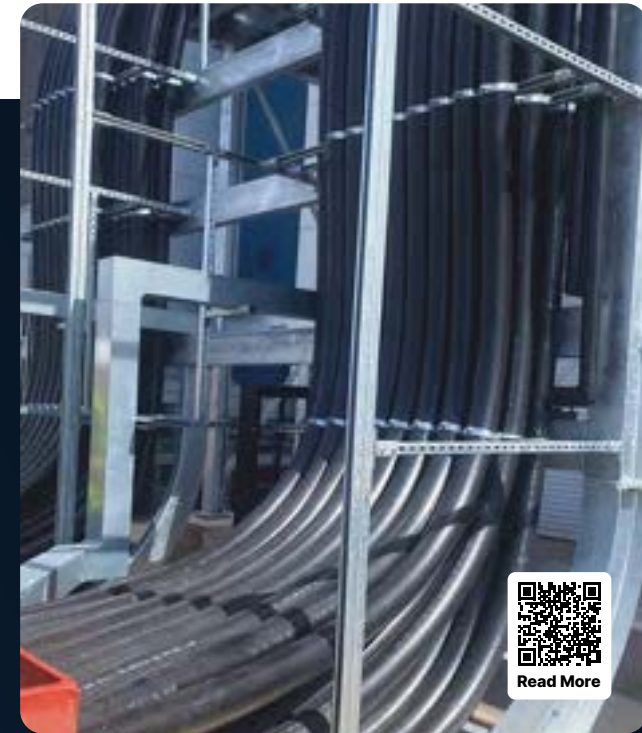
- Flowtech provides a complete range of power, motion and control solutions to support the delivery more energy-efficient, reliable, and sustainable data centres
- Technical excellence in supporting and offering engineering solutions based on bespoke data centre specification
- Full turnkey system installations available including; pump sets, manifold cabinets, fill points, monitoring systems, pipework and storage tanks
- We have delivered successful solutions into numerous data centre projects that have provided outstanding results
- Design, fabrication and installation of flexible piping, leak detection and fuelling systems for data centres



## Case Study: Data Centre

### South Wales

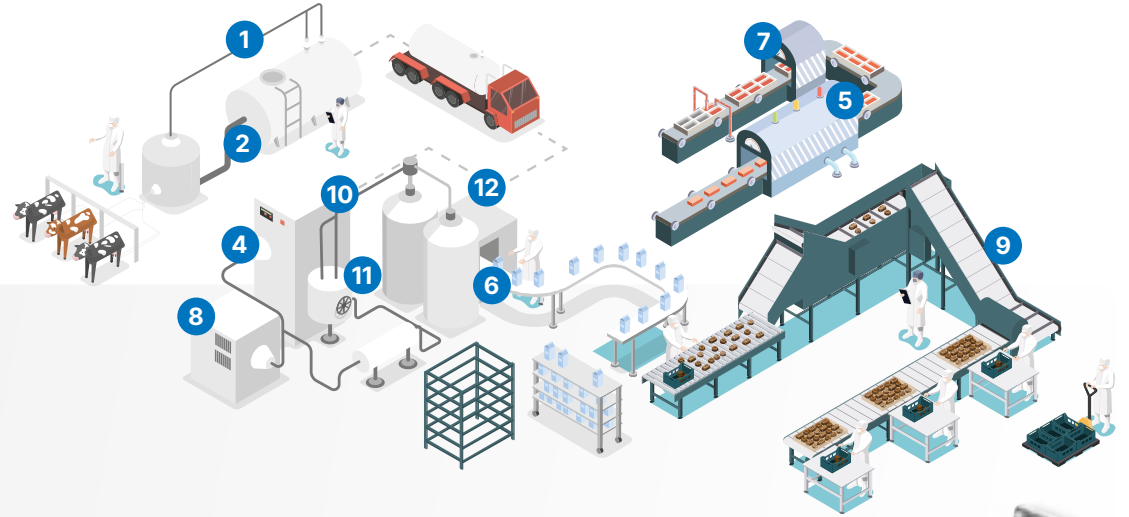
- Our installation team were asked to supply and install 5km of Brugg DN100 secondary contained Secon-X pipe into a Data Centre in South Wales, with a challenging and complex pipe route
- 5km of piping and 112 end fittings installed and tested in just 7 weeks
- Installation time drastically reduced with continuous flexible pipe installation vs site welded construction
- Each individual pipe able to be monitored and inspected individually for any leaks
- Customer extremely satisfied with project and short timescale of completion



## Food & Beverage

Our dedicated Food & Beverage Facility Team are always available to provide targeted expertise and solutions for precise industry application requirements, including automated production environments requiring hygienic pneumatics, process control systems and uptime-critical support.

Understanding our customers' challenges enables us to provide effective, high-quality products that will improve system performance and increase the speed, productivity, reliability, and efficiency of their equipment.



How we **add value** to Food & Beverage:

- |                     |                           |
|---------------------|---------------------------|
| 1 Fittings & Tubing | 6 Actuators & Compressors |
| 2 Valves            | 7 Conveying Systems       |
| 3 Control Systems   | 8 Nitrogen Generators     |
| 4 Air Treatment     | 9 Vacuum Pumps & Blowers  |
| 5 Vacuum Products   | 10 Pumps                  |

### Thorite Case Study: Food Grade Packaging Machine

#### United Kingdom

- A long-term customer tasked us with developing a food-grade packaging machine that would run at a faster speed than their current equipment, with the aim of achieving a packaging cycle of 1 product every 5 seconds
- It was quickly established that this machine was at the limit of its components and needed a ground-up redesign, utilising different technologies specifically optimised for this exact application
- Our Technical Solutions team were able to use exact load and motion data to configure electric drives that were capable of achieving the speeds that the client was aiming for. In addition, we were able to configure an ERMO unit which can achieve continuous rotation in the same direction. CAD models of the drive units were then used to build the final design
- We configured and supplied 5 linear motion systems, 1 rotary motion system and 1 servo unit to drive a conveyor. The final design included a combination of servo and stepper drives, simplified motion and IO-Link connectivity



# Platform at Scale

Our digital platform enhances procurement efficiency, supports customer retention and strengthens supplier route-to-market reach.

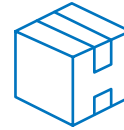
**620+**

skilled colleagues



**170+**

years of combined heritage



**180,000**

products in stock

**2300**

leading global brands



**25+**

locations across the UK,  
Ireland & Benelux



**80+**

countries shipped  
to worldwide



**£50m**

of inventory  
(sales value)



**99.7%**

On Time In Full  
(OTIF)

# Our People

Our platform is powered by experienced engineers, technical specialists and application experts who **understand both product-level detail and system-level integration.**

Supported by strong partnerships with global manufacturers, our teams deliver **technical assurance** as well as **supply reliability.**

This capability is underpinned by our **WOLF** values:

**W**

## Winning Team

one pack, one purpose

**O**

## Operational Excellence

brilliant at the basics, better everyday

**L**

## Love Our Customer

think customer, act with care, proud to serve

**F**

## Fabulous Performance

we deliver, celebrate, learn and repeat

**79%**

employee retention rate

**634**

average number of employees



# Appendix

## Market Context & Data Sources

|  |  |   |
|--|--|---|
| <b>A. UK Fluid Power Market</b>                                | <b>Market Size &amp; Structure</b> <ul style="list-style-type: none"><li>UK domestic fluid power market estimated at approximately <b>£1.1 billion (2024)</b></li><li>Total manufacturer sales (including exports) approximately <b>£1.4 billion</b></li><li>Hydraulics account for approximately 80% of the market</li><li>Pneumatics account for approximately 20%</li></ul> | <b>Source:</b> <ul style="list-style-type: none"><li>British Fluid Power Association (BFPA) – Industry Facts <a href="https://bfpa.co.uk/bfpa-statistics-service/industry-facts/">https://bfpa.co.uk/bfpa-statistics-service/industry-facts/</a></li></ul>  |
| <b>B. European Fluid Power Market</b>                          | <b>Market Size &amp; Industry Scale</b> <ul style="list-style-type: none"><li>European fluid power market estimated at approximately €14–16 billion</li><li>1,000+ companies active across manufacturing and systems integration</li><li>Approximately 70,000 employees represented across CETOP member organisations</li></ul>  | <b>Sources:</b> <ul style="list-style-type: none"><li>CETOP – European Fluid Power Committee <a href="https://www.cetop.org/about-cetop/">https://www.cetop.org/about-cetop/</a></li><li>VDMA Fluid Power Systems – Activity Report <a href="https://vdma.eu/documents/34570/55055802/Fluid_Power_Activity_Report_2021_2025.pdf">https://vdma.eu/documents/34570/55055802/Fluid_Power Activity_Report_2021_2025.pdf</a></li></ul> |
| <b>C. European Automation &amp; Industrial Controls Market</b> | <b>Factory Automation &amp; Industrial Controls (Europe)</b> <ul style="list-style-type: none"><li>Estimated market size of approximately €68–70 billion</li><li>Forecast growth of approximately 8% CAGR through the second half of the decade</li><li>Growth driven by digitalisation, Industry 4.0 investment, energy efficiency and industrial resilience</li></ul>        | <b>Source:</b> <ul style="list-style-type: none"><li>Mordor Intelligence – Europe Factory Automation and Industrial Controls Market <a href="https://www.mordorintelligence.com/industry-reports/europe-factory-automation-and-industrial-controls-market">https://www.mordorintelligence.com/industry-reports/europe-factory-automation-and-industrial-controls-market</a></li></ul>   |
| <b>D. Global Fluid Power Equipment Forecast</b>                | <b>Market Outlook</b> <ul style="list-style-type: none"><li>Global fluid power equipment market projected to grow from approximately €64–65 billion equivalent (2025) to approximately €83–85 billion equivalent by 2030</li><li>Compound annual growth rate of approximately 5%</li></ul>   | <b>Source:</b> <ul style="list-style-type: none"><li>Mordor Intelligence – Fluid Power Equipment Market <a href="https://www.mordorintelligence.com/industry-reports/fluid-power-equipment-market">https://www.mordorintelligence.com/industry-reports/fluid-power-equipment-market</a></li></ul>   |
| <b>E. UK &amp; EU Industrial Investment Context</b>            | For broader macroeconomic context relating to manufacturing output and industrial investment:<br>Office for National Statistics (UK Manufacturing Data) <a href="https://www.ons.gov.uk">https://www.ons.gov.uk</a><br>Eurostat – Industrial Production (EU) <a href="https://ec.europa.eu/eurostat">https://ec.europa.eu/eurostat</a>   |   |

# Chairman's Statement



“Whilst 2025 did not live up to our initial expectations and we were disappointed with the final outturn this was **largely due to continued volatile external markets.** I am, however, pleased to say that we exited the year with positive momentum. Our investment in a new digital platform is a cornerstone of Flowtech’s growth strategy providing the scalable foundation required to support future expansion. The Board views this investment as essential to building a more resilient, data-led, and sustainably growing international business.”





“In addition, over the last two years, we have completed a wide-ranging programme of transformational improvement that will help underpin our performance. During the period, our more recent acquisitions performed well and, post year end, we were also delighted to announce that Q Plus (a Benelux based business) has joined the group.

Whilst trading conditions continue to remain challenging, we are now confident that Flowtech is well positioned to maximise the opportunities available.”

## A Year of Progress

Whilst not being satisfied with the overall financial performance in 2025, we have a renewed determination to deliver a marked improvement in 2026 and believe we have now built the infrastructure to enable growth.

Over the past year, building on 2024, the Board has overseen a comprehensive programme of change, including the implementation of a refreshed strategy, the integration of multiple businesses into One Flowtech, and the strengthening of the Group’s commercial, operational and technological foundations.

These actions have materially improved the resilience, efficiency and scalability of the business, whilst providing more protection against challenging market conditions in the future.

2025 was a year of meaningful progress and transition for Flowtech. The Group has largely completed its Business Transformation phase and enters 2026 positioned to move into the next stage of its strategic development and growth.

While trading conditions remained challenging throughout 2025, particularly in the UK, the Group delivered a steady improvement in performance, with momentum building in the second half of the year. This improvement reflected disciplined execution of management’s self-help initiatives, tighter cost control and a sustained focus on working capital. The Board was satisfied by the strengthening of the sales pipeline and orderbook by the end of 2025 alongside stable gross margins, continued reductions in overheads and improved customer service metrics.

The Group’s financial performance improved during the year. EBITDA increased by more than 30% compared with 2024, with a stronger second-half performance reversing the Group’s typical seasonal weighting. Net debt at year end was broadly stable, reflecting the necessary investment made to complete the transformation programme. The Board expects that improved cash conversion, lower capital expenditure and continued operational discipline will support a reduction in leverage over time.

The Board continues to view disciplined M&A as a core component of the Group’s growth strategy. The acquisitions of Thorite, Allswage and Thomas Group have integrated well and contributed to the Group’s financial performance during the year. Additionally, in January 2026, the Group announced the acquisition of Q Plus in the Netherlands, an earnings-enhancing transaction that is expected to approximately double the size of the Benelux business and thereby strengthen Flowtech’s European footprint.

## Governance and Digital Enablement

The Board recognises that long-term value creation is underpinned by strong governance, a positive culture and disciplined investment in strategic capabilities. These areas received increased focus during 2025 as the Group progressed through a period of significant change.

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A key area of Board oversight has been the Group's investment in a new digital platform. This investment represents a foundation for Flowtech's future growth, rather than just a standalone technology initiative. The platform provides a single, scalable digital architecture to replace multiple legacy systems, improve data quality and enhance operational control. It also underpins the Group's omni-channel strategy, enabling improved customer access, product visibility and service consistency across regions.

Importantly, the Board views the digital platform as critical to supporting scalable growth without a commensurate increase in cost, strengthening working capital management, and enabling more informed decision-making through improved insight and reporting. While further rollout and optimisation remain ongoing, the successful launch in the UK during 2025 represents a significant milestone in modernising the Group's operating model.

## People, Culture and ESG

Alongside digital investment, people and culture remained a core Board priority. Progress was made in building a more cohesive One Flowtech culture through improved internal communication, greater consistency in policies and employment practices, and the introduction of Group-wide wellbeing and employee benefits programmes. Health & Safety continued to receive focused Board attention, supported by leadership engagement, training and consistent standards across the Group.

The Board also recognises the increasing importance of environmental and social responsibility. During the year, the Group focused on establishing stronger ESG foundations, including improved data capture, responsible sourcing practices and network optimisation to reduce operational inefficiencies and environmental impact. While progress has been made, the Board acknowledges that ESG capability will continue to develop as the Group enters its growth phase.

## Looking ahead

I would like to thank my fellow Board members for their hard work during this important period and, also, to highlight the commitment and resilience of Flowtech's colleagues across the Group. I would equally thank our customers, suppliers and shareholders for their continued support.

While the external environment remains uncertain and challenging the Board continues to take a prudent view of the near-term outlook, Flowtech enters 2026 with improving momentum, a stronger operating platform and a clear strategy for sustainable, responsible and digitally enabled growth.

*Roger McDowell*

Roger McDowell



# CEO Review

"At the end of 2025, we were pleased to report that we had transitioned from the 'business transformation phase' into the '**grow and build phase**' of our value creation plan."

# GG



## Reflections

Since Q2 2023, we have been going through a transformative period as a Group, with a refreshed strategy, integrating multiple businesses into **One Flowtech**, and embedding the commercial, operational and technological foundations required to support scalable growth.

The progress delivered over the past two years has now established a more efficient and resilient platform. While further work remains, including scaling the new web platform across all regions, simplifying the technology landscape and continuing to embed the operating model and **One Flowtech** culture, the majority of transformation activity has now been completed in 2025.

I would like to thank colleagues from across the Group for their commitment during this period of change, and our customers and suppliers for their continued support.

## Self-help initiatives drove second-half momentum

Despite continued market headwinds, the Group delivered a steady improvement in performance during the year, with momentum strengthening in the second half. This reflected disciplined execution of self-help growth initiatives and a continued focus on cost and cash control.

Flowtech finished 2025 with a stronger sales pipeline and orderbook, stable gross margins, lower overheads and improved working capital. Progress was evident across all four self-help initiatives:

- **Digital Platform Ecosystem** - new UK website launched in August, along with a broader stack of improvements including web eCommerce, Product Information Management (PIM) and Customer Data Platform (CDP), delivering improved traffic and customer acquisition
- **Product range** - new supplier agreements enabled targeted range expansion
- **Engineering** - group engineering orderbook increased by over 20% year-on-year
- **Acquisitions** - Thorite, Allswage and Thomas Group delivered revenue growth and positive EBITDA contributions

Excluding acquisitions, operating overheads reduced by 6% and working capital by 11% in 2025. Gross margins improved by 100bps, cementing and building on the progress made over recent years.

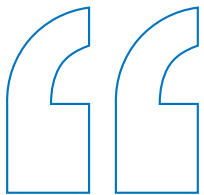
## Improving profitability and balance sheet trajectory

Revenue for the year was **£116.9m**, up **£9.6m (+8.9%)**. Excluding acquisitions, like-for-like revenue declined by **£3.0m (3.0%)**, reflecting the previously reported reduction in H1 2025, partly offset by a return to growth in H2 2025 **(+7.6% like-for-like)**.

Underlying EBITDA increased to **£7.7m**, up **30.5%** year-on-year. Performance was impacted by the deferral of several large projects from Q4 2025 into Q1 2026, temporary sales softness following the UK Budget, and short-term gross margin pressure in Q4.

Underlying EBITDA strengthened through the year, with **£3.5m** generated in H1 2025 and **£4.2m** in H2 2025, reversing the Group's typical seasonal weighting and demonstrating improving momentum by the end of 2025.

Net debt at year end was **£15.2m** (2024: £15.1m), representing a **£3.3m reduction** from H1 2025. Restructuring activity and capital investment of approximately **£11m** across 2024 and 2025 constrained near-term deleveraging. Looking ahead, lower capital expenditure, continued working capital discipline and improving trading from the Group's growth initiatives are expected to support stronger cash conversion and reduced leverage



"I would like to thank colleagues from across the Group for their **resilience and commitment during this period of change**, and our customers and suppliers for their continued support."

## Regional performance

### Great Britain

Strong second-half momentum was delivered across all channels, including Product Distribution, Thorite, Engineering Solutions and Major Projects. Sales growth improved and the engineering orderbook continued to build.

The new website continues to perform well. New supplier agreements supported range expansion, with an SMC exit run-rate of approximately **£2m incremental sales**. Recently acquired businesses exited the year at a combined run-rate of approximately **£20m revenue and £2m EBITDA**.

### Island of Ireland

Performance improved in the second half as volumes returned within the crushing and screening OEM customer base, reflecting early signs of market stabilisation. Capacity at the Dungannon Hydraulic Hose Assembly facility was increased in Q4 2025 in response to a strengthening orderbook.

### Benelux

Benelux underwent a significant transformation under a refreshed leadership team during 2025. Multiple businesses were successfully integrated into **One Flowtech**, including the consolidation of two operations into a new facility in Rotterdam and the expansion of distribution capabilities in Deventer.

While the transformation resulted in some temporary service disruption, performance stabilised into Q4 2025. The region ended 2025 in a materially stronger position, with organic growth momentum improving and inorganic growth plans advancing with the acquisition of Q Plus in January 2026, doubling the revenue for this region and creating a market leading £18M specialist pneumatics capability.

## Delivering the transformation

Key transformation milestones achieved in 2025 included:

### Digital

- Launch of a new web platform (which is just one component of a wider ecosystem) to replace fragmented legacy systems with a scalable and unified architecture

### M&A and integration

- Allswage UK (March 2025) - hose assembly equipment and testing
- Thomas Group (May 2025) - engine parts, filtration and fuel technology
- Thorite - turnaround completed, returned to profitability

### Engineering and major projects

- Waterford Rice Bridge (€3.9m) - MICA delivery and support
- Narrow Water Bridge (€3.9m) - hydraulic and control systems

### Supplier relationships

- Appointed SMC's first UK wholesale distribution partner
- Restoration of HPC / Kaiser relationship
- Introduction of new brands including Piab, Gast and Graco

### Network optimisation

- New and relocated sites across the UK and Benelux, including Rotterdam consolidation
- Exit of Peel Road site and consolidation into main Skelmersdale fulfilment centre

### People and service

- Progress on One Flowtech culture, employee benefits, wellbeing and Health & Safety
- Service levels maintained at 99.8% on-time-to-promise and 97% stock availability on core ranges

## Environmental responsibility

Flowtech's environmental focus in 2025 was on establishing the foundations required to reduce the Group's environmental impact in a structured and measurable way.

During the year, the Group:

- Net Zero Road Map & Emissions – after establishing a baseline in 2024, we are now well on our way to our 2030 target, with a year-on-year reduction in 2025 of 35.4%
- Network Optimisation - prioritised network optimisation and site consolidation, including the exit of the Peel Road site and consolidation into Skelmersdale, reducing duplication of space, transport movements and energy usage
- Smart Waste Plan - continued to invest in inventory optimisation and improved forecasting to reduce waste and obsolescence
- Eco-Smart Sourcing - collaborated with key suppliers to increase the availability of more energy-efficient and lower-impact products for customers

Further work is underway to enhance environmental data quality and define clear reduction targets, which will be reported as these frameworks mature.

### People, health and safety

The safety, wellbeing and engagement of colleagues remains a core priority. In 2025, the Group made strong progress in:

- Health & Safety - embedding consistent Health & Safety standards across the business, supported by leadership focus, training and improved reporting from all sites, including new acquisitions
- Wellbeing – launching an integrated Wellbeing Strategy, created a Wellbeing Committee and launched new and enhanced benefits programme across the Group
- Gender & Equality - continued progress towards alignment of employee terms and conditions, supporting fairness and consistency across One Flowtech
- Community & Engagement - strengthening internal communications and engagement as part of the One Flowtech cultural programme

These initiatives supported improved engagement and resilience during a year of significant operational change. Health & Safety performance and employee engagement will remain key focus areas in 2026.

## Governance and risk management

The Board recognises the importance of strong governance, particularly during periods of transformation and growth. In 2025:

- Accountability - Management discipline around cost control, capital allocation and working capital management was strengthened
- Risk Management - integration governance and acquisition discipline were applied consistently across M&A activity, ensuring value creation and risk management
- Operational Integrity - the operating model and decision-making framework were further embedded across One Flowtech centred around the need of our customers

The Board continues to review governance structures to ensure they remain appropriate as the Group enters its next phase of growth.

### Aquisition of Q Plus

In January 2026, Flowtech announced the acquisition of Q Plus, a leading Dutch specialist in pneumatics, automation, compressed air and vacuum solutions. The acquisition is expected to approximately double the size of the Group's Benelux business and its earnings enhancing.

Q Plus strengthens Flowtech's European footprint and aligns fully with the Group's growth strategy. The Board welcomes Q Plus colleagues to the Group.

## Looking Ahead

A question asked to many businesses is the use of AI. Currently, at Flowtech AI represents a relatively small, targeted part of our IT investment. Having said this AI is assisting with improving product data quality, search and discovery, customer insight analysis, and reducing manual effort in data and engineering work. We are exploring more advanced AI capabilities, but only once the data, systems and governance are ready and we can demonstrate that AI can remove cost, improve productivity, and support growth. Our immediate priority is getting real value from AI in the core of the business, not racing ahead of our foundations.

Despite improving momentum and a strong orderbook, UK and EU market conditions remain challenging and are not expected to improve materially in the near term with continued uncertainty given ongoing global conflicts, political and macro-economic disruption. In addition, increases in the National Minimum Wage in the UK are expected to place further pressure on costs in 2026. The Group therefore maintains a prudent outlook until clearer signs of market recovery emerge.

External markets aside, I look forward with optimism in seeing the transformative phase of the last two years, now enabling Flowtech to accelerate its performance, and with the One Flowtech approach being further embedded in 2026, unlocking the full potential of the Group.



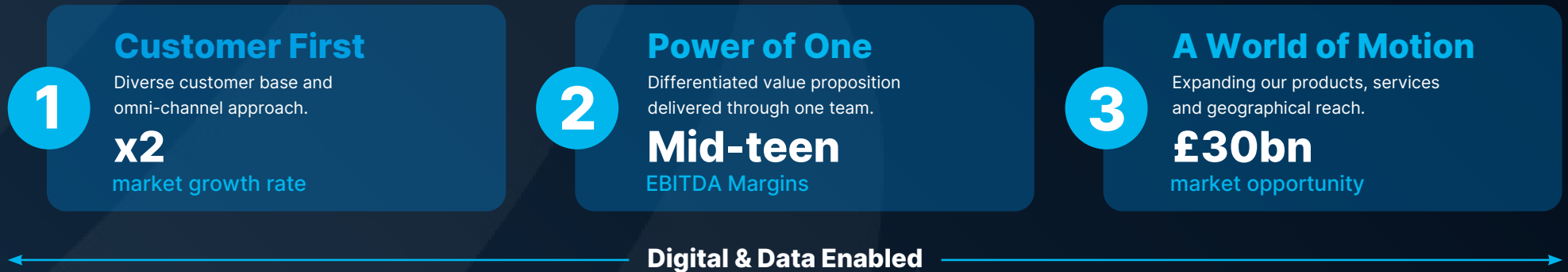
Mike England, CEO



# Our Strategic Plan

In late 2023, we set out our Strategic Plan to improve a number of areas of our business that required some immediate attention and lay solid foundations to enable us to grow and scale as we move forward. Our objective was to deliver a more customer-centric, lean and scalable platform for growth.

Our current Strategic Plan covers the period 2023-2026, with a simple approach summarised by three pillars; Customer First, The Power of One and A World of Motion.



Our strategy is underpinned by **our six growth engines**. Our strategic imperatives for 2025 were Commercial Excellence, Operate for Less, and People, Talent and Capability, Customer Growth will always be and remains our critical focus, we have continued to make good progress here despite the on going challenging external market headwinds.

| Growth Engine                            | Engine Components  | Growth Engine                            | Engine Components  |
|--|--|--|--|
| <b>1 Customer Growth</b>                 | <ul style="list-style-type: none"> <li>Selling more things to existing customers</li> <li>New customer acquisition</li> <li>Introduce industry sector channel strategy</li> </ul>          | <b>4 Own Brand</b>                       | <ul style="list-style-type: none"> <li>Increase share of customer wallet</li> <li>Focused product range expansion</li> <li>Focused industry channel growth</li> </ul>  |
| <b>2 Commercial Excellence</b>           | <ul style="list-style-type: none"> <li>Buying BETTER and selling WELL</li> <li>Improving receivable and payable days</li> <li>Optimising inventory availability and stock turns</li> </ul> | <b>5 Operate For Less</b>                | <ul style="list-style-type: none"> <li>Increased distribution efficiency and productivity</li> <li>Optimise throughput and manufacturing capacity</li> <li>Improved sustainability and environmental impact</li> </ul> |
| <b>3 Product &amp; Service Expansion</b> | <ul style="list-style-type: none"> <li>New product and brand expansion</li> <li>Introduction of new services</li> <li>Increase geographical reach</li> </ul>                               | <b>6 People, Talent &amp; Capability</b> | <ul style="list-style-type: none"> <li>Increased overall employee engagement</li> <li>Improve diversity and build inclusive culture</li> <li>Health, safety and wellbeing of people first</li> </ul>                   |

# Our Strategic Journey

2023

2023

2024

2024

2025

2026-2028

## Diagnosis, Control & Performance Improvement Plan

**Strategic Focus:** Establish control, simplify structure and restore operational discipline.

- ✓ Start of transition away from fragmented, multi-brand divisional structure
- ✓ Full audit and review of our digital, data and technology platforms
- ✓ Leadership restructure alongside the arrival of CEO, Mike England
- ✓ Implementation of a full Performance Improvement Plan
- ✓ Stabilisation and optimisation of fulfilment centre operations
- ✓ Strong revenue growth in Ireland

**Outcome:** Restored financial control and operational visibility. Established foundations for simplification and scalable growth.

Improvement in working capital

**£6.7m**

Increase in Gross Margin

**110bps** ↗

Inventory Reduction

**£3m**

While maintaining

**97% availability**

Fulfilment centre headcount

**23% reduction** ↘

Operator capacity

**8% increase** ↗

## Restructuring & Integration to One Flowtech

**Strategic Focus:** Simplify the operating model and embed One Flowtech.

- ✓ New simplified operating model across all three regions
- ✓ Launch of new Flowtech catalogue, delivering 53,000 products to market
- ✓ Thorite acquisition adding seven new UK locations
- ✓ Optimising inventory and availability whilst reducing overheads
- ✓ Improved customer experience
- ✓ Launch of ESG Roadmap and CALM charity partnership

**Outcome:** Structural simplification delivered One Flowtech embedded. Existing platform stabilised and future solution in works.

FT Pro's own brand growth

**16%** total revenues

Growth ahead of wider market

**7.7%** ↗

Thorite revenue (first four months)

**£4.5m**

From an annual loss of

**£1m**

Increase in Gross Margin

**142bps** ↗

2025

## Return to Quality Growth & Digital Ramp-Up


**Strategic Focus:** Deliver the Digital Platform foundation and restore disciplined growth.

- ✓ Improvement in Group Revenue and 20% boost to the orderbook
- ✓ Launch of scalable Digital Platform (web layer forming part of broader ecosystem)
- ✓ Two new acquisitions, Thorite returned to profitability
- ✓ Network optimisation with new locations in Rotterdam, West Midlands, South Yorkshire and Leicester
- ✓ New supplier partners, including SMC, HPC Kaiser, Piab, Gast and Graco
- ✓ Launch of Wellbeing Programme and Employee Engagement Survey

**Outcome:** Digital and operational foundation delivered. EBITDA quality strengthened. Growth momentum restored.

Revenue

**£116.9m**

**+8.9%**   
year-on-year

EBITDA

**£7.7m**

**+30.5%**   
year-on-year

Group orderbook

**20% increase** 

New users within 5 months of website launch

**15% boost** 

Working capital in 2025

**7% reduction**   
(21% over two years)

Operating overheads

**2% reduction**   
On a like-for-like basis

Service levels

**99.8%**

stock availability

**97%**

### Our Digital Platform

Customer orders processed in the first six months

**95,719**

**63.1% customers**  
placing repeat orders

Reduction in infrastructure cost

**78%**

**£175,000**  
estimated annual saving

Orders completed within 5 minutes

**44-48%**

**8-10% improvement**  
from legacy platform


Number of individual SKUs on platform

**133,672**

**880,781**  
customer-specific product code mappings

Customer Satisfaction score

**3.2** (out of 5)  
Shortly after launch

**4.2** (out of 5)  
End of 2025 

2026-2028

## Leverage Growth Platform & Embed Culture

**Strategic Focus:** Build on the foundations established over the past three years and convert platform capability into disciplined, sustainable growth.

Having transitioned from the transformation phase into the “grow and build” phase of our value creation plan, 2026 represents the first full year of operating with our simplified structure and Digital Platform ecosystem in place. The focus now shifts decisively from building capability to monetising it and embedding operational intensity across the Group.

Our Growth Engines are now fully embedded within the Group’s operating rhythm, with clear Executive ownership and defined performance measures aligned to revenue, margin, cash and return on capital. This includes a sharper emphasis on digital monetisation and data-led decision-making as drivers of commercial performance, alongside a continued commitment to strengthening engagement, leadership capability and organisational resilience.

We expect 2026 will see measurable financial and operational progression, validating that the Group can grow revenue at pace, expand margins and strengthen the balance sheet without a proportionate increase in costs.

In summary, we are expecting to successfully integrate Q Plus and achieve some modest top line growth and that this, combined with continued disciplines over gross margin, working capital and cost management, should lead to greater levels of profitability and greater cash generation. We will also ensure we continue to focus on both customer satisfaction and employee engagement.

2026 is therefore not a steady-state year, but one of measurable financial and operational progression, validating that the Group can grow revenue at pace, expand margins and strengthen the balance sheet without a proportional increase in costs.

**Objective:** Convert the structural and digital foundations laid since 2023 into sustained, high-quality growth, delivering double-digit revenue progression, margin expansion, balance sheet strengthening and improved customer and employee engagement, while maintaining resilience and responsible growth.

# Our ESG Journey



## Our refreshed ESG strategy and 2030 targets were implemented in 2024, driving accelerated progress into 2025.

This strategy supports sustainable supply, solutions and services and is aligned to six United Nations Sustainable Development Goals (SDGs), which the Board considers most relevant to the Group’s operations, stakeholders and long-term objectives.

The Board recognises that strong environmental, social and governance practices are fundamental to the Group’s long-term success, resilience and value creation. ESG considerations are embedded within the Group’s strategy, risk management framework and operational decision-making.

The Group’s approach to climate-related disclosure is informed by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is applied in a manner proportionate to the Group’s size, complexity and AIM listing status.

### Our United Nations Sustainable Development Goals (SDGs)



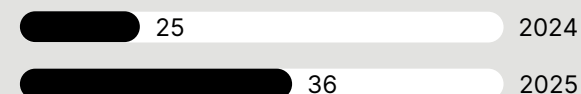
#### 2024

- Establishing ESG Strategy** and setting targets for 2030
- Set baseline for **Carbon Reporting**
- Continue transition to One Flowtech**, reflected in an organisational restructure
- Focus on **Technical Training**

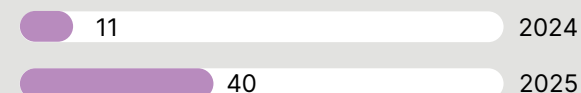
#### 2025

- Improved Data Quality for Carbon Reporting providing more accurate measurements - **total emissions reduction of 35.4%**
- Sustainable packaging** now used across **all UK Flowtech sites**
- Focus on **Eco-Smart Sourcing**
- Launch of new **Employee Assistance Programme (EAP)**
- Launch of **Employee Engagement Survey**
- H&S training **increased by 44%**
- Launch of Group **Wellbeing Strategy**

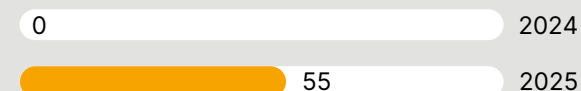
### Overall LSEG Score



### Environment



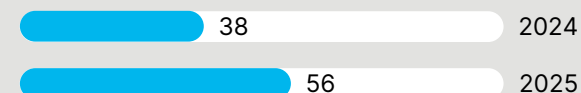
### Social



### Governance



### Management



Please note: The Group has included climate-related disclosures within this Strategic Report in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

# Environmental

## Summary

- Net Zero Road Map & Emissions
- Smart Waste Plan
- Eco-Smart Sourcing
- ESG Excellence



The Board has overall responsibility for oversight of climate-related risks and opportunities and reviews these as part of its regular consideration of strategy, risk and performance. Senior management is responsible for delivering the environmental elements of the ESG strategy and for monitoring progress against agreed plans, targets and key performance indicators.

Climate-related risks are embedded within the Group's enterprise risk management framework and are reviewed alongside other principal risks. They include climate change-driven disruption, such as extreme weather events, supply chain interruption and increased energy and logistics costs.

Mitigating actions focus on operational resilience, supplier engagement, logistics efficiency and proactive energy management. Climate-related opportunities are also considered, particularly where operational efficiencies, emissions reduction initiatives and responsible sourcing support both environmental performance and commercial outcomes.

## Net Zero Road Map & Emissions

- Total emissions **reduced by 35.4%** year-on-year
- **Data quality improved** meaning more accurate measurements
- **90% of taxable car fleet vehicles are hybrid or fully electric** (2024: 81%)
- Partnered with Shell to introduce fuel cards, **reducing average fuel cost savings by 8%**

### GHG Emissions (tCO2e) by scope and emissions intensity

| Category       | Description   | FY24     | FY24     | %change from FY24 |
|----------------|---|----------|----------|-------------------|
| <b>Scope 1</b> | Emissions from combustion of fuels and operation of facilities                                      | 615.42   | 533.20   | -13.5%            |
| <b>Scope 2</b> | Emissions from purchased electricity (location-based), heat, steam, & cooling and electric vehicles | 341.52   | 336.35   | -1.5%             |
| <b>Scope 3</b> | All included Scope 3 emissions sources  | 3,401.91 | 1,945.27 | -42.8%            |
|                | Total Emissions   | 4,358.85 | 2,814.82 | -35.4%            |
|                | Emissions per £million of revenue   | 40.74    | 24.27    | -40.4%            |
|                | Emissions per FTE   | 7.93     | 4.70     | -40.7%            |

During 2025, the Group continued to make significant progress against its emissions reduction objectives, assisted by an improvement in data quality leading to more accurate measurements, rather than estimates listed in previous reports.

Along with a significant reduction in Scope 1-3 emissions, the Group also focused on transitioning the fleet towards hybrid or fully electric vehicles. In 2025, the total Group fleet comprised 175 vehicles, including taxable cars and light commercial vehicles, with 62% of the total fleet hybrid or fully electric, which was an increase of 54% in 2024.

Within the taxable car fleet, 90% of vehicles are hybrid or fully electric (2024: 81%). All 65 new taxable cars added during the year were hybrid or fully electric, maintaining the Group's commitment to low-emission vehicle adoption.

Flowtech also partnered with Shell to introduce fuel cards for UK commercial vehicles, rolled out on a phased basis from October. Full implementation during 2026 is expected to deliver average fuel cost savings of approximately 8%, while significantly improving the accuracy of fuel usage and carbon emissions data.

In parallel, enhanced fleet risk management delivered strong operational and financial benefits. During the year, the average cost per insurance claim reduced by 72%, alongside a 40% reduction in loss ratio, driven by stricter accident management processes and closer collaboration with insurance providers.

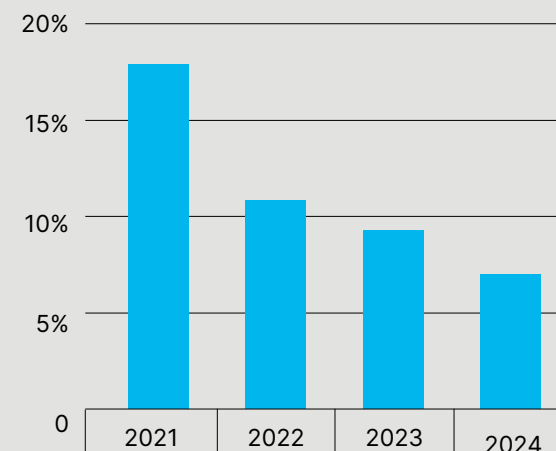
## Accident Rate

2025 saw another reduction in vehicle accidents. This improvement reflects the strengthened driving training delivered as part of the vehicle handover process, alongside continued investment in vehicles fitted with enhanced safety features.

The Group has tendered and awarded a contract to a fleet monitoring provider. A telematics programme, including vehicle tracking and on-board cameras, will be rolled out across all commercial vehicles during 2026, with voluntary participation available to company car users.

Lastly, we have expanded the use of our main carrier, FedEx, across more of our UK sites and recent acquisitions, which has significantly improved the visibility and standardisation of our carbon reporting data.

This includes a series of efficiency improvements within the despatch operation of our main fulfilment centre, including the optimisation of our outbound trailer loading, enabling us to reduce daily FedEx trailers from four to three. This change went live in Q3 2025 and is expected to generate substantial and ongoing emissions savings throughout 2026.



### Smart Waste Plan

The Group's Smart Waste Plan focuses on reducing waste to landfill, increasing recycling and reuse, reducing packaging and introducing more sustainable materials. Initiatives include the principles of Reuse, Rethink, Repair and Recycle across operations and logistics, progress included, supporting both environmental impact reduction and operational efficiency.

As well as making sustainable packaging standardised across all UK Flowtech sites, including our newly acquired businesses, Thorite, Allswage, and Thomas Group, we also implemented an improved monthly usage reporting process, giving us stronger control of packaging related data and delivering a consistent, high quality packaging experience for our customers.

Flowtech now actively provides comprehensive packaging and waste data to both Carbon Responsible and Valpak, ensuring full SECR compliance while supporting our broader ESG Strategy and strengthening our overall data governance framework.

In addition, we strengthened our approach to waste management across the Group, with the implementation of enhanced waste handling processes across all locations, with a heightened focus on the identification, separation and auditable management of waste. All identifiable waste streams are now managed through defined disposal routes, improving measurement, accountability and compliance.

### Eco-Smart Sourcing

- Three new supplier agreements drafted and formally approved, using new responsible sourcing process and Science Based Targets initiative (SBTi) principles where applicable
- Expansion of secondary and dual sourcing across core product categories
- Group-wide stock visibility has been further enhanced

The Group's Eco-Smart Sourcing programme aims to embed sustainability into procurement and supplier engagement. This includes engaging significant suppliers in sustainability initiatives, introducing responsible procurement standards and increasing the use of sustainable materials.

Flowtech works in partnership with a number of major brands that actively manage their own ESG objectives and targets. We have aligned our procurement practices accordingly, ensuring that supplier contracts and distributor agreements incorporate ESG expectations, including commitments linked to Science Based Targets initiative (SBTi) principles where applicable.

During 2025, three new supplier agreements were drafted and formally approved by a member of the Group Leadership Team, reinforcing the Group's commitment to responsible sourcing and consistent application of ESG standards across its supply chain.

The Group continues to strengthen the resilience of its supply chain by expanding secondary and dual sourcing across core product categories, reducing reliance on single suppliers or channels. This approach mitigates exposure to external disruption, including geopolitical events, supply shortages and sanctions, and supports continuity of service for customers.

Group-wide stock visibility has been further enhanced, enabling cross-utilisation of inventory across sites and significantly reducing dependency on individual location stock positions. This improves operational efficiency while reducing waste and unnecessary transport movements, supporting the management of Scope 3 emissions.

### Recycling (Non-Hazardous)

**44% increase**

2025: 350,760 kg  
2024: 197,760 kg

### Recycling (Hazardous)

**28% increase**

2025: 8,138 ltr  
2024: 5,832 ltr



### Sustainable packaging

now used across all UK Flowtech sites and extended to our newly acquired businesses

### General Waste

2025: 180,649 kg  
2024: 182,422 kg

### WEEE Waste

2025: 1,218 kg  
2024: 5,635 kg

## ESG Excellence

The launch of our ESG strategy in late 2024 established a clear baseline for Flowtech. In 2025, we moved decisively into delivery - strengthening governance, embedding accountability and translating our priorities into action across the business.

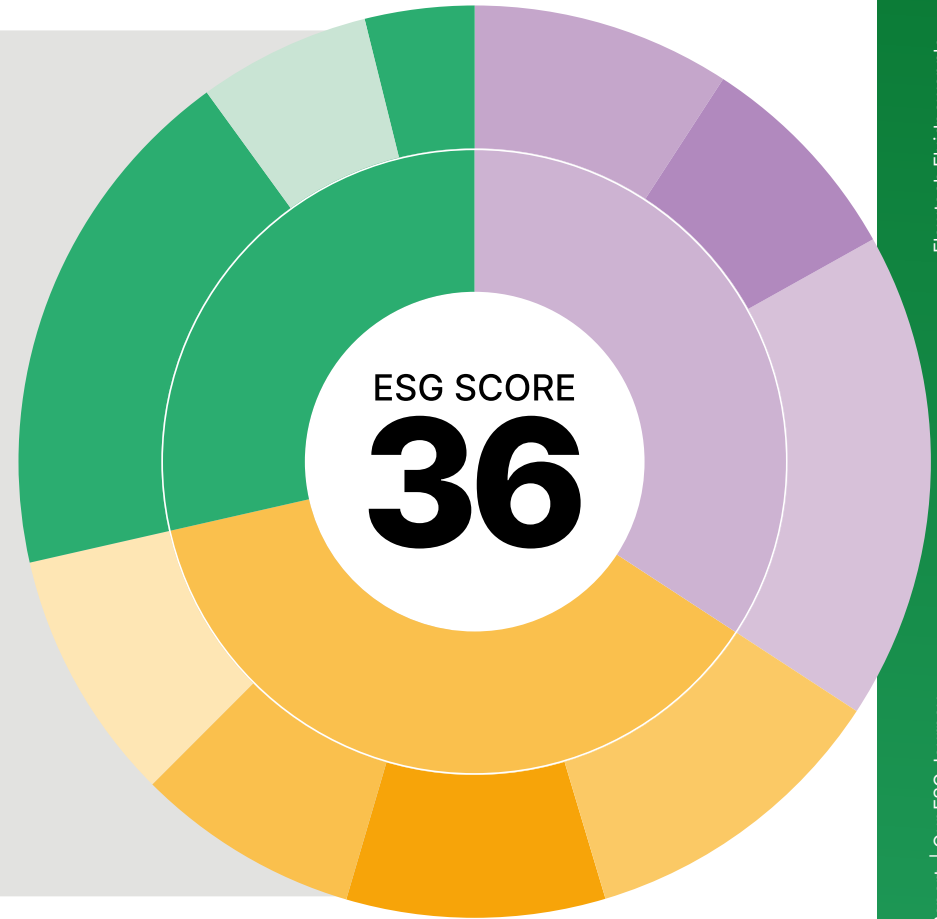
Flowtech aligns to the London Stock Exchange Group (LSEG) ESG ratings, which independently assess ESG performance using publicly available and auditable information. We do not actively participate in, influence or manage this assessment, and the scores therefore provide an objective external view of our progress.

We were pleased to see this reflected in our overall ESG score increasing, as well as individual scores for Environment, Innovation, Governance and Management (please see page 29).

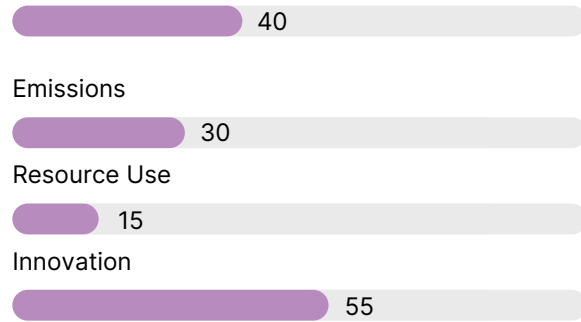
These results provide early external validation that the actions taken in 2025, including stronger governance structures, clearer ownership, improved transparency and the formalisation of our people and wellbeing frameworks, which are beginning to translate into measurable outcomes.

While we recognise that our ESG journey is still at an early stage, this progress gives us confidence in both the direction and the pace of change. Looking ahead, we intend to engage more actively in ESG data quality, disclosure and participation, using independent benchmarks such as LSEG to support continued improvement as we work towards our longer-term 2030 ambitions.

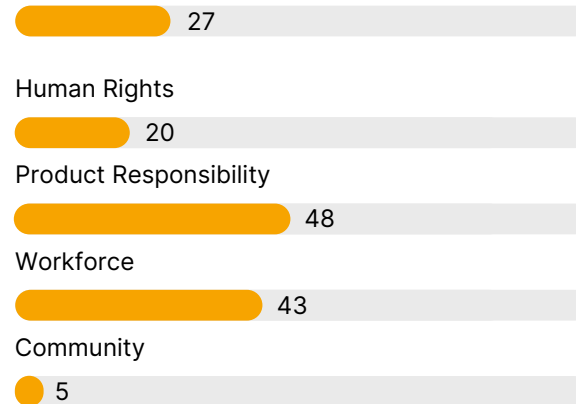
### Overall Score



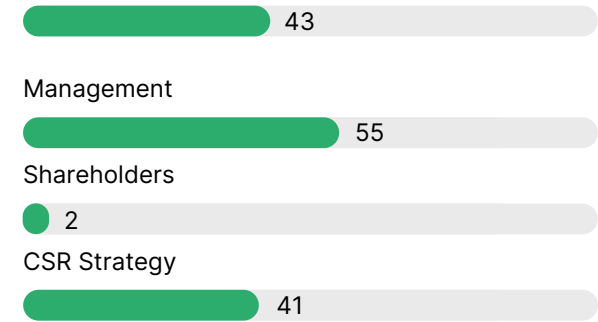
### Environment



### Social



### Governance



# Social

## Summary

- Reflections & Milestones
- Education & Skills
- Gender & Equality
- Health, Safety & Wellbeing
- Community & Engagement



Our people are central to the delivery of the Group's ESG strategy. The Group's 'People First' approach focuses on creating inclusive teams, purposeful recruitment, skills development and fair reward.

Key priorities include increasing diversity, particularly in female leadership, addressing gender pay balance, and maintaining competitive and fair reward structures, including the Real Living Wage, employee tiers and bonus arrangements.

During 2025, the Group continued to invest in employee engagement, recognition and reward, supported by engagement surveys and employee forums.

## Reflections & Milestones

While 2024 was a year of consolidation and planning following significant growth across the group, in 2025 we continued to strengthen the capability and leadership needed to deliver our strategic priorities. We made targeted investments in specialist teams, evolved aspects of our organisation design to support growth and enhanced group-wide governance and consistency in people processes.



- **Reward and Recognition** - during the year, we continued to pay the Real Living Wage, helping to ensure that all employees receive fair and competitive pay that reflects the cost of living. Additional benefits included the launch of a new Employee Assistance Programme (EAP), providing confidential support and guidance to employees and their families and the rollout of enhanced benefits through UNUM



- **Accelerating digital delivery capability** - we made a targeted investment in external technology and web development capability to accelerate the delivery of key digital priorities, including the successful launch of our new web platform



- **Supporting growth through acquisition integration** - during the year we completed three strategic acquisitions and implemented a structured approach to integration focused on colleague experience, consistency and operational effectiveness



- **Embedding consistent, scalable governance** - we strengthened workforce governance by consolidating hiring, promotions and pay award review processes. We also progressed the harmonisation of key people processes across the group, including pay dates, payroll structures, tools and pension schemes



- **Strengthening culture** - in December 2025 we launched a brand-new employee engagement survey across the group. Insights gathered will directly shape our 2026 priorities, ensuring we continue to build a workplace where colleagues can thrive and succeed

## Looking ahead

Building on the progress made in 2025, and informed by our engagement survey baseline, our FY26 people priorities will focus on:

- 1 **Embedding fully immersed Professional Development Reviews**
- 2 **Aligning and simplifying bonus schemes** to consistently reward talent and achievement
- 3 **Strengthening leadership depth and succession** through expanded mentoring and improved successor coverage for critical roles
- 4 **Embedding our Values** through leadership role-modelling, storytelling and recognition aligned to behaviours
- 5 **Strengthening Employee Voice** through engagement survey action planning and transparent feedback loops
- 6 **Continuing targeted capability investment** across engineering, major projects, customer-facing teams and digital delivery
- 7 **Improving progression and inclusion** through stronger internal pathways and increased visibility of diversity and progression metrics
- 8 **Further harmonising scalable people processes** to support growth and ensure a consistent colleague experience across the Group

## Education & Skills

The Group's Future Ready Education plan aligns apprenticeships and training to growth strategies.



### Early Careers

Expand apprenticeship and graduate pathways, especially in engineering.

Partner with schools/universities for pipeline development.



### Technical Learning

Introduce certified engineering and technical programmes.

Map technical competencies to roles and career paths & job architecture.



### Simple Learning

Core learning on cyber protection, employment basics, H&S essentials.

Managers tool kits

Embed compliance and onboarding learning into Flowtech Elevate



### Leadership Development

Tiered leadership programmes (Emerging, Mid-level, Senior).

Succession Planning: clear linkage to Job architecture, reward and development & operating model requirements.

**Building specialist capability** - we strengthened our Major Projects and Engineering teams in 2025 through targeted recruitment and structured development for existing colleagues, which supported strong delivery performance. We also continued to develop technical and professional expertise across the group, combining professional qualifications with BFPA-related and technical training across our engineering and product distribution teams.

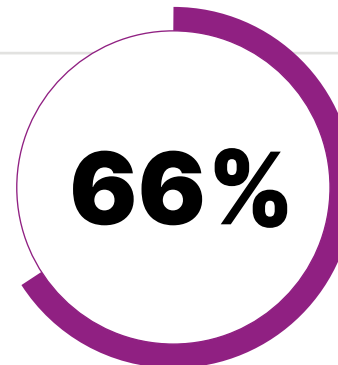
**Strengthening customer-facing capability and performance** - we reshaped internal sales operations in 2025 by adding capacity, reorganising team structures and refining ways of working. We also partnered with external providers to deliver targeted skills training. This strengthened collaboration and team effectiveness, and was reflected in a 27-point increase in customer Net Promoter Score (NPS) during 2025.

**Developing future leaders and strengthening succession depth** - we strengthened succession planning and leadership development through mentoring, coaching and targeted development opportunities. This approach increased commercial and strategic awareness and built confidence in leading teams and delivering outcomes, supporting a stronger internal talent pipeline and reinforcing a culture of continuous development

## Gender & Equality

### ↗ Female median hourly pay rising faster than male

In 2025, median hourly pay increased for both male and female employees compared with 2022. Notably, female median hourly rates rose more strongly than male rates over both periods (13% vs 3% since 2023, and 17% vs 8% since 2022). This indicates positive progress in improving pay equity and closing the gender pay gap across the Group.



66% of internal promotions were female, supporting a stronger and more diverse leadership pipeline

## Health, safety and wellbeing

The Group is committed to maintaining the highest standards of health, safety and wellbeing through its FLOW framework: Feel Safe, Live Safe, Operate Safe and Work Safe.

The Group continues to target zero RIDDOR incidents and has introduced additional safety metrics, including Accident Frequency Rate (AFR) and Lost Time Injuries (LTI). Mental health support, including Mental Health First Aiders, wellbeing initiatives and occupational health provision, remains a priority.

During 2025, the Group reported 26 accidents, 196 Near Miss/Incidents, 1 RIDDORS and 51 Wellbeing cases supported by mandatory training, proactive near miss reporting and independent audits.

- H&S training **increased by 44%**
- Near miss reporting **increased in H2 by 36%**
- Risk Observations on-site **increased by 117%**
- Compliance Checks **increased by 55%**
- Client-side presence **increased by 16%**

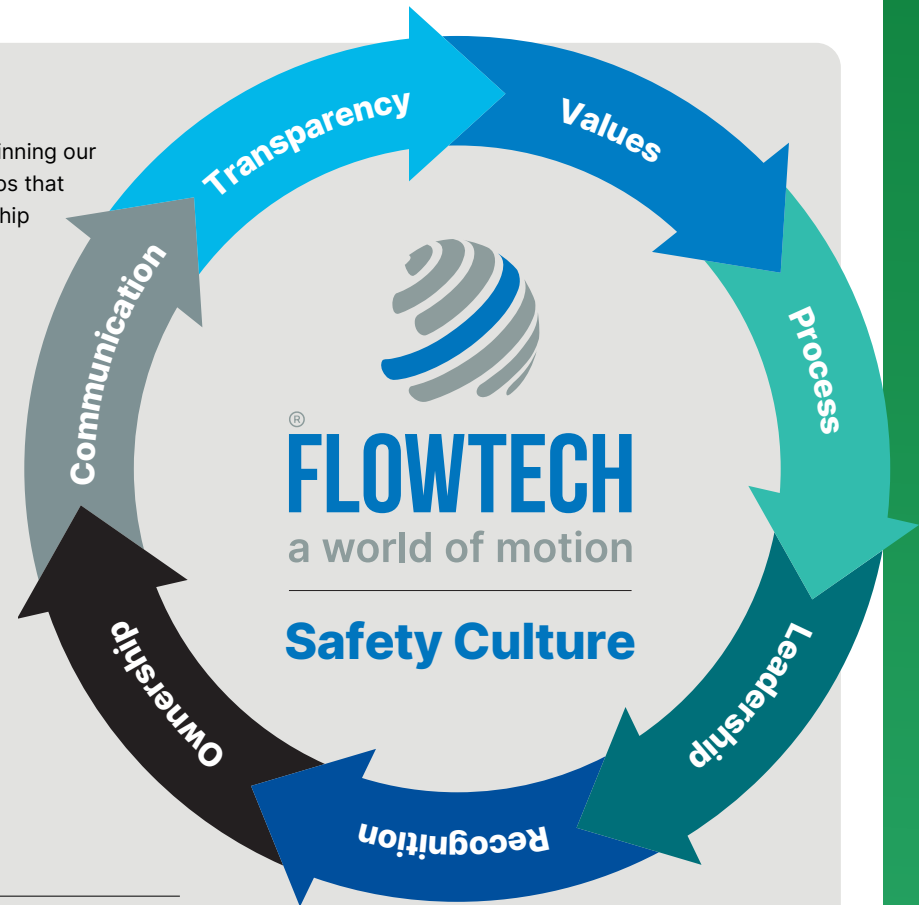
### Health & Safety

We can summarise 2025 as a year of positive cultural momentum for Flowtech Health & Safety, underpinning our long-term commitment to a strong H&S ethic across all activities. Our cultural aim is to generate an ethos that fosters a genuine natural commitment to safety for all, that focuses on proactively encouraging ownership and a sense of responsibility to build a consistently high standard of health and safety.

Flowtech employees played a central role in reinforcing safe and consistent ways of working through informal, in-situ awareness training, embedding the processes and documented guidance within our updated risk management framework.

- Consultancy and Auditing services upgraded to GOLD - following our intention to systematically improve the foundation of Health & safety and how it is managed, Flowtech upgraded our external H&S consultancy and auditing services to GOLD standard to improve the level the company is assessed to and to begin building a provision aimed at achieving future ISO status by 2030
- Increase in H&S training – the volume of H&S related training increased by 44%, including role specific IOSH, Job skill, first aid, fire warden, and process management. As part of the cultural progression, employee’s awareness training was aimed at rectifying previously identified gaps in compliance rationale and hazard identification, further empowering employees at all levels to make a difference on a daily basis
- Increased Near Miss Reporting – through improved response, qualified support, communication, and aftercare, valid near miss reports increased in H2 by 36%
- Dedicated Health & Safety Management – our first full year of full-time H&S management saw a 16% increase in attendance at client projects against the previous year, with a rise of compliance checks by 55% (target 40%), culminating in a 117% increase of observations (target 90%)

- Group Accreditations/memberships retained/achieved - SafeContractor, Constructionline Gold Membership and Chas Accreditation



## Wellbeing

Prior to 2025, Flowtech delivered a range of valuable wellbeing initiatives, including Mental Health First Aiders, occupational health surveillance, an Employee Assistance Programme and safety-focused interventions. While these initiatives provided meaningful support, they operated largely independently and with varying levels of consistency across sites.

2025 marked a significant step forward in Flowtech's approach to employee wellbeing. During the year, wellbeing evolved from a collection of important but discrete activities into a formalised, Group-wide strategic framework. Building on the baseline provision established in 2024, the Group launched its first **Group Wellbeing Strategy**, providing clear direction, governance and long-term planning to support a healthy, resilient and high-performing workforce.

The strategy is structured around four core pillars - **Physical, Mental, Social and Financial Wellbeing**. They reflect a holistic understanding of the factors that influence employee health, engagement and performance. Together, these pillars provide a consistent framework across the Group, enabling wellbeing to be embedded into operational practices, leadership behaviours and people management processes.

Although in its first year, the Wellbeing Strategy has already demonstrated strong early traction across the Group:



### Physical

Focus on early intervention with access to proactive health initiatives such as physiotherapy and clinical support. Encourages healthy behaviours and supports recovery, reducing the risk of injury, absence and long-term health issues.



### Mental

Supported by a strengthened network of trained Wellbeing Champions and Mental Health First Aiders, alongside access to professional mental health services through the Unum Help@Hand Employee Assistance Programme.



### Social

Focuses on connection, inclusion and a sense of belonging across the Group. This includes fostering positive workplace relationships, supporting community engagement and strengthening ties between sites. Closely aligned to Group CSR activity.



### Financial

This pillar provides employees with access to financial education, advice and practical support, helping them make informed decisions and manage financial pressures. Through Unum Help@Hand, employees can access financial guidance, savings and discounts.

## Wellbeing Strategy

The 2025 Wellbeing Strategy moved wellbeing from ad hoc activity to a structured, measurable and scalable programme. Key enablers of this shift included the establishment of a Wellbeing Committee to provide governance and alignment with Health & Safety and ESG priorities, the introduction of a Group-wide Wellbeing Calendar and monthly Wellbeing Newsletter to ensure consistent communication and engagement, and the expansion of a trained Wellbeing Champion and Mental Health First Aider network across the Group.

Clear roles, responsibilities and reporting processes were introduced, including structured monthly case reporting, enabling improved visibility of wellbeing needs, earlier intervention and more consistent follow-up.

Although in its first year, the Wellbeing Strategy has already demonstrated strong early traction across the Group:

- 1 Group-wide Wellbeing Strategy** was launched, providing a clear and consistent framework for all sites
- 2 Wellbeing Committee** was established, strengthening governance and cross-functional alignment
- 3 Monthly Wellbeing Calendar** and **Wellbeing Newsletter** were introduced, improving visibility, education and engagement
- 4 Network of 22 fully trained Wellbeing Champions and Mental Health First Aiders** was activated across locations, supported by regular collaboration and structured case reporting
- 5 The Employee Assistance Programme** was upgraded to Unum Help@Hand, providing enhanced access to GP appointments, physiotherapy, mental health support, financial advice and a 24/7 helpline
- 6 Help@Hand drop-in clinics** were delivered across multiple sites, increasing registration, confidence and usage
- 7 Corporate Social Responsibility** activity expanded, with increased participation, stronger community partnerships and alignment to the Social Wellbeing pillar

Encouraging indicators during the year included increased engagement with wellbeing initiatives, improved awareness of available support, earlier identification of wellbeing risks and positive feedback on the accessibility and speed of Help@Hand services. More robust data and reporting now provide a stronger foundation for targeted planning and continued improvement in future years.

## Community and Engagement

### Social Improvements:

Flowtech has continued to strengthen its community engagement by partnering with Midstream (West Lancs) Ltd, supporting work based learning opportunities for students with learning disabilities and other special educational needs. The students are welcomed to our site in Skelmersdale on a weekly basis, where they actively contribute to both warehouse and office activities.

As part of their involvement, the students collaborated with Flowtech to design and implement improvements to the Skelmersdale site entrance. Their work transformed a previously uninspiring area into a well maintained, welcoming entrance that reflects our values and creates a positive first impression for visitors and colleagues. This initiative not only enhanced our site environment but also provided meaningful, confidence building experience for the students involved.

### CALM (Campaign Against Living Miserably)

Flowtech selected CALM as its chosen charity for 2026, with a Group fundraising target of £10,000. By the end of 2025, Flowtech had already raised £4,870. Fundraising was driven by wellbeing aligned fundays coordinating with our Wellbeing Calendar - including Christmas Jumper Day, Movember, World Suicide Prevention Day and World Mental Health Day.

This strengthened the link between wellbeing, awareness and community impact.

### Christmas Foodbank Expansion

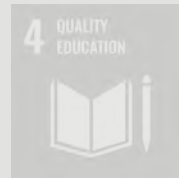
Flowtech expanded its Christmas foodbank initiative, with more sites identifying and supporting local foodbanks. Donations included non perishable food, clothing and toys for families in need. This broadened the Group's community reach and strengthened local partnerships.



# Governance

## Summary

- ESG governance and accountability (The Board)
- Ethical Leadership
- Operational integrity



### ESG governance and accountability

The Board is responsible for oversight of the Group's ESG strategy and performance. ESG targets, progress and risks are reviewed by the Board, supported by senior management reporting. The Group is progressing the establishment of formal ESG committee structures to support reporting, assurance and benchmarking.

### Ethical leadership and conduct

The Group is committed to ethical leadership and operational integrity. A group-wide Code of Conduct is being implemented, covering competition, anti-bribery, human rights, modern slavery and responsible business practices.

Education and training support consistent ethical standards across interactions with colleagues, customers, suppliers and other stakeholders.

### Operational integrity and risk management

The Group has implemented a whistleblowing ("Speak Up") policy and reporting line and continues to strengthen governance and risk processes, including policy updates, risk registers and regular reporting. ESG and climate-related risks are fully integrated into the Group's overall risk management framework.

**Please note:** The Group has included climate-related disclosures within this Strategic Report in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

## Looking ahead

The Group's ESG strategy to 2030 provides a clear roadmap for continued improvement in environmental performance, social impact and governance standards. The Board remains committed to transparent reporting, credible target-setting and continuous improvement, supporting long-term value creation for shareholders and wider stakeholders.

## TCFD & NFSIS statement

The Group has considered the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and has included climate-related disclosures within this report accordingly.

These disclosures are structured around the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management, and metrics and targets.

The Group reports relevant environmental metrics, including greenhouse gas emissions, energy consumption and efficiency actions, and monitors progress against ESG targets to 2030. Scenario analysis and value chain emissions reporting will continue to evolve in line with data availability, materiality and regulatory developments.

## TCFD & NFSIS Index

The table below sets out where the Group's climate-related disclosures, informed by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), can be found within this Annual Report.

| TCFD Pillar & NFSIS | Recommended Disclosure  | Location in Annual Report  |
|---------------------|---|--|
| Governance          | <ul style="list-style-type: none"> <li>The Board has overall responsibility for oversight of climate-related risks and opportunities. Climate considerations are reviewed as part of strategic decision-making, ESG oversight and principal risk review, ensuring climate-related matters are integrated into governance and long-term planning</li> </ul>                      | ESG section<br>Climate governance and oversight<br><b>(page 30)</b>        |
|                     | <ul style="list-style-type: none"> <li>Senior management is responsible for implementing the environmental elements of the ESG strategy, monitoring performance against agreed plans and KPIs, and reporting progress and risks to the Board. Climate-related risks are managed within established operational and risk management processes</li> </ul>                         | ESG section<br>Climate governance and oversight<br><b>(page 30)</b>        |
| Risk                | <ul style="list-style-type: none"> <li>The Group identifies climate-related risks including extreme weather disruption, supply chain interruption and increased energy and logistics costs, alongside opportunities relating to emissions reduction, operational efficiency and responsible sourcing. These are considered over short, medium and long-term horizons</li> </ul> | ESG section<br>Climate-related risks and opportunities<br><b>(page 30)</b> |
|                     | <ul style="list-style-type: none"> <li>Climate-related risks and opportunities are considered within the Net Zero Roadmap, fleet transition, logistics efficiency and energy management initiatives, supporting both environmental performance and commercial outcomes</li> </ul>   | ESG section<br>Net Zero Roadmap and emissions<br><b>(page 31)</b>          |
|                     | <ul style="list-style-type: none"> <li>The Group's approach to climate resilience reflects the nature and scale of its operations and focuses on the most material operational, supply chain and energy-related risks</li> </ul>  | ESG section<br>TCFD alignment<br><b>(page 41)</b>                          |

## TCFD Pillar &amp; NFSIS

## Recommended Disclosure

## Location in Annual Report

- Flowtech identifies climate-related risks and opportunities through its enterprise risk management (ERM) framework, which integrates environmental and climate considerations into the Group's wider risk governance processes. Climate-related risks and opportunities are assessed alongside other principal business risks, impact and required controls. These risks are treated as part of the Group's wider ESG-related operational and strategic considerations

**Time horizons used:**

- 0-5 years – short-term
- 5-10 years – medium-term
- 10 years + - long-term

**Principal transition risks**

- Increased pricing of GHG emissions and higher compliance costs (short-term)
- Mandates on or regulation of existing products and services (e.g., requirements for low-emissions industrial equipment) (medium-term)
- Abrupt energy-price fluctuations affecting distribution centres and fleet (short-term)
- Negative stakeholder perception if Flowtech is seen as lagging in decarbonisation (medium-term)

**Physical risks**

- Supply-chain interruptions and reduced production/fulfilment capacity due to extreme weather (long-term)
- Rising temperatures affecting buildings, energy consumption and employee safety (long-term)

**Principal opportunities**

- More efficient modes of transport (optimised fleet, route planning, reduced trailer usage) resulting in reduced operating costs (medium-term)
- Use of lower-emission energy sources in warehouses and offices (medium-term)
- Expansion of low-emission engineering products and services (medium-term)

Risk  
Management

ESG section  
Climate-related risks  
and opportunities  
**(page 30)**

- Mitigation actions focus on operational resilience, supplier engagement, logistics optimisation, fleet transition and proactive energy management, embedded within day-to-day operational controls
- Climate-related risks and opportunities are actively reshaping Flowtech's operating model, from how it sources, stocks and ships, to what it designs, specifies and services. The strategic trajectory, which includes digital enablement, logistics efficiency, responsible sourcing and engineering-led solutions, aligns with transition drivers while hardening resilience to physical risks, sustaining competitive advantage and supporting progress toward the Group's 2030 ambitions
- Orderly Transition (1.5–2°C Pathway)** - Under a scenario where climate policy tightens progressively and customer demand steadily shifts toward lower-emission technologies, Flowtech's business model shows strong resilience. The Group has already delivered a 35.4% reduction in emissions, advanced fleet electrification (90% hybrid/EV taxable fleet) and reduced logistics emissions through optimised outbound trailer loading, displaying tangible evidence that transition measures are already embedded operationally
- High Physical-Risk Future (>3°C Pathway)** - If global action is insufficient and physical climate impacts intensify, Flowtech would face greater supply-chain and logistics disruption, aligning with TCFD acute-risk examples such as transport interruptions, asset exposure and increased insurance costs
- However, resilience is supported by Flowtech's multi-site distribution network, improved group-wide stock visibility, and dual-sourcing strategy, which reduce dependency on single-node operations and allow redistribution of fulfilment capacity during disruption

| TCFD Pillar & NFSIS | Recommended Disclosure   | Location in Annual Report   |
|---------------------|--|---|
| Metrics & Targets   | <ul style="list-style-type: none"> <li>The Group reports Scope 1 and Scope 2 greenhouse gas emissions and continues to improve data quality and coverage. The Group continues to assess value chain (Scope 3) emissions and will expand reporting coverage over time as data quality and availability improve</li> </ul> | ESG section<br>Net Zero Roadmap and emissions<br><b>(page 31)</b>             |
|                     | <ul style="list-style-type: none"> <li>The Group's ESG strategy sets out targets and ambitions to 2030, including emissions reduction, fleet transition and operational efficiency, with progress reported annually</li> </ul>   | ESG section<br>ESG strategy, targets and progress<br>to 2030 <b>(page 29)</b> |

### Notes on alignment

The Group's climate-related disclosures are informed by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are applied in a manner proportionate to the Group's size, complexity and AIM listing status. Certain elements of climate-related disclosure, including detailed scenario analysis and expanded value chain (Scope 3) emissions reporting, continue to develop as data quality and materiality assessments evolve. The Group will enhance these disclosures over time as part of its ongoing ESG reporting development.



# Section 2

# Governance

# Corporate social responsibility

## Stakeholder engagement and Section 172 Statement

In accordance with Section 172 of the Companies Act 2006 (S172) the Directors, collectively and individually, confirm that during the year ended 31 December 2024, they have acted in good faith and have upheld their duty to promote the success of the Company to the benefit of its members, with consideration to its wider stakeholders.

We are aware of the potential impact that our decisions have on all our stakeholders and take a balanced approach to safeguard their respective interests. We recognise and respect issues which are important to our stakeholders, including our colleagues, customers and suppliers, as well as our shareholders. Our reputation is of paramount importance to us and we always seek to ensure that whatever decisions we take, we do so by maintaining suitable high ethical mindsets, always seeking to treat all our stakeholders with respect and in the same manner we would like to be treated ourselves.

The Board ensures there is always an appropriate balance between the impact any key decision may have on the short as well as the medium- to long-term. It also recognises that certain decisions may be more aligned to the interests of one category of stakeholder over another and this is always taken account of when debating options and ultimately making decisions.

The Board is committed to effective engagement with all stakeholders and takes steps to ensure this mindset is filtered down throughout the business. Whilst our business model delegates certain day-to-day operational decisions to local management, we encourage all involved to adopt the same behaviours by which the PLC Board is measured in their day-to-day activities. We have a “balanced scorecard” approach to our reward scheme which is designed to flex reward based on a number of behaviours, including those captured within the spirit of the s172 legislation.

Section 172 describes a diverse range of stakeholders whose interests are said to feature in the ‘success of the Company’; comments on each of these areas are provided below:

## Colleagues

Our people make our business what it is, and we value the contributions made by everyone that works with us. We continue to invest in the training and career development of our colleagues and are committed to providing a positive environment for our colleagues.

We continue to invest on improving support for mental health to our employees, with a team of mental health first aiders and Employee Assistance Programme provided by Unum available to all colleagues. We ensure that each of our sites has at least one trained individual whose role is to be alert to any issues which any of our colleagues may be experiencing. We are proud of the fact that our work in this area began some years ago and that it is an area we continue to focus on.

Naturally, there are times when decisions must be made that impact employees. In such cases, we ensure our processes are handled with compassion and integrity, while maintaining focus on achieving the commercial outcomes that serve the overall interests of the business.

By embracing a flexible approach, our colleagues are encouraged to find solutions that generate efficiencies not only for the company but, more importantly, for our customers.

This requires extensive knowledge, creativity and collaboration with customers and suppliers. The Board always aims to act fairly towards colleagues; further information outlining our approach to recruitment, development and diversity can be found elsewhere in this report.

Trasie Marsh, our HR Director, is a member of our Executive Leadership Team which sits immediately below the PLC Board. As such all issues are regularly tabled at these meetings and, if necessary, escalated to the PLC Board agenda. Trasie has presented to the PLC Board on a number of occasions, each time highlighting the most important aspects of our people agenda.

## Suppliers

We work closely with our key suppliers, developing strong mutually beneficial partnerships. Suppliers are keen for their products to be distributed via a professional distribution channel and for their brand/ reputation to be protected when doing so. We are naturally keen to ensure that all suppliers we choose to partner with share the same business ethos that we strive to consistently deliver throughout our own business.

Issues associated with supplier relations are discussed, when necessary, at Board meetings and our Executive Leadership Team includes representation from the Supply Chain and Logistics team.

## Customers

Our customers are at the heart of our business. We aim to provide a great value, quality service to all customers, ensuring we deliver end-to-end fluid power solutions from a single source.

We are a member of a number of trade bodies in the fluid power industry, including the British Fluid Power Association (BFPA) and the British Fluid Power Distributors Association (BFPDA). We work closely with these organisations and invest in them with representation from the Group at their various gatherings throughout the year. A number of our senior colleagues have held positions on the BFPDA Board and associated committees.

## Environment & Communities

We are committed to acting responsibly and our respect for both the environment and our communities goes hand-in-hand with commercial success. The business remains committed to providing a safe and healthy working environment and makes efforts to reduce the Group's overall impact on the environment. Through sharing ideas and resources, every year we find new ways to reduce our impact on the environment. Many of our businesses also proudly support industrial users who are increasingly implementing more stringent environmental practices and seeking hydraulic and pneumatic solutions to facilitate this. Further information can be found within the sustainability section of this report. Flowtech is mindful of the responsibilities it has to respect the local, national and global climate related agenda; from a business perspective it also recognises the associated risks and seeks to put in place processes and actions to mitigate any such factors.

We have supported our local communities for many years, and the Board remains committed to championing these efforts. Our involvement takes many forms, including backing charitable initiatives, recruiting local apprentices, and participating in community projects where employees across the business level help to enhance local environments and services.

Our nominated charity is Campaign Against Living Miserably (CALM), which focuses on suicide prevention and raising awareness of mental health. We have been working closely with CALM and will continue our partnership throughout 2026. In addition, we raise funds each year through initiatives such as the Macmillan Cancer Support Coffee Morning in support of Macmillan Cancer Support and seasonally support local food banks.

**MACMILLAN  
CANCER SUPPORT**

**CAMPAIGN  
AGAINST  
LIVING  
MISERABLY**

## Shareholders

To ensure the Board is aware of Shareholder opinion and concerns, the Non-Executive Directors receive regular Shareholder feedback which is communicated at Board meetings. Additionally, from time-to-time, independent information is received through the company's advisers, from both investors and analysts. On an ongoing basis, the Board is also furnished with brokers' and analysts' reports when published.

The Group aims to maintain a regular dialogue with both existing and potential Shareholders through an established investor relations programme, managed by the CEO, CFO and Company appointed NOMAD. We are committed to maintaining an open and constructive dialogue with our Shareholders, providing objective information regarding performance and strategy.

We have, and will continue to, work hard to improve the quality of our communication to provide existing, and potential new investors, with the information they require in a format which they wish to see. We believe progress has already been made and the Board is committed that this will remain a key priority throughout 2026 and beyond.

All Shareholders who have elected for paper copies receive a printed copy of the Annual Report and Accounts and all Shareholders receive the Notice of the Annual General Meeting (AGM) along with a proxy form, should Shareholders wish to vote in advance of the AGM. Following each AGM, a notice is posted on the corporate website confirming that all resolutions have been passed, including the specific results of voting on all resolutions, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of independent Shareholders.

Beyond the Annual General Meeting, the Chief Executive Officer, Chief Financial Officer and, where appropriate, other members of the senior management team meet regularly with investors, analysts and media to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

The Company conducts at least two investor roadshows each year, holding meetings either in-person or virtually. Since 2021, we have utilised the Investor Meet Company (IMC) platform to present our results to a broad audience of existing and prospective investors. In 2025, we also partnered with Spark to broadcast a second results presentation, further expanding our reach to potential new investors.

Presentations by the Executive Directors of interim and full-year results are offered to all major Shareholders. Other Shareholders are welcome to contact the Company and, wherever possible, their concerns or questions are responded to by a Director in person.

**Furthermore, the Group invites investors and potential investors to visit their premises, should they wish to see day-to-day operations and speak with representatives from the Group in a more informal setting.**

The company maintains dedicated Investor relations contact details, together with the company's registered Office address, details of which are also clearly displayed on the company website [www.flowtech.co.uk](http://www.flowtech.co.uk)

Investors may also make contact requests through the company's nominated Advisers and Brokers, Panmure Liberum and Singers Capital Markets (see back cover for details).



# Financial Review

The group trading performance at a glance

|  | 2025 £m       | 2024 £m | Change £m/% |
|--|---------------|---------|-------------|
| <b>Group revenue*</b>  | <b>116.9</b>  | 107.3   | 9.0%        |
| <b>Gross profit*</b>   | <b>45.9</b>   | 41.0    | 11%         |
| <b>Gross profit %</b>  | <b>39.2%</b>  | 38.2%   | 100bps      |
| <b>Distribution expenses</b>                                     | <b>(4.4)</b>  | (4.2)   | (0.2)       |
| <b>Administrative expenses before separately disclosed items</b> | <b>(37.9)</b> | (34.2)  | (3.7)       |
| <b>Underlying operating overheads<sup>b</sup></b>                | <b>(42.2)</b> | (38.3)  | (3.9)       |
| <i>Added back Central costs (refer Note 3)</i>                   | <b>5.9</b>    | 6.0     | (0.1)       |
| <b>Underlying segment operating overheads<sup>c</sup></b>        | <b>(36.4)</b> | (32.3)  | (4.0)       |
| <b>Underlying Depreciation and Amortisation<sup>d</sup></b>      | <b>4.1</b>    | 3.3     | 0.8         |
| <b>Underlying segment operating profit<sup>a+c</sup></b>         | <b>9.5</b>    | 8.7     | 0.8         |
| <b>Less Central costs</b>  | <b>(5.9)</b>  | (6.0)   | 0.1         |
| <b>Underlying operating profit</b>                               | <b>3.6</b>    | 2.7     | 0.9         |
| <i>Less Separately disclosed items</i>                           | <b>(4.6)</b>  | (27.9)  | 23.3        |
| <b>Operating (loss)</b>  | <b>(1.0)</b>  | (25.2)  | 24.2        |
| <b>Financing costs</b>   | <b>(2.0)</b>  | (1.9)   | (0.1)       |
| <b>Loss before tax</b>   | <b>(3.0)</b>  | (27.1)  | 24.1        |
| <b>Tax</b>   | <b>(0.4)</b>  | 0.7     | (1.1)       |
| <b>Loss after tax</b>  | <b>(3.3)</b>  | (26.4)  | 23.1        |
| <b>Underlying EBITDA</b>   | <b>7.7</b>    | 5.9     | 1.8         |

(\*) Underlying operating profit is used as an alternative performance measure to assess the trading performance of the business and is operating profit before separately disclosed items which are amortisation and impairment of acquired intangibles, impairment of goodwill, negative goodwill, impairment of right of use assets, share-based payments, and restructuring costs. The £4.1m differential between underlying operating profit and underlying EBITDA relates to £4.1m in respect of depreciation and amortisation charges

## Underlying profit performance

In FY25 underlying EBITDA totalled £7.7m, significantly in excess of the prior year comparative of £5.9m and a stepping stone towards our ambition of achieving mid-teen EBITDA margins. It was encouraging that we delivered a stronger performance in the second half of the year resulting in underlying EBITDA of £4.2m, £3.0m more than the second half of FY24. This has been achieved against a background of continued challenging market conditions with performance supported by the impact made by recently acquired businesses, notably Thorite.

## Revenue

Revenue in FY25 increased by 9% to £116.9m (FY24: £107.3m). Excluding the contributions from the 2024/25 acquisitions FY25 revenue was £99.5m, 3% below the prior year like for like comparative. If we look at the split between the two halves of the year it is pleasing to see H2 outperforming the prior year comparative by 7.6%; this served to offset much of the first half adverse variance of 11.9%.

## Gross Profit

FY25 saw a further increase in our GP% and builds on progress made in previous years. Management of gross margin remains an area of focus and we expect to maintain the position we have reached over coming years; mix factors in particular if a higher proportion of turnover transitions to Major Projects could mean that, over time, we may see further relatively modest improvements.

## Operating Overheads

Excluding the impact of acquisitions underlying operating overheads have reduced by £0.7m (2.0%); this has been achieved against the background of sustained inflationary pressures including the increases in minimum wage and employer national insurance contributions, factors which are clearly outside of our control. The principal reason for this is the management of our headcount where we have seen headcount fall to 538 from 560 excluding acquisitions.

## Central Costs

A summary of central costs is provided below:

|                               | 2025<br>£000 | 2024<br>£000 |
|-------------------------------|--------------|--------------|
| Management salaries           | 2,369        | 2,376        |
| Accounting & finance          | 850          | 939          |
| Project & IT costs            | 1,106        | 1,132        |
| PLC costs                     | 588          | 572          |
| Other central operating costs | 955          | 1,021        |
|                               | <b>5,868</b> | <b>6,040</b> |

Management costs include the employment costs of the Executive Officers, Group Leadership Team members excluding those that have specific segment responsibilities. Cost increases in this area have been offset by headcount reductions.

Accounting and finance covers the salary costs of central finance and internal audit function. PLC costs capture the salaries of Non- Executive Directors and professional fees associated with our PLC status. Other areas of cost relate to our project management and central health and safety teams.

The overall reduction in costs is the result of ongoing cost saving initiatives within the business, many of which began in FY24 and we are feeling the full benefit in FY25.

## Separately disclosed items

Separately disclosed items within administrative expenses:

|                                      | 2025<br>£000 | 2024<br>£000  |
|--------------------------------------|--------------|---------------|
| Amortisation of acquired intangibles | 655          | 820           |
| Impairment of goodwill               | -            | 25,070        |
| Depreciation of old website YTD      | 197          | 241           |
| Impairment of right of use assets    | 1,318        | 81            |
| Impairment of intangible assets      | -            | 284           |
| Impairment of fixed assets           | 429          | 246           |
| Negative goodwill                    | (170)        | (2,205)       |
| Share option costs                   | 531          | 729           |
| Write off lease liability            | (29)         | -             |
| Acquisition costs                    | 226          | 41            |
| Restructuring cost                   | 1,477        | 2,581         |
|                                      | <b>4,634</b> | <b>27,888</b> |

## Impairment of right of use assets and fixed assets

The calculations which underpin the annual impairment review of the assets of the business are based on a number of key assumptions, notably revenue growth rates and the discount rate applied.

An impairment charge of £1,747k has been posted in respect of the Benelux region, of which £1,318k has been taken against right of use assets and £429k has been taken against fixed assets.

## Restructuring Costs

The key components of restructuring are £0.6m in respect of salary costs of personnel who have left the business as part of our ongoing organisational design. In addition, £0.4m in relation to the closure of sites within the UK and Benelux.

## Our Geographical Segments At A Glance

|                                     | Great Britain ("GB") |              | Benelux      |              | Island of Ireland |              |
|-------------------------------------|----------------------|--------------|--------------|--------------|-------------------|--------------|
|                                     | 2025 audited         | 2024 audited | 2025 audited | 2024 audited | 2025 audited      | 2024 audited |
| Revenue (£'000)                     | 86,625               | 75,914       | 9,473        | 9,999        | 20,817            | 21,370       |
| Gross Profit (£'000)                | 33,506               | 29,432       | 4,142        | 4,211        | 8,223             | 7,371        |
| Gross Profit Margin                 | 38.7%                | 38.8%        | 43.7%        | 42.1%        | 39.5%             | 34.5%        |
| Underlying operating costs (£'000)  | 27,230               | 23,626       | 3,829        | 3,848        | 5,301             | 4,850        |
| Underlying operating profit (£'000) | 6,275                | 5,806        | 313          | 363          | 2,923             | 2,521        |
| Underlying operating margin         | 7.2%                 | 7.6%         | 3.3%         | 3.6%         | 14.0%             | 11.8%        |
| Underlying profit before tax (£m)   | 5,767                | 5,481        | 255          | 357          | 2,900             | 2,496        |

### Great Britain

Revenue includes £17.4m in respect of recently acquired businesses in FY25 and £4.7m in FY24. After taking account of this on a like-for-like basis revenue reduced by £1.8m. The acquired businesses have a lower Gross Margin which contributed to the fall overall. The recently acquired businesses provided a significant positive contribution to the FY25 result with an aggregate exit run rate of £2m EBITDA. Overall, it is pleasing to see a £467k improvement in the segment profitability.

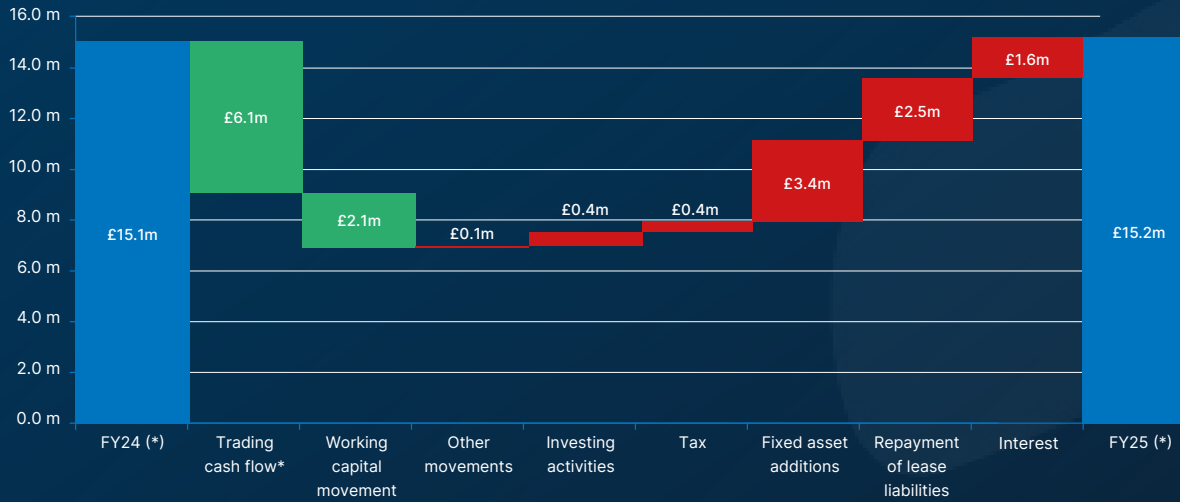
### Benelux

The impact of a 5.3% reduction in turnover has been largely offset by a 160bps improvement in gross margins. Operating expenses have been well controlled ensuring a similar operating profit was achieved. Market conditions were challenging throughout the year and this, combined with some disruption related to a move of premises, did have an impact on performance.

### Island of Ireland

A 3.4% reduction in turnover was offset by a 500bps increase in Gross Margin leading to gross profit increasing by £852k. Inflation had an impact on operating expenses, but this cost was offset overall and the underlying operating margin increased to 14% from 11.8% in FY24.

## Net Debt



Trading cash flow is Operating profit excluding non-cash items such as Depreciation, Amortisation and share based payments.

Our Net Debt position (excluding lease liabilities) has had a small increase from £15.1m to £15.2m. Trading cash flow has improved to £6.1m (FY24: £3.1m) reflecting higher underlying levels of EBITDA and a reduction in restructuring activity. Working capital continues to be actively managed; in FY25 the overall reduction of £2.1m results from a £2.9m like-for-like reduction offset by a £0.8m increase in balances associated with the acquired businesses. These two things combined have funded the aggregate cost of all other cash outflows and limited the increase in Bank debt to £0.1m.

FY24 and FY25 combined have resulted in £6.6m of capital expenditure and £3.9m of restructuring costs. We expect both categories of spend to reduce materially in FY26 and beyond which should lead to a healthy proportion of EBITDA translating to debt reduction.

## Acquisitions

The acquisition of Thorite in August 2024 has been followed by two smaller acquisitions in FY25, Allswage in March and Thomas Group in May. If the three businesses are taken in aggregate we acquired in the region of £16m of revenue for very modest consideration as demonstrated by the negative goodwill associated with the Thorite and Allswage transactions. It is extremely pleasing to see that as we exited 2025 the run rate of these businesses was approximately £20m revenue with a significant profit contribution.

## Summary

The positive increase in profitability in FY25 is pleasing against the background of continued challenging market conditions.

We have sought to exercise tight control over all aspects of our cost base and working capital which has been key in enabling us to deliver a blend of restructuring and investment activity without any material increase in Debt. As the pace of change eases, we look forward to a much bigger proportion of what we expect to be increased profits translating to positive cashflow.

One of the highlights in FY25 has been the progress achieved and momentum built with the acquisitions made in FY24 and FY25. These businesses were acquired for minimal consideration and we end FY25 with the businesses combined delivering a run rate of approximately £20m of revenue and significant profit.

I am also delighted that we have secured the acquisition of Q Plus in February 2026 and as part of this secured new equity investment into the balance sheet.

**Russell Cash**  
Chief Financial Officer

23 March 2026

# Managing our risks

## The risk management process

The Board holds ultimate accountability for the Group's risk management. The risk management process is coordinated by Trasie Marsh, Group HR and ESG Director, with quarterly sessions conducted with the Group Risk Board, which comprises members of the Executive Leadership Team. Our approach to risk management follows a straightforward framework: Identify, Analyse & Assess, Respond & Control, and Monitor & Review.



## Ownership

Each of the risks we've identified are owned by a member of our Executive Leadership Team who are responsible for the management of that risk. The Executive Leadership Team regularly review the risk register collectively.

## Accountabilities and responsibilities

### Board

The Board holds overall accountability for the Group's approach to risk management, while the Group Risk Board oversees the process, ensuring that mitigating controls are implemented, monitored, and that key recommendations are made to the Board.

Individual sites and Group functions are responsible for identifying, documenting, reviewing, and sharing local or functional risks.

Risks that could affect multiple business units or have a major impact on the Group are escalated to the Group Risk Board and recorded in the Group risk register, ensuring a coordinated and comprehensive approach across the organisation.

### Our Board

Our Board confirms it has undertaken a robust review of our risk register. The Executive Leadership Team will regularly update the Board, ensuring full visibility of any changes to our risk profile.

## Risks and mitigation

We have 15 identified Group risks that are being monitored on an ongoing basis, the table below focuses on the eight high and medium category risks only, the remaining seven risks are classified as low.

| What is the risk?  | How could it affect our business?   | What we are doing to manage the risk  |
|--|---|---|
| <b>BC001</b><br><b>Force Majeure Events leading to serious supply chain disruption</b> | <p>Future global events such as global conflict, future pandemic, catastrophic natural events caused by climate change or other natural factors could lead to a shortage of raw materials or global sanctions leading to disruption to our critical supply chain leading to delays in the fulfilment of our customer commitments.</p> | <ul style="list-style-type: none"> <li>Continually monitoring the geopolitical climate to identify potential issues</li> <li>We have a diverse supply chain allowing for a secondary sourcing of products</li> <li>Through our close relationships with our suppliers we can identify potential increased risks and ensure mitigating actions are taken at the earliest point</li> </ul>  |
| <b>BC002</b><br><b>Force Majeure Events leading to serious economic impact</b>         | <p>Future global events such as global conflict, future pandemic, catastrophic natural events caused by climate change or other natural factors leading to a prolonged market downturn.</p>   | <ul style="list-style-type: none"> <li>Continually monitoring the geopolitical climate to identify potential issues</li> <li>Regular monitoring and proactive management processes in place to manage our variable cost base</li> <li>The business has a diverse customer base across many industry verticals</li> <li>Maintaining strong investor and bank relationships</li> <li>Robust insurance cover in place</li> <li>Remain vigilant to Government support – furlough scheme was a good example of this</li> </ul> |
| <b>BC004</b><br><b>Major material damage event to fulfilment centre</b>                | <p>A critical incident caused by a natural disaster, failure of fire suppression, inability to access site due to local infrastructure disruption leading to the Skelmersdale Fulfilment Centre being inaccessible for an extended period of time leading to delays in the fulfilment of our customer commitments.</p>                | <ul style="list-style-type: none"> <li>Fully documented business continuity plans</li> <li>Leverage strong supplier relationships for customer order fulfilment</li> <li>Utilisation of stock holding from across the Group</li> <li>Core Group transactional systems managed from an offsite data centre</li> </ul>  |
| <b>BC006</b><br><b>Achieve operational objectives and targets</b>                      | <p>Failure of preventative maintenance, power disruption or failure.</p>  | <ul style="list-style-type: none"> <li>We operate a preventative maintenance program to try and prevent total failure. In the ESC locations we have duplicated the manufacturing equipment across several of the locations to mitigate any manufacturing bottlenecks</li> <li>In the FC whilst we operate a preventative maintenance programme schedule as described and we have duplicated stock across several of the Kardex's to ensure first time pick in the event of a Kardex outage</li> </ul>                     |

| What is the risk?   | How could it affect our business?  | What we are doing to manage the risk  |
|---|--|---|
| <b>BC007 - Cyber-attack causing widespread denial of IT systems</b> | Failure of technical security controls to block a serious cyber incident resulting in the denial of access to our systems or the loss of confidential information.                           | <ul style="list-style-type: none"> <li>• All critical systems replicated to a secondary data centre with additional segregated backups in place</li> <li>• Vulnerabilities regularly monitored with processes to manage patch management regularly undertaken</li> <li>• Review of AI tools and usage to modernise our security stance</li> <li>• Regular control reviews taking place to assess implications to IT changes include introduction of SecOps</li> <li>• Investing in additional cyber security assessments and technical control mechanisms to assist in data loss prevention</li> <li>• Regular security campaigns run across the business to constantly raise awareness of cyber risks</li> </ul> |
| <b>BC008 - Loss of critical skills and people</b>                   | The strong labour market and increased costs of labour could lead to a lack of suitable resources being available to fulfil our customer commitments particularly in our engineering sector. | <ul style="list-style-type: none"> <li>• Early careers strategy, to include, apprenticeships, graduate schemes, and our Talent Acceleration Programme</li> <li>• College associations to attract talent early</li> <li>• Introduction of attractive benefits, i.e. bonus to retain in the first instance</li> <li>• Long-term incentive plans to retain our very best talent</li> <li>• Leadership development programme</li> <li>• Attractive employee value proposition</li> </ul>  |
| <b>BC010 - Major workplace Health &amp; Safety incident</b>         | Inadvertent breaches of regulations could lead to prosecution and significant fines.   | <ul style="list-style-type: none"> <li>• A Health &amp; Safety strategy, committed to and promoted by all senior leadership</li> <li>• Health &amp; Safety KPIs for all leaders</li> <li>• Robust Health &amp; Safety policy launched and communicated and signed by all employees</li> <li>• Group Health &amp; Safety team, head of trained to NEBOSH</li> <li>• Fully documented disaster recovery plans in place</li> <li>• All critical systems replicated to a secondary data centre</li> <li>• Resilient networks in place at major sites</li> <li>• Strict change management controls in place for all critical systems and infrastructure</li> </ul>   |
| <b>BC012 - Loss of critical operational IT systems</b>              | Loss of critical IT systems or infrastructure caused by physical or technical failure leading to an inability to service customers and fulfil our financial obligations in a timely manner.  | <ul style="list-style-type: none"> <li>• Fully documented disaster recovery plans in place</li> <li>• All critical systems replicated to a secondary data centre</li> <li>• Resilient networks in place at major sites</li> <li>• Strict change management controls in place for all critical systems and infrastructure</li> </ul>   |

# Our Board

## Roger McDowell Non-Executive Chair



### Skills & Experience

Roger is a highly successful businessman and entrepreneur, with a strong record of delivering shareholder value. He was Managing Director of Oliver Ashworth for 18 years before IPO and subsequent sale to Saint-Gobain, and won the Sunday Times AIM Non-Executive Director of the Year award in 2017 for his Chairmanship of Avingtrans plc, a precision engineering business.

**Appointed:** June 2020 as Independent Director, and Non-Executive Chair from August 2020

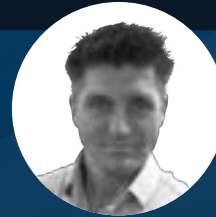
### Board Committees

- Chair of Nomination Committee
- Member of the Audit, Remuneration and AIM Compliance and Corporate Governance Committees

### External Appointments

- Non-Executive Chair of Hargreaves Services plc and Avingtrans plc
- Senior Non-Executive Director and Chair of Remuneration Committee of Tribal Group plc

## Mike England Chief Executive Officer



### Skills & Experience

Master of Engineering and over 25 years in commercial and operational leadership across Industrial product distribution and services.

7 years at FTSE100 RS Group plc, key leadership roles as Group Chief Operating Officer responsible for P&L across Americas, EMEA and APAC, President of EMEA and initially Managing Director leading the turnaround of UK and Northern Europe.

9 years at FTSE250 Brammer Plc (now trading as Rubix), Key Account and Sales Director prior to which, 9 years at Rexel across broad range of commercial and operational roles.

Mike is passionate about creating a purpose led, high performance culture. Highly customer centric in approach and an advocate for diversity and inclusion. Committed to inspiring the next generation of engineers and giving back to the community.

**Appointed:** April 2023 as CEO.

### Board Committees

- Member of the AIM Compliance & Corporate Governance Committee
- Other committees by invitation

### External Appointments

- None

## Russell Cash Chief Financial Officer & Company Secretary



### Skills & Experience

Qualified as a chartered accountant with Deloitte Haskins & Sells (now PwC) in 1991. Spent 27 years working as a turnaround and restructuring professional, 20 years with PwC prior to taking Partner roles at Baker Tilly (now RSM International) from 2008 to 2013 and FRP Advisory from 2013 to 2018.

At both Baker Tilly and FRP he played a key role in the success and expansion at both firms. Russell's experience in effecting change both in terms of operational improvement and cash management have served the Group well given the focus in each of these areas in recent years. The experience Russell has in turnaround/distressed situations served us well when negotiating the terms of the Thorite acquisition.

**Appointed:** November 2018

### Board Committees

- Member of the AIM Compliance and Corporate Governance Committee
- Other committees by invitation

### External Appointments

- None

## Jamie Brooke

### Non-Executive Director



#### Skills & Experience

Jamie has had successful roles in listed and private equity fund management, originally starting out with 3i plc. Over his career, having sat on 20+ different boards, he has focused on driving shareholder value and has gained experience covering investment, strategy and governance, M&A, audit and consultancy. Most recently he worked with Hanover Investors and, prior to this, Jamie ran the Catalyst funds with the Volantis team under the umbrellas of Lombard Odier, Henderson and Gartmore. He trained and qualified as a Chartered Accountant with Deloitte.

**Appointed:** March 2022

#### Board Committees

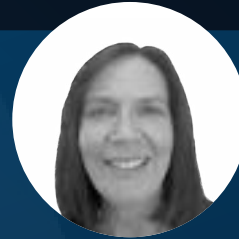
- Chair of the Remuneration Committee.
- Member of the Audit, Nomination, AIM Compliance and Corporate Governance Committees

#### External Appointments

- CIO/ Director of Kelso Group Holdings and associated companies
- Chair of Titon Holdings PLC, PadelStars Limited
- Chair of Triple Point Venture VCT PLC
- Non-Executive Director of Oryx International Growth Fund PLC and Chapel Down Group PLC

## Ailsa G Webb

### Non-Executive Director



#### Skills & Experience

Ailsa has held senior leadership roles across industrial distribution, logistics, and services businesses. Her career includes leadership positions at TNT and Brammer Buck & Hickman. Until 2019, she served as Chief Operating Officer for the UK, Ireland and Iceland at Brammer Buck & Hickman, the UK subsidiary of Rubix Group, Europe's largest supplier of industrial maintenance, repair and overhaul products and services.

In 2019, Ailsa joined HSS Hire Group, one of the UK's largest equipment rental companies, as Managing Director for Scotland and subsequently Managing Director of Abird and Apex Power Solutions, two specialist service businesses within the Group. Following the carve-out of these service businesses in 2024, she became Chief Executive Officer of CES Power International.

Ailsa brings sector expertise in industrial distribution and services, with experience in digital and e-commerce enabled business models, operational risk management, and disciplined value creation.

**Appointed:** March 2022

#### Board Committees

- Audit, Nomination, Remuneration and AIM Compliance and Corporate Governance Committees

#### External Appointments

- No other Board appointments

## Stuart Watson

### Non-Executive Director



#### Skills & Experience

Stuart is a Chartered Accountant. He was Senior Partner for EY in Yorkshire and the North East and specialised in audit. He was also responsible for the EY Entrepreneur of the Year Programme. He retired from EY in 2017.

Stuart is currently a NED and Audit Committee Chair at both Humber & North Yorkshire Integrated Care Board and Vp plc and is an Advisor to Panmure Liberum.

**Appointed:** January 2023

#### Board Committees

- Chair of the Audit Committee
- Member of the Audit, Nomination, Remuneration and AIM Compliance and Corporate Governance Committees.

#### External Appointments

- Non-Executive Director and Chair of Audit Committee of Vp plc
- Non-Executive Director and Chair of Audit Committee of Humber and North Yorkshire Integrated Care Board

# Corporate Governance Report

## Chair's statement on corporate governance

A key component of my role is to oversee the development of the Group's corporate governance model and to ensure there is continued clear focus on this important area of our business.

## Framework for corporate governance

The QCA Code identifies ten principles to be followed as a guide to help companies deliver value for shareholders. This relies on effective management by the Board, accompanied by good communication which serves to develop confidence and trust.

The Company remains committed to maintaining high standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code 2023 ("the QCA code"). Our approach in relation to complying with each of the ten principles of the QCA code is set out below.

I am pleased to report that we continue to consider we are compliant with all aspects of the requirements of the QCA Code.

## Compliance with the QCA corporate governance code

Within our Annual Report, we are required to demonstrate compliance with each of the Principles:

### Principle 1

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

Having emerged from a period of transformation beginning in 2023 under the leadership of Mike England as CEO, the business is now entering its next phase of growth, which is underpinned by key performance indicators embedded across the business, ensuring focus, alignment and disciplined capital allocation, the six growth engines are embedded within Flowtech (page 25) and are designed to drive scalable, resilient and sustainable performance. Together, these foundations position the business to deliver enhanced returns and long-term shareholder value.

### Principle 2

***"Promote a corporate culture that is based on ethical values and behaviours"***

The Board is committed to fostering a culture of integrity and accountability across the Group, underpinned by a formal Code of Conduct reinforced through training, induction and performance reviews. Senior management are responsible for embedding these standards, while the Board monitors compliance with key legislation, including the Bribery Act 2010, Market Abuse Regulation and Modern Slavery Act 2015, alongside completion of mandatory training.

In 2025, Flowtech refreshed and rolled out its confidential whistleblowing and anti-sexual harassment policies, along with internal feedback processes, ensuring all employees can raise concerns safely. ESG considerations remain integrated into strategy and risk management, with further details set out on pages 34-39 of this Report.

### Principle 3

***"Seek to understand and meet shareholder needs and expectations"***

We are committed to providing shareholders with clear, consistent and high-quality communications that support informed engagement and decision-making. In doing so, we continue to work closely with our Joint Brokers; Panmure Liberum and Singers Capital Markets, whose guidance helps ensure our messaging meets market expectations and regulatory standards. The Board benefit from the experience and knowledge of Non-Executive Directors who have a considerable understanding of investor priorities and stakeholder dynamics.

The Board receives regular updates on shareholder sentiment, particularly following the presentation of half-year and full-year results by the Executive Directors. In addition, members of the Executive team and wider Leadership Team have hosted site visits for both existing and prospective investors to enhance understanding of the Group's operations and strategy. All Directors are encouraged to attend the Annual General Meeting.

Shareholders can contact any member of the Board via the details published on the Company's website.



## Principle 4

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

The Board recognises that the businesses long-term success depends on maintaining strong, responsible and sustainable relationships with its employees, customers, suppliers, shareholders and the communities in which it operates, consistent with its duties under Section 172 of the Companies Act 2006.

During the year, the Company held its Annual General Meeting and undertook two investor roadshows focused on quantitative performance and strategic delivery. Follow-up responses were provided to address questions raised, and qualitative feedback from these engagements was considered as part of the Board’s ongoing approach to shareholder engagement.

The Board remains committed to its ESG strategy (pages 28-43), recognising that effective governance, environmental stewardship and positive social impact are integral to sustainable value creation. This includes maintaining high standards of business conduct, supporting employee wellbeing and development, fostering long-term customer and supplier partnerships, promoting responsible supply chain practices, and considering the broader impact of operational and strategic decisions on society and the environment.

Further detail on stakeholder engagement and how these considerations inform Board decision-making is set out in the Section 172 statement and Sustainability disclosures within this Report on pages 45-46.

## Principle 5

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

The Board has overall responsibility for the risk management framework which can be found on pages 51-53, ensuring that risks and opportunities are appropriately identified, regularly assessed and managed in line with strategic objectives. Risk oversight is embedded across the business, with clear operational and executive accountability.

The Audit Committee reviews the effectiveness of internal controls and maintains regular engagement with Internal Audit and Executive Management to support a robust control environment. Continued investment in Business Systems, Internal Audit, Project Management and Health & Safety reflects the ongoing commitment to resilience, strong governance and disciplined execution.

## Principle 6

***“Establish and maintain the board as a well-functioning, balanced team led by the chair.”***

The Board is chaired by Roger McDowell and operates with a clear governance structure, defined responsibilities and a schedule of regular meetings throughout the year. Formal Board meetings are held in most months, supported by Committee meetings aligned to reporting cycles and business requirements. The Audit Committee meets regularly, particularly around financial reporting announcements, while the Remuneration and Nomination Committees convene as required to discharge their responsibilities effectively. The Non-Executive Directors are considered independent of management and free from relationships that could materially interfere with their judgement. The Senior Independent Director, Jamie Brooke, is available to shareholders should they wish to raise concerns that cannot be addressed through the usual channels.

## Principle 7

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

A key role of the Nomination Committee is to ensure that the requisite skills and relevant experience are evident in candidates for Board roles. At the time of appointment, each Director receives training provided by our NOMAD and legal advisers, covering the responsibilities of a Director generally and in particular the requirements when involved in the Board of a listed company.

Our NOMAD presents annually to ensure all Directors are updated with regards to duties and responsibilities. Having invested in key central functions, we continue to focus resources on enhancing processes that drive efficiency, strengthen oversight, and provide a robust foundation to support both the management of our current business and future growth.

Further details on the roles and responsibilities of Board members and its Committees can be found on pages 58-59 of this annual report.

Brief biographies of each of our Directors are outlined on pages 54-55.

## Principle 8

***“Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement”***

The Board conducts regular evaluations of its effectiveness, with each Director completing an assessment that includes scoring and recommendations for improvement.

Areas reviewed include:

- Board and Committee composition, including succession planning
- Reporting and information flows
- Board processes, internal controls, and risk management
- Accountability and oversight
- Executive management effectiveness
- Standards of conduct

Any improvements identified are discussed and action plans implemented to strengthen governance and performance.

## Principle 9

***“Establish a remuneration policy which is supportive of long-term value creation and the company’s purpose, strategy and culture”***

The Company’s remuneration policy is designed to support long-term value creation and to align the interests of directors, employees and shareholders. Remuneration comprises a balance of fixed and variable elements, with performance-related incentives linked to the achievement of objectives that support the Company’s strategy and sustainable growth. The Board seeks to ensure that remuneration arrangements are fair, responsible and consistent with the Company’s culture, while remaining competitive in the market in which the Company operates.

Further details on the roles and responsibilities of Board members and its Committees can be found on pages 58-59 of this annual report.

## Principle 10

***“Communicate how the Company is governed and is performing.”***

The Board is committed to transparent communication on governance, strategy, and performance. In 2025, this included the AGM, two investor roadshows on strategic delivery, and follow-up on shareholder feedback. We also engage with employees, customers, suppliers, and other stakeholders, ensuring their perspectives inform Board decisions.

Key information is accessible via the Flowtech website; [www.flowtech.co.uk](http://www.flowtech.co.uk), regulatory announcements, and reporting, including ESG and corporate responsibility disclosures, giving stakeholders a clear view of how the business is managed and delivers long-term value.

## The Board

The main responsibilities of the Board are the creation and delivery of sustainable Shareholder value by promoting the long-term success of the Company and upholding good corporate governance.

In addition to routine consideration of both financial and operational matters, the Board determines the strategic direction of the Group.

The Board has a formal schedule of matters specifically reserved for it which includes:

1. Development and approval of the Group’s strategic aims and objectives
2. Approval of annual operating and capital expenditure budgets
3. Oversight of the Group’s operations
4. Approval of the Group’s announcements and financial statements
5. Approval of new Bank facilities or significant changes to existing facilities
6. Declaration and recommendation of dividends
7. Approval of major acquisitions, disposals, and capital expenditure
8. Approval of delegated authority limits
9. Succession planning and appointments to the Board and its Committees
10. Review of the Group’s overall corporate governance arrangements and reviewing the performance of the Board and its Committees
11. Maintenance of sound internal control and risk management systems, and
12. Approval of the division of responsibilities between the Chair, Chief Executive and other Executive Directors and the terms of reference of the Board Committees

## The Chair

The main responsibilities of the Chair are to lead the Board, ensuring its effective management of the Group’s operations and governance. The Chair sets the Board’s agenda and promotes a strong culture of challenge and debate. He also plays a key role

in investor relations and corresponds with major Shareholders as he sees fit.

This is achieved by:

1. Chairing Board meetings, setting agendas in consultation with the Chief Executive Officer and encouraging the Directors to participate actively in Board discussions
2. Leading the performance evaluation of the Board, its Committees, and individual Directors
3. Promoting high standards of corporate governance
4. Ensuring timely and accurate distribution of information to the Directors
5. Ensuring effective communication with Shareholders
6. Periodically holding meetings with fellow Non-Executive Directors without the Executive Directors being present, and
7. Establishing an effective working relationship with the Chief Executive Officer by providing support and advice whilst respecting executive responsibility

## The Chief Executive Officer

The CEO is responsible for the day-to-day management of all the Group’s activities and the implementation and delivery of the Board’s strategic objectives. He also promotes appropriate cultural values and standards and seeks to maintain good relationships and communications with investors.

## Company Secretary

Russell Cash, our Chief Financial Officer, is the Company Secretary and as such is responsible for legal and regulatory compliance as well as assisting the Chair in preparation for, and the effective running of, Board meetings.

## Senior Independent Director

Jamie Brooke, as the Senior Independent Director and acts as a conduit for all Directors, giving advice and guidance where appropriate.

## Board composition

The Board comprises an independent Non-Executive Chair, two Executive Directors and three other Non-Executive Directors. Details of the Directors' remuneration and terms of appointment are set out in the Directors' Remuneration report on pages 62-63. Biographical details of the Directors are included on pages 54-55.

Roger McDowell is Chair of the Board and the Nomination Committee.

Stuart Watson is Chair of the Audit and AIM Compliance and Corporate Governance Committees.

Jamie Brooke is Chair of the Remuneration Committee.

The Executive Directorships are full-time positions. The roles of Chair and Non-Executive Director require a commitment of approximately five days per month. All the Non-Executive Directors have confirmed their ability to meet such commitments. Each

Non-Executive Director is required to inform the Board of any changes to their other appointments.

## Re-election

All Directors of the Board are subject to election by the Shareholders at the first AGM following their appointment by the Board and all Directors will also stand for re-election annually at the AGM.

## Meetings of the Board

There were 10 formal Board meetings throughout 2025 including a PLC Strategic day involving the Executive Directors. In addition, the Chair and Non-Executive Directors have met during the year without the Executive Directors.

Formal meetings are supplemented, when circumstances dictate, by other meetings often making use of digital conference facilities. In addition, the Chair and Non-Executive Directors have met during the year without the Executive Directors.

## Board Committees

Executive Management

To support the two Executive Directors, we have an Executive Leadership Team which sits beneath PLC level.

This Group includes individuals who lead various functional activities across the Group including Sales, Operational, Marketing, Digital and Information Technology and Human Capital matters, and manages all aspects of day-to-day activities, including:

1. Implementing the strategy as set out/agreed by the Board
2. Overseeing all commercial operations of the Group, ensuring good and effective communication in key areas and alignment of local business objectives to the strategic direction at Group level
3. Assessment of growth opportunities, both organic and potential acquisition opportunities
4. Talent management and succession planning
5. Product quality
6. Health and safety
7. Financial control and systems, including IT infrastructure and development, and
8. Risk management

The Board formally delegates responsibility to four committees: the Nomination, Remuneration, AIM Compliance & Corporate Governance and Audit Committees.

## The Nomination Committee

**Chaired by Roger McDowell**

This Committee is responsible for ensuring that the Board is sufficiently well equipped to ensure that the Group continues to be governed by suitably qualified people with the breadth and depth of experience required to effectively lead the business.

The Committee recommends and reviews nominees for the appointment of new Directors to the Board and ensures that there is due process used in selecting candidates.

## The Remuneration Committee

**Chaired by Jamie Brooke**

The Remuneration Committee meets at least once a year to determine and agree remuneration packages of the Chair and Executive Directors and other employee benefits. The measures put in place to reward the Executive Directors is detailed in the Directors' Remuneration section of this Report.

Where appropriate, the Committee seeks advice from remuneration consultants to gain an understanding of current trends and latest developments. In addition, taxation and legal advisors will usually be involved in drafting and finalising reward agreements.

The remuneration of the Non-Executive Directors is agreed by the Chair and Executive Directors. Details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 62-63.

## The AIM Compliance & Corporate Governance Committee

Chaired by Stuart Watson

The AIM Compliance & Corporate Governance Committee usually meets at least one per year. It is responsible for establishing, reviewing, and monitoring the Group's procedures and controls for ensuring compliance with the AIM Rules and the timely disclosure of information to satisfy the Group's legal and regulatory obligations. The meetings were attended by all Directors.

Our NOMAD, Panmure Liberum, provided all Directors with an update with regards to Director responsibilities on 27 January 2026.



## The Audit Committee

Chaired by Stuart Watson

The Audit Committee meets at least twice a year with the Group's Auditor and as otherwise required. Its duties are to:

1. Monitor the integrity of the financial statements
2. Review the quality of the Group's internal controls, ethical standards, and risk management systems
3. Review the Group's procedures for detecting and preventing bribery and fraud, corruption, sanctions, and whistleblowing
4. Ensure that the financial performance of the Group is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, and accounting policies
5. Oversee the relationship with the Group's external Auditor

During the year, the Audit Committee discharged its responsibilities by:

1. Reviewing the Group's draft financial statements, preliminary announcements and interim results statement prior to Board approval and reviewing the external Auditor's reports thereon
2. Reviewing the external Auditor's plan for the audit of the Group financial statements, confirmations of auditor independence and proposed audit fee and approving terms of engagement for the audit
3. Considering the effectiveness and independence of the external Auditor and recommending to the Board the reappointment of Grant Thornton UK LLP as external Auditor
4. Considering the review of material business risks
5. Monitoring of reporting and follow-up of items reported by employees
6. Considering the significant risks and issues in relation to the financial statements and how these were addressed including: revenue recognition; impairment of inventory; impairment of goodwill and intangibles; impairment of investments and intercompany receivables; going concern
7. Considering the adequacy of accounting resource and the development of appropriate systems and control
8. Engaging with external providers to assist with certain aspects of accounting disclosure
9. Considering policies on non-audit engagements for the Company's Auditor
10. Reviewing reports from the Internal Audit Function and providing input to the implementation of performance improvement measures

The Audit Committee has met twice in 2025, (31 March ahead of the finalisation of the 2024 Report and Accounts, 2 September to review the half year results.) In May the Audit Committee Chair led and oversaw the audit tender process, culminating in the recommendation and appointment of new external auditors Cooper Parry.

In accordance with best practice, the Chairman of the Audit Committee met, and spoke, separately with the Audit Engagement Leader to provide an opportunity for any relevant issues to be raised directly with him.

## Board effectiveness

### Knowledge & training

Each newly appointed Director is provided with an induction programme comprising visits to Group locations, meetings with key personnel and introductions to the Group's advisers. In addition, care is taken to ensure each new Director has as good understanding as soon as possible with regards to the Group's strategy, risks, challenges and control and governance procedures.

The Chair is responsible for ensuring that each Director is supplied with timely and relevant information of a quality, and in a form, which enables them to discharge their duties.

The Chair leads an exercise performed on an annual basis to evaluate the effectiveness of the Board.

There is a policy in place by which a director may obtain independent professional advice at the Group's expense where their duties so require.

The training needs of Directors are discussed, and appropriate arrangements put in place. We work closely with external training providers and have a programme in place to deliver tailored training to all members of our central and divisional management teams.

Each Director is required to keep up to date with developments in the Group's areas of operation and their own knowledge base.

Regular discussions with senior members of Group management and the Group's advisers, together with their own professional development obligations and experience in other roles, are usually sufficient to achieve this.

Our Nominated Adviser is invited to the AIM Compliance and Corporate Governance Committee to inform the Board of developments in these areas.

## Diversity

The Board is committed to a policy of equal opportunity and diversity to attract and retain the talent needed to fulfil our strategic aspirations.

Our culture recognises the need for diversity across a wide spectrum of factors including experience, skills and potential, as well as ethnicity, sexual orientation and gender.

Appointment and advancement are based on merit with no positive or negative discrimination. We recognise that further strengthening our diversity as and when opportunities arise is important to our future well-being.

The Nomination Committee reviews various matters when considering the constitution of the Board, including diversity alongside other important factors such as experience and capabilities.

This year sees us including comments on gender pay gap for the third time. As we state in the Sustainability section of the Report, we are determined that gender plays no part in any decisions we make relating to recruitment, remuneration or career progression.

## Internal controls & risk management

The Directors are responsible for the Group's system of internal control. However, such a system is designed to manage, rather than eliminate, the risk of failures to achieve business objectives and can provide only reasonable and not absolute assurance against misstatement or loss.

The key elements within the Group's system of internal control are as follows:

1. Regular Board meetings to consider matters reserved for Directors' consideration
2. Regular management reporting
3. Regular Board reviews of corporate strategy, including a review of material risks and uncertainties facing the business
4. Established organisational structure with clearly defined lines of responsibility and levels of authority
5. Documented policies and procedures
6. Regular review by the Board of financial budgets, forecasts and covenants with performance reported to the Board monthly
7. Detailed investment process for major projects, including capital investment analysis.



# Directors' Remuneration Report

The Directors' Remuneration report sets out the key pillars of the remuneration policy for the Group, as well as the rationale for any major decisions made by the remuneration committee during the year. This is intended to help investors assess and understand the remuneration policy in the light of the strategy for the Group. This report is voluntarily disclosed.

## The Remuneration Committee

The Remuneration Committee operates under a formal charter, which outlines its responsibilities. These include:

### 1. Policy Formulation:

The committee reviews and recommends to the Board the Company's remuneration policy, ensuring that it reflects the Company's strategic objectives, performance, and industry norms

### 2. Executive Director Remuneration:

The committee assesses the remuneration packages of executive directors, considering performance against key performance indicators, individual contributions, and market benchmarks

### 3. Performance Metrics:

The committee establishes and reviews performance metrics for incentive schemes, ensuring that they are challenging and aligned with the Company's long-term goals

### 4. Share-based Incentives:

The committee oversees the design and operation of share-based incentive plans, ensuring they contribute to the long-term success of the Company and align with shareholders' interests

### 5. Risk Management:

The committee evaluates the risk associated with remuneration policies and practices, ensuring they do not encourage excessive risk-taking that could jeopardise the Company's sustainability

The Remuneration Committee seeks to act fairly and reasonably and in the interests of the Company and Shareholders.

Our people lie at the heart of our success; it is vital that we have the right calibre of people and that we incentivise excellent performance.

In 2025 the actions of the Remuneration Committee were focused on the following key areas:

- Approving annual performance targets and related bonuses for the Executive Directors
- Reviewing and approving the basis of the Group wide bonus mechanism for introduction in 2026 to ensure all employees are suitably rewarded for performance against targeted objectives aligned with the overall strategic direction of the Group
- Reviewed the fees charged by the Chair and other Non- Executive Directors



## Remuneration policy relating to Executive Directors

The remuneration policy of the Group is:

1. To provide a suitable remuneration package to attract, motivate and retain Executive Directors, and
2. To ensure that all long-term incentive schemes for the Directors are in line with the Shareholders' interests

The Committee makes recommendations to the Board. No Director plays a part in any discussion about their own remuneration. The Remuneration Committee members are expected to draw on their experience to judge where to position the Group, relative to other companies' and other groups' rates of pay when considering remuneration packages for Executives.

The Executive Directors' remuneration comprises:

- Annual salary
- Performance related cash bonus
- Long-term incentive plans controlled by the Remuneration Committee who have the authority to vary payments from amounts arising from agreed formulae/structures and vary the structure and policy each year

Benefits in kind are the provision of medical insurance premiums.

The Executive Directors have service contracts which provide for notice periods of twelve months. Each of the Non-Executive Directors has a service contract which provides for a notice period of three months.

## Directors' detailed remuneration

|                       | Salary and fees<br>£000 | Benefits<br>£000 | Bonus<br>£000 | Total<br>2025<br>£000 | Total<br>2024<br>£000 |
|-----------------------|-------------------------|------------------|---------------|-----------------------|-----------------------|
| <b>Executives</b>     |                         |                  |               |                       |                       |
| Mike England          | 370                     | 2                | -             | <b>372</b>            | 367                   |
| Russell Cash          | 225                     | 4                | -             | <b>229</b>            | 228                   |
| <b>Non-Executives</b> |                         |                  |               |                       |                       |
| Roger McDowell        | 80                      | -                | -             | <b>80</b>             | 80                    |
| Jamie Brooke          | 50                      | -                | -             | <b>50</b>             | 50                    |
| Ailsa Webb            | 46                      | -                | -             | <b>46</b>             | 467                   |
| Stuart Watson         | 50                      | -                | -             | <b>50</b>             | 50                    |
|                       |                         |                  |               | <b>827</b>            | 822                   |

## Directors' share interests

The table below shows the interests of the Directors in office at the end of the year in the share capital of the Company:

|                       | As at 31 December 2025<br>number of ordinary shares | As at 31 December 2024<br>number of ordinary shares |
|-----------------------|---|---|
| <b>Executives</b>     |   |   |
| Mike England          | <b>60,470</b>                                       | 60,470  |
| Russell Cash          | <b>48,175</b>                                       | 48,175  |
| <b>Non-Executives</b> |   |   |
| Roger McDowell        | <b>1,132,000</b>                                    | 1,132,000   |
| Jamie Brooke          | <b>240,000</b>                                      | 240,000   |
| Ailsa Webb            | <b>41,701</b>                                       | 41,701  |
| Stuart Watson         | <b>8,965</b>  | 8,965   |

## Directors' share options

Details of share options held by the Directors over the ordinary shares of the Company are set out below:

|              | Scheme            | As at 31 December<br>2025 | As at 31 December<br>2024 |
|--------------|-------------------|---------------------------|---------------------------|
| Russell Cash | EMI (Unapproved)  | <b>300,000</b>            | <b>300,000</b>            |
| Mike England | LTIP – 2023 issue | <b>1,583,333</b>          | <b>1,583,333</b>          |
| Russell Cash | LTIP – 2023 issue | <b>762,255</b>            | <b>762,255</b>            |

The EMI and LTIP share options were issued as part of an employee share-based remuneration scheme called the 'Enterprise Management Incentive Plan' and 'Long-Term Incentive Plan.' Further details are provided in note 22 to the consolidated financial statements.

## Future Outlook

Looking ahead, the Remuneration Committee will continue to adapt and refine remuneration policies to meet evolving business needs and industry best practices. We are committed to engaging with shareholders to understand their perspectives and ensure transparency and accountability in our remuneration practices.

We appreciate the continued support of our shareholders and remain dedicated to delivering long-term value for all stakeholders.

# Directors' Report

The Directors present their Annual Report, together with the audited Group and Company financial statements for the year ended 31 December 2025.

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

A review of the Group's trading and an indication of future developments are contained in the Strategic report on pages 2-43. Details of revenue and operating profits for each operating segment are contained in note 3 to the consolidated financial statements. The principal subsidiaries contributing to the profits and net assets of the Group are listed in note 12 to the consolidated financial statements.

Flowtech Fluidpower plc is incorporated in England (Company registration number 09010518) and has its Registered Office at Bollin House, Bollin Walk, Wilmslow, SK9 1DP, Cheshire, UK.

## Results and dividends

The results for the year ended 31 December 2025 are set out in the consolidated income statement on page 73.

The Group has reported an operating loss of £1.0 million (2024: loss £25.2 million). After accounting for net finance costs, the consolidated income statement shows a loss from continuing operations before taxation of £3.0million (2024: loss £27.1 million).

The board believe that the market continues to offer opportunities for future acquisitions, as such we believe that shareholders' interests will be best served by passing on the dividend in the current year and having the extra cash available for such transactions.

## Directors

The Directors who held office during the year and up to the date of approval of the financial statements are as follows:

- Russell Cash
- Roger McDowell
- Ailsa Webb
- Jamie Brooke
- Stuart Watson
- Mike England

Short biographies of each Director currently in office are provided on pages 54-55.

The interest which the Directors serving at the end of the year, or at the date of this Report, had in the ordinary share capital of the Company, and its subsidiaries, at 31 December 2025 is disclosed in the Directors' Remuneration report on page 63.

Details of the Directors' share options are provided in the Directors' Remuneration report on page 63.

## Material interest in contracts

No Director, either during or at the end of the financial year, was materially interested in any significant contract with the Company or any subsidiary undertaking.

## Share capital

Details of the Company's share capital are in note 23 to the consolidated financial statements.

The Company's share capital comprises one class of ordinary shares and as at 10th March 2026 there were in issue 81,436,375 ordinary shares of 5p nominal value and 63,275,173 deferred shares of 45p nominal value, with very limited rights.

The Company has been notified of the following interest in more than 3% of the Company's issued share capital.

The table below shows the position as at February 2026 (being the last practicable date before the publication of this Report):

| Shareholders<br>26 February 2026 | Number of<br>shares held | % of<br>share capital |
|----------------------------------|--------------------------|-----------------------|
| Odyssean Capital                 | 10,500,000               | 12.89                 |
| Harwood Capital                  | 8,246,000                | 10.13                 |
| River Global                     | 5,112,869                | 6.28                  |
| Downing                          | 4,699,573                | 5.77                  |
| Trinity Bridge                   | 4,320,548                | 5.31                  |
| Charles Stanley                  | 3,527,511                | 4.33                  |
| Lazard Freres Gestion            | 3,439,563                | 4.22                  |
| Interactive Investor             | 2,587,935                | 3.18                  |

| Directors Holdings                          |           | % of issued<br>share capital |
|---|-----------|------------------------------|
| Roger McDowell<br>Non-executive Chairman    | 1,435,794 | 1.76                         |
| Mike England<br>Chief Executive Officer     | 76,698    | 0.09                         |
| Russell Cash<br>Chief Financial Officer     | 61,103    | 0.08                         |
| Jamie Brooke<br>Non-executive Director      | 304,408   | 0.37                         |
| Ailsa Graham Webb<br>Non-executive Director | 54,909    | 0.07                         |
| Stuart Watson<br>Non-executive Director     | 11,370    | 0.01                         |

## Financial instruments & risk management

Information about the use of financial instruments by the Company and its subsidiaries, and the Group's financial risk management policies, are given in note 27. It is not the Group's policy to trade in financial instruments.

## Directors' responsibility under Section 172

Comments on how the Directors have had regard for the interests of various stakeholders whilst making key decisions are contained on page 45-46, under the Corporate Social Responsibility section.

## Conflicts of interest

In line with the Companies Act 2006, all Directors have a duty to avoid situations where they have or could have a direct or indirect conflict of interest with the Company. The Act allows Directors of public companies to authorise conflicts and potential conflicts where appropriate to avoid a breach of duty. The Group has specific procedures in place to deal with any potential conflicts of interest and during this financial year, no actual or potential conflicts have arisen.

## Board composition

The Board aims to ensure it has the required balance of skills and experience. An assessment of the skillset and effectiveness of the Board is performed on an annual basis.

## Re-election

All Directors of the Board are subject to election by the Shareholders at the first AGM following their appointment by the Board and in accordance with the Code, all Directors will also stand for re-election annually at the AGM.

## Liability insurance

In line with market practice, each Director is covered by appropriate Directors' and Officers' liability insurance (D&O) at the Company's expense. The D&O insurance covers the Directors and Officers against the costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings. The Company also indemnifies its Directors and Officers to the extent permitted by law. Neither the insurance nor the indemnity provides cover where the Director or Officer has acted fraudulently or dishonestly.

## Annual general meeting

Whilst Shareholders have the right to attend, speak and vote at the meeting if they so wish, we are encouraging Shareholders to submit a proxy vote in advance of the Annual General Meeting and to appoint the Chairman of the meeting as their proxy rather than attend the meeting in person. We are also providing a facility which will enable Shareholders to view the meeting electronically (although they will not be able to vote through this facility) and to submit questions prior to the AGM, which will be addressed at the meeting or otherwise responded to.

The AGM will be held on 19 June 2026 at 10am. The Company is facilitating an online AGM experience via the Investor Meet Company platform, details of which are contained in the Notice of Meeting. Those joining the meeting remotely will have the opportunity to join the meeting from any remote location and to listen to the proceedings of the meeting. The webcast will also be available on the website after the event.

## Subsequent events

On 12 February 2026 the Group completed the acquisition of 100% of the issued share capital of Q Plus B.V and its subsidiaries, a Netherlands based distributor and service provider of pneumatic and compressed air solutions.

The total consideration of €5.9 million comprises €4.1 million cash, a €1.25 million vendor loan and contingent consideration of up to €0.5 million, together with the repayment of approximately €2.0 million of intercompany debt on completion. The cash element was funded from the Group's equity placing and retail offer completed in February 2026. Net of costs the Group raised c€9.0 million as a result of the equity placing. The excess proceeds will be used to pay down the Group debt.

Consideration has been given to the impact of the war in Iran and our comments are provided in relation to the Going Concern.

## Corporate governance

The Group's statement on corporate governance can be found in the Corporate Governance report on pages 41 to 46. This forms part of this Directors' report and is incorporated into it by way of this cross reference.

## Our environment

The Group's comments as regards the impact our operations have on the environment, and recent initiatives that have been introduced with regards to streamlined energy and carbon reporting requirements, are referred to in the sustainability section of this Report on pages 28-43. These comments form part of this Directors' report by way of this cross reference.

## Engagement with employees, suppliers, customers and others

The Group's comments in these areas are included in the sustainability section of this Report on pages 28-43. These comments form part of this Directors' report by way of this cross reference.

## Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

- The Group saw an operating loss of £1.0m (2024: loss £25.2m), after adding back separately disclosed items, this represents an underlying operating profit of £3.6m (2024: £2.7m)
- The Group is expecting to trade profitably in 2026 and beyond
- Under terms agreed in early 2024, the Group has a Revolving credit facility for a period of 3 years, up to May 2027. The facility carries a nominal interest rate of SONIA + 2.40% and is subject to a non-utilisation fee of 0.84%. The facility is secured by legal charges over certain of the Group's assets which include trade receivables and stock. The Group also has a £5,000,000 overdraft facility which was reviewed in February 2023 and on-going support was approved. Whilst technically repayable on demand there is no expectation that the bank would ever withdraw this facility
- The Group remains compliant with all covenants contained in the Banking Agreement
- At the end of 2025 the Group's net debt was £15.2m (2024: £15.1m); this is £9.8 million within the aggregate banking facilities which include a £5.0 million overdraft facility

The Directors have prepared forecasts covering the period to December 2027 and this is our going concern assessment period. Naturally, these forecasts include a number of key assumptions notably relating, inter alia, to revenue, margins, costs and working capital balances. We acknowledge that recent geo-political uncertainty and the war in Iran could add to the volatility and unpredictability of market conditions. We believe the impact that this could have is adequately accommodated within the stress testing scenarios which have been considered and as such this does not change any conclusions previously reached.

In any set of forecasts there are inherent risks relating to each of these assumptions. If future trading performance significantly underperformed expectations, management believe there would be the ability to mitigate the impact of this by careful management of the Group's cost base and working capital and that this would assist in seeking to ensure all bank covenants were complied with and the business continued to operate well within its banking facilities.

We have performed stress testing, based on revenue reductions, and are satisfied that the Group is able to remain Covenant compliant in these situations. The Directors view the set of circumstances required for such a situation to crystallise as highly unlikely and as such not reasonably plausible scenarios.

The Directors believe the business will continue to operate within its agreed banking facilities and comply with all banking covenants. As such the Group therefore continues to adopt the going concern basis in preparing its financial statements.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report & Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

The Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 and profit or loss of the Company and Group for that period.

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

- Select suitable accounting policies and then apply them consistently

- Make judgements and accounting estimates that are reasonable and prudent
- For the consolidated financial statements state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- For the Company financial statements state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business
- The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### The Directors confirm that:

1. so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware
2. the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

The Directors are responsible for preparing the Annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the Annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

### By order of the Board Russell Cash,

Chief Financial Officer & Company Secretary  
23 March 2026



# Section 3

# Financial Statements

# Independent Auditors' Report

## Opinion

We have audited the financial statements of Flowtech Fluidpower plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

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



## In our opinion the financial statements:

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards
- The Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the Group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

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

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the Key audit matters section which were identified during our planning process. We have performed audits of the financial information using component performance materiality (full-scope audits) for Flowtech Fluidpower plc. We have performed specific audit procedures on the financial information of Flowtech Fluidpower Ireland Limited, Fluidpower Group Services UK Limited, Fluidpower Group UK Limited and Fluidpower Shared Services Limited. We have performed analytical procedures on the financial information of Fluidpower MIP Limited, Flowtech Netherlands B.V, Flowtech Europe B.V and Flowtech Belgium N.V. In total our audit procedures covered 84% of the Group's total assets and 88% of the Group's revenue

## 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 year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk Description   | Our response to the risk   |
|--|--|
| <p><b>Revenue recognition:</b></p> <p>Under ISA 240 there is a presumed risk that revenue is misstated due to fraud. We consider the sale of goods and on-site services revenue streams to be non-complex and low judgement in terms of revenue recognition, and therefore for those revenue streams we consider the risk of fraud in revenue to be in respect of manual adjustments.</p> <p>For material contract revenue streams we assess key judgements and evaluate any potential risk of material misstatement in respect of occurrence and cut-off of contract revenue recognition.</p>   | <p>In responding to the key audit matter, we performed the following procedures:</p> <p>Understood and document the process of how manual adjustments are initiated and reviewed.</p> <p>Performed walkthrough testing over controls around manual journal entries, including user access and approval or review of such entries.</p> <p>Obtained a complete listing of journals posted to the revenue nominal code, which were then profiled with any unexpected manual journals tested to supporting evidence.</p> <p>In addition, we performed the following procedures over the underlying revenue transaction flows:</p> <p>Understood and documented the systems in place for revenue recognition.</p> <p>Walkthrough testing performed to ensure controls are appropriate to the size and nature of operations and are designed and implemented correctly throughout the transaction cycle for revenue.</p> <p>Analytically reviewed revenue against the prior year and any known expectations.</p> <p>Assessed cut-off risk through review of sales transaction listings in the risk period and tested a sample of transactions in components where there was a material cut-off risk.</p> <p>Performed substantive transactional revenue testing to confirm occurrence of revenue.</p> <p>Reviewed the underlying contracts for a sample of major projects with revenue recognised in the year.</p> <p>Assessed revenue recognition positions taken on revenue contracts still in progress at the year end and assessed judgements and estimates made within these positions.</p> |
| <p><b>Valuation of goodwill:</b></p> <p>Under IAS 36 'Impairment of Assets', management are required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an annual assessment whether the Group's goodwill relating to each cash generating unit ('CGU') is impaired. The group Statement of Financial Position includes material amounts of goodwill and therefore there is an increased risk that goodwill held by the group relating to the CGUs (Great Britain and Ireland) is impaired due to changes in the assumptions underpinning the forecasts and discount rate.</p> | <p>In responding to the key audit matter, we performed the following procedures:</p> <p>Obtained management's assessment over carrying value and value in use and their sensitivity analysis performed.</p> <p>Assessed the appropriateness of the methodology, and mathematical accuracy of the model.</p> <p>Analysed and challenged the appropriateness of management's assumptions such as growth rates, sector data, estimated future cash flows and discount rates used.</p> <p>Obtained and challenged management's assessment of groups of CGU's and allocation of central costs.</p> <p>Determined the extent to which a change in assumptions would result in goodwill impairment.</p> <p>Reviewed the completeness and accuracy of the disclosures made in the financial statements.</p>  |
| <p><b>Valuation of investments (parent company)</b></p> <p>Valuation of investments held by Flowtech Fluidpower plc (entity only) in subsidiaries has been considered a key audit matter due to quantum of the balance, and given the performance of the underlying trading businesses in recent years.</p>  | <p>Obtained the assessment made by management in respect of the carrying values of the subsidiaries.</p> <p>Review the assumptions used in their assessment and sensitised any key assumptions used.</p> <p>Reviewed the prior year budgets compared to actuals for FY25 to gain assurance over forecasting accuracy.</p> <p>Assessed the adequacy of the disclosures made within the financial statements.</p>  |

## Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £877,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 0.75% of group revenue. Performance materiality has been set at 75% of group materiality.

The materiality for the parent company financial statements as a whole was set at £536,000. This has been determined with reference to the benchmark of the parent company's net assets which we consider to be an appropriate measure for a parent company such as this. Materiality has been capped at an amount below group materiality.

### Conclusions relating to going concern

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

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

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets;
- Reviewing management's forecasting accuracy through reviewing the prior year budgets compared to actuals; and
- Reviewing management's disclosures in the financial statements.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of 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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 66, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards and relevant tax legislation.

We are not responsible for preventing irregularities and cannot be expected to detect non-compliance with all laws and regulations. Our approach to detecting irregularities included, but was not limited to, the following:

- Obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- Obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions;
- Obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- Designing our audit procedures to respond to our risk assessment; and
- Performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specifically in relation to inventory provisions.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Melanie Hopwell** (Senior Statutory Auditor)

For and on behalf of Cooper Parry Group Limited

Statutory Auditor

*Sky View*

*Argosy Road*

*East Midlands Airport*

*Caste Donington*

*Derby*

*DE74 2SA*



## Consolidated Income Statement

For the year ended 31 December

|  | Note | 2025<br>£000    | 2024<br>£000 |
|--|------|-----------------|--------------|
| <b>Continuing operations</b>                               |      |                 |              |
| Revenue  | 3    | 116,915         | 107,282      |
| Cost of sales  |      | (71,045)        | (66,267)     |
| <b>Gross profit</b>  |      | <b>45,870</b>   | 41,015       |
| Distribution expenses                                      |      | (4,360)         | (4,169)      |
| Administrative expenses before separately disclosed items: |      | (37,867)        | (34,196)     |
| - Separately disclosed items                               | 3    | (4,634)         | (27,888)     |
| <b>Total administrative expenses</b>                       |      | <b>(42,501)</b> | (62,084)     |
| <b>Operating profit/(loss)</b>                             | 4    | <b>(991)</b>    | (25,238)     |
| Financial expenses   | 6    | (1,961)         | (1,839)      |
| <b>Loss from continuing operations before tax</b>          | 3    | <b>(2,952)</b>  | (27,077)     |
| Taxation   | 7    | (366)           | 671          |
| <b>Loss from continuing operations</b>                     |      | <b>(3,318)</b>  | (26,406)     |
| <b>Loss profit for the year attributable to:</b>           |      |                 |              |
| Owners of the parent                                       |      | (3,318)         | (26,406)     |
|  |      | (3,318)         | (26,406)     |
| <b>Earnings per share</b>                                  |      |                 |              |
| <b>Basic earnings per share - continuing operations</b>    | 9    | <b>(5.24p)</b>  | (42.23p)     |

## Consolidated Statement of Comprehensive Income

|  | 2025<br>£000   | 2024<br>£000 |
|--|----------------|--------------|
| <b>(Loss)/profit for the year</b>                              | <b>(3,318)</b> | (26,406)     |
| <b>Other comprehensive income</b>                              |                |              |
| Items that will be reclassified subsequently to profit or loss |                |              |
| Exchange differences on translating foreign operations         | 410            | (359)        |
| <b>Total comprehensive loss for the year</b>                   | <b>(2,908)</b> | (26,765)     |
| Total comprehensive loss for the year attributable to:         |                |              |
| Owners of the parent   | (2,908)        | (26,765)     |
|  | (2,908)        | (26,765)     |

|  | Note   | 2025<br>£000  | 2024<br>£000 |
|--|--------|---------------|--------------|
| <b>Assets</b>  |        |               |              |
| <b>Non-current assets</b>                                    |        |               |              |
| Goodwill   | 10     | 14,996        | 14,996       |
| Other intangible assets                                      | 11     | 5,271         | 3,776        |
| Right-of-use assets  | 21     | 6,769         | 4,806        |
| Property, plant and equipment                                | 13     | 6,637         | 7,546        |
| <b>Total non-current assets</b>                              |        | <b>33,673</b> | 31,124       |
| Inventories  | 15     | 29,156        | 29,263       |
| Trade and other receivables                                  | 16     | 25,809        | 22,740       |
| Prepayments  |        | 1,587         | 1,052        |
| Cash and cash equivalents                                    | 17     | 4,734         | 1,839        |
| <b>Total current assets</b>                                  |        | <b>61,286</b> | 54,894       |
| <b>Liabilities</b>   |        |               |              |
| <b>Current liabilities</b>                                   |        |               |              |
| Lease liability  | 18,21  | 2,378         | 1,694        |
| Trade and other payables                                     | 19     | 26,583        | 20,866       |
| Tax payable  |        | 98            | 228          |
| <b>Total current liabilities</b>                             |        | <b>29,059</b> | 22,788       |
| <b>Net current assets</b>                                    |        | <b>32,227</b> | 32,106       |
| <b>Non-current liabilities</b>                               |        |               |              |
| Interest-bearing borrowings                                  | 18     | 19,972        | 16,913       |
| Lease liability  | 18, 21 | 6,203         | 3,743        |
| Provisions   | 20     | 50            | 179          |
| Deferred tax liabilities                                     | 14     | 448           | 791          |
| <b>Total non-current liabilities</b>                         |        | <b>26,673</b> | 21,626       |
| <b>Net assets</b>  |        | <b>39,227</b> | 41,604       |
| <b>Equity directly attributable to owners of the Parent</b>  |        |               |              |
| Share capital  | 23     | 31,637        | 31,637       |
| Share premium  |        | -             | 61,662       |
| Distributable share premium                                  |        | 61,662        | -            |
| Other reserves   |        | 187           | 187          |
| Shares owned by the Employee Benefit Trust                   |        | (54)          | (54)         |
| Merger reserve   |        | 293           | 293          |
| Merger relief reserve  |        | 3,646         | 3,646        |
| Currency translation reserve                                 |        | 74            | (336)        |
| Retained losses  |        | (58,218)      | (55,431)     |
| <b>Total equity attributable to the owners of the Parent</b> |        | <b>39,227</b> | 41,604       |

The financial statements on pages 73-106 were approved by the Board of Directors on 23 March 2026 and were signed on its behalf by: **Russell Cash**, Chief Financial Officer, **Company number: 09010518**

## Consolidated Statement of Changes in Equity

|  | Share capital<br>£000 | Share<br>premium<br>£000 | Other<br>Distributable<br>Share | Other<br>reserve<br>£000 | Shares<br>owned by<br>the EBT<br>£000 | Merger<br>reserve<br>£000 | Merger<br>relief<br>reserve<br>£000 | Currency<br>translation<br>reserve<br>£000 | Retained<br>losses<br>£000 | Total equity<br>£000 |
|--|-----------------------|--------------------------|---------------------------------|--------------------------|---------------------------------------|---------------------------|-------------------------------------|--|----------------------------|----------------------|
| <b>Balance at 1 January 2024</b>                   | 30,746                | 60,959                   | -                               | 187                      | (124)                                 | 293                       | 3,646                               | 23   | (28,331)                   | 67,399               |
| Loss for the year                                  | -                     | -                        | -                               | -                        | -                                     | -                         | -                                   | -  | (26,406)                   | (26,406)             |
| Other comprehensive income                         | -                     | -                        | -                               | -                        | -                                     | -                         | -                                   | (359)                                      | -                          | (359)                |
| <b>Total comprehensive<br/>income for the year</b> | -                     | -                        | -                               | -                        | -                                     | -                         | -                                   | (359)                                      | (26,406)                   | (26,755)             |

### Transactions with owners

|                                       |               |               |          |            |             |            |              |              |                 |               |
|---------------------------------------|---------------|---------------|----------|------------|-------------|------------|--------------|--------------|-----------------|---------------|
| Share-based payment charge            | -             | -             | -        | -          | -           | -          | -            | -            | 730             | 730           |
| Issue of share capital                | 891           | 703           | -        | -          | (200)       | -          | -            | -            | -               | 1,394         |
| Share options settled charge          | -             | -             | -        | -          | 270         | -          | -            | -            | (41)            | 229           |
| Dividends paid                        | -             | -             | -        | -          | -           | -          | -            | -            | (1,383)         | 1,383         |
| <b>Total transactions with owners</b> | <b>891</b>    | <b>703</b>    | <b>-</b> | <b>-</b>   | <b>70</b>   | <b>-</b>   | <b>-</b>     | <b>-</b>     | <b>(694)</b>    | <b>970</b>    |
| <b>Balance at 31 December 2024</b>    | <b>31,637</b> | <b>61,662</b> | <b>-</b> | <b>187</b> | <b>(54)</b> | <b>293</b> | <b>3,646</b> | <b>(336)</b> | <b>(55,431)</b> | <b>41,604</b> |

|  |               |               |          |            |             |            |              |              |                 |                |
|--|---------------|---------------|----------|------------|-------------|------------|--------------|--------------|-----------------|----------------|
| <b>Balance at 1 January 2025</b>                   | <b>31,637</b> | <b>61,662</b> | <b>-</b> | <b>187</b> | <b>(54)</b> | <b>293</b> | <b>3,646</b> | <b>(336)</b> | <b>(55,431)</b> | <b>41,604</b>  |
| Loss for the year                                  | -             | -             | -        | -          | -           | -          | -            | -            | (3,318)         | (3,318)        |
| Other comprehensive income                         | -             | -             | -        | -          | -           | -          | -            | 410          | -               | 410            |
| <b>Total comprehensive<br/>income for the year</b> | <b>-</b>      | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b>    | <b>-</b>   | <b>-</b>     | <b>410</b>   | <b>(3,318)</b>  | <b>(2,908)</b> |

### Transactions with owners

|                                       |               |                 |               |            |             |            |              |           |                 |               |
|---------------------------------------|---------------|-----------------|---------------|------------|-------------|------------|--------------|-----------|-----------------|---------------|
| Transfer between reserves             |               | (61,662)        | 61,662        |            |             |            |              |           |                 |               |
| Share-based payment charge            | -             | -               |               | -          | -           | -          | -            | -         | 531             | 531           |
| <b>Total transactions with owners</b> | <b>-</b>      | <b>(61,662)</b> | <b>61,662</b> | <b>-</b>   | <b>-</b>    | <b>-</b>   | <b>-</b>     | <b>-</b>  | <b>531</b>      | <b>531</b>    |
| <b>Balance at 31 December 2025</b>    | <b>31,637</b> | <b>-</b>        | <b>61,662</b> | <b>187</b> | <b>(54)</b> | <b>293</b> | <b>3,646</b> | <b>74</b> | <b>(58,218)</b> | <b>39,227</b> |

## Consolidated Statement of Cash Flows

|  | Note | 2025<br>£000   | 2024<br>£000 |
|--|------|----------------|--------------|
| <b>Cash flow from operating activities</b>               |      |                |              |
| <b>Net cash from operating activities</b>                | 25   | <b>7,780</b>   | 8,706        |
| Cash flow from investing activities                      |      |                |              |
| Payment for acquisition                                  | 24   | <b>(100)</b>   | (832)        |
| Repayment of Credit facility from acquisition            | 24   | <b>(280)</b>   | (1,694)      |
| Acquisition of property, plant and equipment             | 13   | <b>(1,214)</b> | (1,547)      |
| Acquisition of intangible assets                         | 11   | <b>(2,192)</b> | (1,764)      |
| Proceeds from sale of property, plant and equipment      |      | -              | 31           |
| <b>Net cash used in investing activities</b>             |      | <b>(3,786)</b> | (5,806)      |
| <b>Cash flows from financing activities</b>              |      |                |              |
| Net proceeds from issue of share capital                 |      | -              | 1,393        |
| Repayment of lease liabilities                           |      | <b>(2,137)</b> | (1,663)      |
| Drawdown / (Repayment) of bank loan                      |      | <b>3,000</b>   | (3,000)      |
| Interest on lease liabilities                            |      | <b>(336)</b>   | (117)        |
| Other interest   |      | <b>(1,625)</b> | (1,725)      |
| Additional credit facility recognised on acquisition     |      | <b>(30)</b>    | -            |
| Proceeds from sale of shares held by the EBT             |      | -              | 270          |
| Dividends paid   | 8    | -              | (1,383)      |
| <b>Net cash used in financing activities</b>             |      | <b>(1,128)</b> | (6,225)      |
| <b>Net change in cash and cash equivalents</b>           |      | <b>2,866</b>   | (3,325)      |
| <b>Cash and cash equivalents at start of year</b>        |      | <b>1,839</b>   | 5,184        |
| <b>Exchange differences on cash and cash equivalents</b> |      | <b>29</b>      | (20)         |
| <b>Cash and cash equivalents at end of year</b>          | 17   | <b>4,734</b>   | 1,839        |
| <b>Net Debt</b>  |      | <b>15,238</b>  | 15,074       |

## Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

|                             | Long-term borrowings<br>£000 | Lease liabilities<br>£000 | Total<br>£000  |
|-----------------------------|------------------------------|---------------------------|----------------|
| At 1 January 2024           | 19,915                       | 5,516                     | <b>25,431</b>  |
| <b>Cash flows:</b>          |                              |                           |                |
| Repayment                   | (3,000)                      | (1,663)                   | <b>(4,663)</b> |
| Other movements             | (2)                          | -                         | <b>(2)</b>     |
| <b>Non cash:</b>            |                              |                           |                |
| Additions                   | -                            | 1,628                     | <b>1,628</b>   |
| Foreign exchange difference | -                            | (44)                      | <b>(44)</b>    |
| <b>At 31 December 2024</b>  | <b>16,913</b>                | <b>5,437</b>              | <b>22,350</b>  |
| At 1 January 2025           | 16,913                       | 5,437                     | <b>22,350</b>  |
| <b>Cash flows:</b>          |                              |                           |                |
| Repayment                   | 3,000                        | (2,137)                   | <b>863</b>     |
| Other movements             | 59                           | -                         | <b>59</b>      |
| <b>Non cash:</b>            |                              |                           |                |
| Additions                   | -                            | 5,355                     | <b>5,355</b>   |
| Foreign exchange difference | -                            | (74)                      | <b>(74)</b>    |
| <b>At 31 December 2025</b>  | <b>19,972</b>                | <b>8,581</b>              | <b>28,553</b>  |

Other lease movements are adjustments for the reduction in value of the lease liabilities following either the exercise of an early termination clause or an agreement with the landlord.

# Notes to the Consolidated Financial Information

## 1. General information

The principal activity of Flowtech Fluidpower plc (the 'Company') and its subsidiaries (together, the 'Group') is the distribution of engineering components and assemblies, concentrating on the fluid power industry. The Company is a public limited company, incorporated and domiciled in the United Kingdom. The address of its registered office is Bollin House, Bollin Walk, Wilmslow, SK9 1DP. The registered number is 09010518.

News updates, regulatory news, and financial statements can be viewed and downloaded from the Group's website, [www.flowtechfluidpower.com](http://www.flowtechfluidpower.com). Copies can also be requested from: The Company Secretary, Flowtech Fluidpower plc, Bollin House, Bollin Walk, Wilmslow, SK9 1DP. Email: [info@flowtechfluidpower.com](mailto:info@flowtechfluidpower.com).

## 2. Accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK adopted international accounting standards and the Companies Act 2006. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' (FRS 101).

The consolidated financial statements have been prepared on a going concern basis and prepared on the historical cost basis.

The consolidated financial statements are presented in sterling and have been rounded to the nearest thousand (£'000). The functional currency of the Company is sterling.

The preparation of financial information in conformity with UK-adopted international accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during

the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

### New standards and interpretations

From 1 January 2025 the following became effective and were adopted by the Company:

- Lack of Exchangeability - Amendments to IAS 21. The amendment listed above did not have any material impact on these financial statements

The adoption did not have a material effect on these financial statements.

### New standards, amendments and interpretations issued but not yet effective and not early adopted

- Amendments to IAS 7 and IFRS 7 - Supplier finance (effective 1 January 2024)
- IFRS 18 – Presentation and Disclosure in Financial statements (effective 1 January 2027).

It is not considered that the above standards and amendments will have a significant effect on the results or net assets of the Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the consolidated financial statements.

### 2.2 Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

- The Group made a £1.0m operating loss in 2025 (2024: £25.2m), and after adding back separately disclosed items, this represents an underlying operating profit of £3.7m(2024: £2.7m)
- The Group is expecting to see increased profitability in 2026

- The Group maintains a strong relationship with its bankers. Given that the business was loss making in 2024, and in 2025 it was necessary to agree a relaxation of certain of the banking covenants which covers the period up to December 2025. The Group expects to remain compliant with all covenants throughout 2026 and beyond under base case and severe downside scenarios.
- Post year end the Group underwent the process of raising equity through issuing new shares, around £3m of the funds raised will be allocated to reducing the Net Debt of the business.
- At the end of 2025 the Group's Net Debt was £15.2 million (£9.8 million within the aggregate banking facilities which include a £5.0 million overdraft facility). Whilst the overdraft facility has been in place for many years it is technically repayable on demand, The forecasts and the sensitivities subsequently applied show no reliance on the facility during the going concern assessment period.

The Directors have prepared forecasts covering the period to December 2027 and this is our going concern assessment period. Naturally, these forecasts include a number of key assumptions notably relating, inter alia, to revenue, margins, costs and working capital balances.

In any set of forecasts there are inherent risks relating to each of these assumptions. If future trading performance significantly underperformed expectations, management believe there would be the ability to mitigate the impact of this by careful management of the Group's cost base and working capital and that this would assist in seeking to ensure all bank covenants were complied with and the business continued to operate well within its banking facilities.

We have performed stress testing, based on revenue reductions, and are satisfied that the Group is able to remain Covenant compliant in these situations and without the need for any reliance on the £5m overdraft facility. The Directors view the set of circumstances required for any breach of banking covenants to crystallise as highly unlikely and as

such, not reasonably plausible scenarios. We acknowledge that recent geo-political uncertainty and the war in Iran could add to the volatility and unpredictability of market conditions. We believe the impact that this could have is adequately accommodated within the stress testing scenarios which have been considered and as such this does not change any conclusions previously reached.

The Directors believe the business will continue to operate within its agreed banking facilities and comply with all banking covenants. As such the Group therefore continues to adopt the going concern basis is preparing its financial statements.

### 2.3 Basis of consolidation

On 24 April 2014, the Company was incorporated under the name Flowtech Fluidpower Limited. On 7 May 2014, Flowtech Fluidpower Limited acquired the entire issued share capital of Fluidpower Shared Services (formerly Flowtech Holdings Limited) via a share for share exchange with the Shareholders of Fluidpower Shared Services Limited. On 7 May 2014, Flowtech Fluidpower Limited was re-registered as a public limited company with the name Flowtech Fluidpower plc. Following the share for share exchange referred to above, Flowtech Fluidpower plc became the ultimate legal parent of the Group.

In the absence of an IFRS which specifically deals with similar transactions, management judge it appropriate to refer to other similar accounting frameworks for guidance in developing an accounting policy that is relevant and reliable. The Directors consider the share for share exchange transaction to be a Group reconstruction rather than a business combination in the context of IFRS 3 (revised), 'Business Combinations', which has been accounted for using merger accounting principles. Therefore, although the share for share exchange did not occur until 7 May 2014, the consolidated financial statements of Flowtech Fluidpower plc are presented as if the Flowtech Group of companies had always been part of the same Group.

Accordingly, the following accounting treatment was applied in respect of the share for share exchange:

1. The assets and liabilities of Fluidpower Shared Services Limited and its subsidiaries were recognised in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value, and
2. The retained losses and other equity balances recognised in the consolidated financial statements for the year ended 31 December 2013 reflect the retained losses and other equity balances of Fluidpower Shared Services Limited and its subsidiaries recorded before the share for share exchange. However, the equity structure (share capital and share premium balances) shown in the consolidated financial statements reflects the equity structure of the legal parent (Flowtech Fluidpower plc), including the equity instruments issued under the share for share exchange. The resulting difference between the parent's capital and the acquired Group's capital has been recognised as a component of equity being the 'merger reserve'.
3. The Company had no significant assets, liabilities or contingent liabilities of its own at the time of the share for share exchange and no such consideration was paid.

#### Subsidiaries

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2025. The Parent controls a subsidiary if it 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.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### 2.4 The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, and motor vehicles. Rental contracts are typically made for fixed periods of up to 12 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are secured on the assets leased. Lease liabilities include the net present value of the following lease payments:

1. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
2. variable lease payments that are based on an index or a rate
3. amounts expected to be payable by the lessee under residual value guarantees
4. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
5. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

1. the amount of the initial measurement of lease liability
2. any lease payments made at or before the commencement date less any lease incentives received

3. any initial direct costs, and
4. restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with a value of less than £3,500.

There are no leases with variable lease payments.

#### **(i) Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

#### **Judgements in determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No potential future cash outflows have been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### **(ii) Residual value guarantees**

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

Estimating the amount payable under residual value guarantees

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period. At the end of the reporting period, there is no liability on account of residual value guarantees.

## **2.5 Classification of financial instruments issued by the Group**

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

1. they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
2. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## **2.6 Financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

#### **Trade and other receivables**

Trade and other receivables are recognised initially at the transaction price.

The Group makes use of a simplified approach in accounting for trade losses in other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point

during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix. The group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 16 for the movement in expected credit losses, as well as the allocation based on the ageing profile.

#### **Trade and other payables**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### **Derivative financial instruments and hedging activities**

The Group primarily uses forward foreign currency contracts to manage its exposure to fluctuating foreign exchange rates. These instruments are initially recognised at fair value and are subsequently remeasured at their fair value at each Statement of Financial Position date. Any gains or losses are recognised through the Consolidated Income Statement.

#### **Cash and cash equivalents**

Cash is defined as cash in hand and on demand deposits. Cash equivalents are defined as short-term highly liquid investments with original maturities of three months or less.

#### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Any change in their value through impairment or reversal of impairment is recognised in profit or loss. Discounting is omitted where the effect is immaterial.

#### **Derecognition of financial liabilities**

The Group derecognises a financial liability (or its part) from the statement of financial position when, and only when it is extinguished, i.e. when the obligation specified

in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or a part of a financial liability) extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of property, plant and equipment. In the case of Right-of-use assets, depreciation is charged over the life of the asset or its lease term, whichever is lower. Land is not depreciated. The estimated useful lives and depreciation methods are as follows:

|                                       |                                |
|---------------------------------------|--------------------------------|
| <b>Property</b>                       | Up to 50 years - straight line |
| <b>Plant, machinery and equipment</b> | 3 to 20 years - straight line  |
| <b>Motor vehicles</b>                 | 4 to 5 years - straight line   |
| <b>Right-of-use property</b>          | 2 to 12 years - straight line  |
| <b>Right-of-use motor vehicles</b>    | 2 to 5 years - straight line   |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

## 2.8 Business combinations

Subject to the transitional relief in IFRS 1 'First time adoption of IFRSs', all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

### Acquisitions after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

1. the fair value of the consideration transferred; plus
2. the recognised amount of any non-controlling interests in the acquiree; plus
3. the fair value of the existing equity interest in the acquiree; less
4. the fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred and included in the separately disclosed 'acquisition costs' as part of administration expenses. Any contingent consideration payable is recognised at fair value at the acquisition date. Implied interest cost of deferred consideration is accounted as finance cost. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## 2.9 Intangible assets

### Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to operating segments and is not amortised but is tested annually for impairment, or earlier if there is an indication of impairment.

### Acquired intangibles

Intangible assets acquired as part of business combinations are capitalised at fair value at the date of acquisition. Following the initial recognition, the carrying amount of an intangible is its cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on the basis of the estimated useful life on a straight-line basis and the expense is taken to the income statement and included in the separately disclosed 'amortisation of acquired intangibles' as part of administration expenses (note 11).

The Group has recognised customer relationships and brand identity as separately identifiable acquired intangible assets. The useful economic life attributed to each intangible asset is determined at the time of the acquisition and ranges from two to ten years. Impairment reviews are undertaken whenever the Directors consider that there has been a

potential indication of impairment.

### Website development costs

Website development costs that generate economic benefits beyond one year are capitalised as intangible assets and amortised on a straight-line basis over a period of up to six years, or by exception over a longer period where it is expected that economic benefits are attributable over a longer period. The remaining useful life of assets is reviewed on an annual basis, or where a change in the business or other circumstances would trigger a revision. Assets under development are not amortised but instead tested for impairment annually. The amortisation expense on intangible assets is recognised in the income statement within administration costs. Software as a service ("SAAS") contract costs are expensed to the Income Statement over the life of the contract. For SAAS and cloud based technology, integration costs are capitalised only when they represent enhancements to Group's existing assets. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Capitalised costs include employee costs incurred on project management, system architecture development and testing.

## 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition, including, where appropriate, labour expended in processing of assembled goods.

## 2.11 Impairment

### Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine expected future losses. A financial asset is impaired if the assessment reveals expected future losses based on detailed review of future expected cash flows from the financial asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or operating segment is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together by cash generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is also allocated to the relevant cash generating unit.

Goodwill acquired in a business combination is allocated to cash generating units that are expected to benefit from the synergies of the combination and represent the lowest level within the Group at which management monitor the related goodwill.

An impairment loss is recognised if the carrying amount of an asset or its cash generating units exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units, and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.12 Employee benefits

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

## 2.13 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model or appropriate variations thereof. An expert is used to assist management with the valuation.

## 2.14 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## 2.15 Revenue

### Revenue from sale of goods

Revenue from sale of goods is the total amount receivable by the Group for goods supplied, excluding VAT and discounts. Revenue from the sale of goods is recognised in the income statement at a point in time at the point of despatch.

Revenue for sale of goods includes income from delivery charged to customers, excluding VAT. Delivery income is recognised at the same time as the corresponding revenue for sale of goods and is a single combined performance obligation.

Rebates payable to customers are recognised in line with the relevant contractual terms. Rebates payable to customers are contingent on the occurrence or non-occurrence of a future event e.g. the customer meeting an agreed certain sales value. Rebates are recorded using the most likely method (the single most likely amount in a range of possible consideration amounts). Accruals are made for each individual rebate based on the specific terms and conditions of the customer agreement. Management makes

estimates on an ongoing basis, primarily based on current customer spending, historical data and its accumulated experience, in order to assess customer revenues and to calculate total rebates earned. Rebates are charges directly to the Consolidated Income Statement over the period to which they relate and are recognised as a deduction from revenue.

#### **Revenue from on-site services**

Service revenues comprise installation and maintenance work at client sites. Revenue from on-site work that is standard and on-going (as opposed to bespoke) is recognised when the performance obligations under the work order are completed and acknowledged by the customer, in accordance with the terms and conditions of the work order. Very occasionally, where routine maintenance work is agreed as part of a contract covering a year or number of years, the performance obligation is considered to be discharged evenly through the term of the contract and revenue is recognised over the life of the contract. Warranties offered to customers are usually on the back of warranties offered by suppliers of spare parts and involve negligible costs to the business.

Revenue from bespoke longer-term services is accounted for in accordance with the policy on Revenue from contracts described below.

#### **Revenue from contracts**

Revenue from contracts involve providing an end to end solution, involving some or all of project management, design, manufacture, customisation, installation and commissioning that can last several months or years. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations, and then
5. Recognising revenue when/as performance obligation(s) are satisfied

The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the Group also provides a significant service of integrating components and services under the contract, the sum total of the deliverables (solution) under the contract is treated as a single performance obligation. In this case, the Group has assessed that control of the solution transfers to the customer over time. This is because each solution is unique to the customer (has no alternative use) and the Group is entitled to a right to payment for the work certified as completed in the event the customer sought to terminate the contract. Revenue for these performance obligations is recognised as the customisation or integration work is performed, using the input method to estimate progress towards completion. On contracts where it has been assessed that we do not meet the criteria to transfer control over time contract revenue is instead recognised at a point in time upon completion and handover of a project.

Billings on bespoke solutions contracts are based on attaining specified contract milestones. Contract assets will arise in situations where revenue is recognised in advance of the next progress billing. When payments are received that exceed the revenue recognised to date on a particular contract, any excess reported in the financial position as deferred income under contract liabilities.

## **2.16 Cost of sales**

Cost of sales includes all costs incurred up to the point of despatch including operating expenses of the warehouse.

## **2.17 Distribution expenses**

Distributions costs are costs directly relating to despatch of goods and indirect costs including advertising and other sales related expenses.

## **2.18 Operating Divisions**

During 2023, the Group the group began monitoring performance based on geographical segments.

The Group monitors and reports business performance based on these three segments:

#### **Great Britain:**

Supply of both hydraulic and pneumatic consumables, along with the delivery of specialist engineering solutions, services and systems. We operate through a network of distributors and resellers as well as working directly with a broad range of original equipment manufacturers across all industry sectors

#### **Ireland:**

Supply of specialist technical hydraulic components and systems predominantly into original equipment manufacturers and end-user channels to all industry sectors and supported by supply agreements direct to a broad range of manufacturer brands.

#### **Benelux:**

Supply of bespoke hydraulic and pneumatic component and systems to manufacturers of specialised industrial and mobile hydraulic original equipment manufacturers and a wide range of industrial end users.

Executive Management are considered to be the chief operating decision maker (CODM). The CODM manages the business using an underlying profit figure. Only finance income and costs secured on the assets of the operating segment are included in the segment results. Finance income and costs relating to loans held by the Company are not included in the segment result that is assessed by the CODM. Transfer prices between operating segments are on an arm's length basis.

## 2.19 Financing income and expenses

Financing expenses comprise interest payable, implied interest on deferred consideration and finance costs implied in leases recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

## 2.20 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## 2.21 Equity, reserves and dividend payments

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium' represents the excess over nominal value of consideration received for equity share net of expenses of the share issue, less any costs associated with the issuing of shares
- 'Other distributable reserve' represents the former Share Premium reserve which has been recategorised following the application to the Court to transition this to a distributable reserve.
- 'Other reserves' relate to the issue of share options for consideration in respect of acquisition of subsidiaries
- 'Shares owned by the EBT' represents shares in the Group purchased for the Employee Benefit Trust
- 'Merger reserve' represents the difference between the Parent's capital and the acquired Group's capital retained losses and other equity balances before and after the share for share exchange which created the Group
- 'Merger relief reserve' represents merger relief arising on the acquisition of subsidiaries for which some or all of the consideration was settled in shares
- 'Currency translation reserve' comprises all foreign exchange differences arising since 1 January 2011, arising from the translation of foreign operations
- 'Retained losses' represent retained losses of the Group, and
- 'Non-controlling interest' relates to profits attributable to non-material non-controlling interests held in subsidiaries.

All transactions with owners of the Parent are recorded separately within equity.

Dividend distributions payable to equity Shareholders are included in other liabilities when the dividends have been approved in general meeting prior to the reporting date.

## 2.22 Foreign currency translation

### Functional and presentation currency

The consolidated financial statements are presented in sterling, which is also the functional currency of the Parent Company.

### Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are re-translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than sterling are translated into sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the currency translation reserve. The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to Adopted IFRSs (1 January 2011).

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

## 2.23 Separately disclosed items

Separately disclosed items are those significant items which in management's judgement should be highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

## 2.24 Investment in own shares

Own shares held by the Group's Employee Benefit Trust (EBT) have been classified as deductions from Shareholders' funds. The costs of purchasing own shares held by the EBT are shown as a deduction within Shareholders' equity. The gain from the sale of own shares is recognised in Shareholders' equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

## 2.25 Significant judgements, key assumptions and estimates

In the process of applying the Group's accounting policies, which are described above, management have made judgements and estimations about the future that have the most significant effect on the amounts recognised in the financial statements. 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 the revision and future periods if the revision affects both current and future periods.

### Significant management judgements

There are no significant judgements affecting the financial position this year (2024: nil).

### Estimation uncertainty

Information about estimations and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

### Impairment of goodwill

The carrying value of goodwill must be assessed for impairment annually. This requires an estimation of the value in use of the cash generating units (CGUs) to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the CGU and the use of an appropriate weighted average cost of capital to discount those cash flows to their present value. The carrying value of goodwill as at 31 December 2025 is £14,996,000 (2024: £14,996,000). Refer to note 10 for further detail. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 10).

### Acquired intangibles

When assessing the fair value of the intangibles acquired during the year, management has reviewed the forecasted cash flows of the Thorite business. With the help of third party specialists we have applied an appropriate WACC to calculate the intangible value of the Brand and the Customer list over their expected useful economic life.

### Provision for impairment of inventories

The carrying value of inventories as at 31 December 2025 was £29,156,000 (2024: £29,263,000) and included a provision against the inventories of £1,851,000 (2024: £1,863,000). The provision for impairment of inventories is based on sales trends for all inventory and management's estimation of recoverability. As always, there is a risk that the provision will not match the inventories that ultimately prove to be impaired. The provision represents 6.0% of gross value; it should be noted that a 0.5% movement in either direction has an approximate £155,000 impact.

## 3. Segment reporting

During 2025, Management reviews the operations of the business based on three geographical segments – Great Britain, Ireland and Benelux. These operating segments are monitored by the Group's Chief Operating Decision Maker and strategic decisions are made on the basis of adjusted segment operating results. Inter-segment revenue arises on the sale of goods between Group undertakings.

The Directors believe that the Underlying Operating Profit provides additional useful information on underlying trends to Shareholders. The term 'underlying' is not a defined term under IFRS and may not be comparable with similarly titled profit measurements reported by other companies. A reconciliation of the underlying operating result to operating result from continuing operations is shown below. The principal adjustments made are in respect of the separately disclosed items as detailed later in this note; the Directors consider that these should be reported separately as they do not relate to the performance of the segments.

Segment information for the reporting periods are as follows:

| For the year ended 31 December 2025                                | Great Britain<br>£000 | Benelux<br>£000 | Ireland<br>£000 | Central costs<br>£000 | Total continuing<br>operations<br>£000 |
|--|-----------------------|-----------------|-----------------|-----------------------|--|
| <b>Income statement - continuing operations:</b>                   |                       |                 |                 |                       |  |
| Total revenue  | 86,625                | 9,473           | 20,817          | -                     | 116,915                                |
| <b>Underlying operating result (*)</b>                             | 6,275                 | 313             | 2,923           | (5,868)               | 3,643                                  |
| Financial expenses   | (507)                 | (58)            | (23)            | (1,373)               | (1,961)                                |
| <b>Underlying segment result</b>                                   | 5,768                 | 255             | 2,900           | (7,241)               | 1,682                                  |
| Separately disclosed items   | (1,434)               | (2,030)         | (202)           | (967)                 | (4,633)                                |
| <b>Profit/(loss) before tax</b>                                    | 4,334                 | (1,775)         | 2,698           | (8,208)               | (2,951)                                |
| <b>Specific disclosure items</b>                                   |                       |                 |                 |                       |  |
| Depreciation and impairment on owned plant, property and equipment | 1,341                 | 80              | 99              | 1                     | 1,521                                  |
| Depreciation on right of use assets                                | 1,450                 | 327             | 156             | 133                   | 2,066                                  |
| Accelerated depreciation of old website                            | 197                   | -               | -               | -                     | 197                                    |
| Write off lease liability  | 29                    | -               | -               | -                     | 29                                     |
| Negative goodwill  | (170)                 | -               | -               | -                     | (170)                                  |
| Impairment of right of use assets                                  | -                     | 1,318           | -               | -                     | 1,318                                  |
| Impairment of fixed assets   | -                     | 429             | -               | -                     | 429                                    |
| Amortisation   | 1,132                 | -               | -               | -                     | 1,132                                  |
| <b>Reconciliation of underlying operating result</b>               |                       |                 |                 |                       |  |
| Underlying operating result (*)                                    | 6,275                 | 313             | 2,923           | (5,868)               | 3,643                                  |
| Separately disclosed items   | (1,434)               | (2,030)         | (202)           | (968)                 | (4,634)                                |
| Operating (loss)/profit  | 4,841                 | (1,717)         | 2,721           | (6,836)               | (991)                                  |

(\*) Underlying operating result is continuing operations' operating profit before separately disclosed items detailed later in this note.

| For the year ended 31 December 2024                                | Great Britain<br>£000 | Benelux<br>£000 | Ireland<br>£000 | Central costs<br>£000 | Total continuing<br>operations<br>£000 |
|--|-----------------------|-----------------|-----------------|-----------------------|--|
| <b>Income statement - continuing operations:</b>                   |                       |                 |                 |                       |  |
| Total revenue  | 75,913                | 9,999           | 21,370          | -                     | 107,282                                |
| <b>Underlying operating result (*)</b>                             | <b>5,806</b>          | <b>363</b>      | <b>2,521</b>    | <b>(6,040)</b>        | <b>2,650</b>                           |
| Financial expenses   | (325)                 | (6)             | (23)            | (1,482)               | (1,836)                                |
| <b>Underlying segment result</b>                                   | <b>5,481</b>          | <b>357</b>      | <b>2,498</b>    | <b>(7,522)</b>        | <b>814</b>                             |
| Separately disclosed items   | (21,715)              | (3,823)         | (218)           | (2,133)               | (27,888)                               |
| <b>Profit/(loss) before tax</b>                                    | <b>(16,234)</b>       | <b>(3,466)</b>  | <b>2,278</b>    | <b>(9,655)</b>        | <b>(27,077)</b>                        |
| <b>Specific disclosure items</b>                                   |                       |                 |                 |                       |  |
| Depreciation and impairment on owned plant, property and equipment | 1,375                 | 70              | 96              | 1                     | 1,542                                  |
| Depreciation on right of use assets                                | 1,109                 | 112             | 165             | 146                   | 1,532                                  |
| Accelerated depreciation of old website                            | 241                   | -               | -               | -                     | 241                                    |
| Impairment of right of use assets                                  | 61                    | 20              | -               | -                     | 81                                     |
| Negative goodwill  | (2,205)               | -               | -               | -                     | (2,205)                                |
| Impairment of goodwill   | 22,005                | 3,065           | -               | -                     | 25,070                                 |
| Impairment of intangible assets                                    | -                     | 284             | -               | -                     | 284                                    |
| Impairment of fixed assets   | -                     | 246             | -               | -                     | 246                                    |
| Amortisation   | 877                   | 73              | 99              | -                     | 1,049                                  |
| <b>Reconciliation of underlying operating result</b>               |                       |                 |                 |                       |  |
| Underlying operating result (*)                                    | 5,806                 | 363             | 2,521           | (6,040)               | 2,650                                  |
| Separately disclosed items   | (21,714)              | (3,823)         | (218)           | (2,133)               | (27,888)                               |
| Operating (loss)/profit  | (15,908)              | (3,460)         | 2,303           | (8,173)               | (25,238)                               |

(\*) Underlying operating result is continuing operations' operating profit before separately disclosed items detailed below.

|   | 2025<br>£000 | 2024<br>£000  |
|---|--------------|---------------|
| <b>Separately disclosed items</b>                                 |              |               |
| <b>Separately disclosed items within administration expenses:</b> |              |               |
| Acquisition costs   | 225          | 41            |
| Amortisation of acquired intangibles (note 11)                    | 651          | 820           |
| Accelerated depreciation of old website                           | 197          | 241           |
| Impairment of intangible asset                                    | -            | 284           |
| Impairment of goodwill (note 10)                                  | -            | 25,070        |
| Impairment of fixed assets (note 15)                              | 429          | 246           |
| Impairment of right of use asset (note 21)                        | 1,318        | 81            |
| Write off lease liabilities                                       | (24)         | -             |
| Negative goodwill (note 24)                                       | (170)        | (2,205)       |
| Share-based payment costs (note 22)                               | 531          | 729           |
| Restructuring   | 1,477        | 2,581         |
| <b>Total separately disclosed items</b>                           | <b>4,634</b> | <b>27,888</b> |

Share-based payment costs relate to charges made in accordance with IFRS 2 'Share-based payment' following the issue of share options to employees.

Restructuring costs relate to restructuring activities of an operational nature following acquisition of business units and other restructuring activities in established businesses. In 2025 restructuring costs included £485k related to the One Flowtech organisation design and £627k related to the closure of locations across the Great Britain and Benelux regions.

## Geographical and category analysis of revenue

The Group operates primarily in the UK, The Netherlands, Belgium and Ireland. Revenue generated from distribution of hydraulic and pneumatic consumables, bespoke manufacture, commissioning and installation of equipment are categorised as sale of goods. Income from on-site services and revenue arising from contracts is disclosed separately.

| 31 December 2025  | Sale of goods<br>£000 | Contracts<br>£000 | On-site services<br>£000 | Total revenue<br>£000 | Non-current assets<br>£000 |
|-------------------|-----------------------|-------------------|--------------------------|-----------------------|----------------------------|
| United Kingdom    | 90,576                | 2,118             | 1,468                    | 94,162                | 31,288                     |
| Europe            | 19,512                | 1,876             | -                        | 21,388                | 2,385                      |
| Rest of the World | 1,365                 | -                 | -                        | 1,365                 | -                          |
| <b>Total</b>      | <b>111,453</b>        | <b>3,994</b>      | <b>1,468</b>             | <b>116,915</b>        | <b>33,673</b>              |

| 31 December 2024  | Sale of goods<br>£000 | Contracts<br>£000 | On-site services<br>£000 | Total revenue<br>£000 | Non-current assets<br>£000 |
|-------------------|-----------------------|-------------------|--------------------------|-----------------------|----------------------------|
| United Kingdom    | 79,864                | 5,420             | 1,279                    | 86,563                | 55,411                     |
| Europe            | 19,502                | 332               | -                        | 19,834                | 1,396                      |
| Rest of the World | 885                   | -                 | -                        | 885                   | -                          |
| <b>Total</b>      | <b>100,251</b>        | <b>5,752</b>      | <b>1,279</b>             | <b>107,282</b>        | <b>56,807</b>              |

No customers of the Group account for 10% or more of the Group's revenue for either of the years ended 31 December 2025 or 2024. Non-current assets are allocated based on their physical location. Revenue recognised at a point in time was £113,208k (2024: £101,571k) and revenue recognised over time was £3,707k (2024: £5,371k).

Some contract works begun during the year were still in progress at the end of the year. For 2025, revenue includes £Nil (2024: £Nil) included in the contract liability balance at the beginning of the reporting period.

| Contract balances                    | 31 December 2025<br>£000 | 31 December 2024<br>£000 | 1 January 2024<br>£000 |
|--------------------------------------|--------------------------|--------------------------|------------------------|
| Trade receivables                    | -                        | 1,061                    | 946                    |
| Advances received for contract works | -                        | -                        | -                      |
| Deferred service revenue             | -                        | -                        | -                      |
| <b>Total contract liabilities</b>    | <b>-</b>                 | <b>1,061</b>             | <b>946</b>             |

## 4. Operating loss

The following items have been included in arriving at the operating loss for continuing operations:

|   | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| Depreciation of property, plant and equipment under right-of-use assets (note 21) | 2,066        | 1,532        |
| Depreciation and impairment of tangible assets (note 13)                          | 1,521        | 1,788        |
| Amortisation of intangible assets – website (note 11)                             | 678          | 241          |
| Amortisation of intangible assets – customer relationships and brands (note 11)   | 655          | 820          |
| Impairment of intangible asset  | -            | 284          |
| Impairment of goodwill (note 10)  | -            | 25,070       |
| Impairment of fixed assets (note 13)  | 429          | -            |
| Impairment of right of use asset (note 21)  | 1,318        | 81           |
| Impairment loss/(gain) on trade receivables                                       | (73)         | 10           |
| Profit on foreign currency transactions   | (170)        | (151)        |
| Repairs and maintenance expenditure on plant and equipment                        | 191          | 16           |

Services provided by the Group's Auditor

|   | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| Audit of the statutory consolidated and Company financial statements of Flowtech Fluidpower plc | 276          | 112          |
| Amounts receivable by the Company's Auditor and its associates in respect of:                   | -*           | 276          |
| Audit of financial statements of subsidiaries of the Company                                    |              |              |

No other services were provided to the Company and its subsidiaries by the Group's auditor. Services are provided by other professional advisers as deemed appropriate by the Board.

\* The Group has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing the entities to take audit exemptions and present unaudited statutory financial statements.

## 5. Directors & employees

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

|                           | Number<br>2025 | Number<br>2024 |
|---------------------------|----------------|----------------|
| Assembly and distribution | 229            | 218            |
| Administration            | 405            | 371            |
| <b>Total*</b>             | <b>634</b>     | <b>589</b>     |

|   | 2025<br>£000  | 2024<br>£000  |
|---|---------------|---------------|
| <b>Payroll costs of these people were as follows:</b> |               |               |
| Wages and salaries                                    | 25,160        | 22,628        |
| Social security costs                                 | 3,112         | 2,483         |
| Contributions to defined contribution pension plans   | 786           | 714           |
| Share based payments (note 22)                        | 531           | 729           |
| <b>Total</b>  | <b>29,589</b> | <b>26,554</b> |

\* The acquisition of Thorite contributed an average of 30 additional employees to 2024 numbers. In 2025 the acquisitions of Allswage and Thomas Group contributed an average of 12 additional employees.

### Key management compensation

The remuneration of the Directors and the Chair, who are all statutory Directors and are the key management of the Group, is set out below in aggregate for each of the key categories specified in IAS 24 'Related Party Disclosures'.

|                       | 2025<br>£000 | 2024<br>£000 |
|-----------------------|--------------|--------------|
| Remuneration          | 822          | 813          |
| Social security costs | 113          | 105          |
| Benefits in kind      | 6            | 5            |
| <b>Total</b>          | <b>941</b>   | <b>923</b>   |

The amounts set out above include remuneration in respect of the highest paid Director as follows:

|   | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| <b>Highest paid Director's</b>                    |              |              |
| Remuneration                                      | 370          | 363          |
| Social security costs                             | 51           | 49           |
| Benefits in kind                                  | 2            | 1            |
| <b>Total highest paid Director's remuneration</b> | <b>423</b>   | <b>413</b>   |

## 6. Financial expenses

| Finance expenses for the year consist of the following: | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| <b>Finance expense arising from:</b>                    |              |              |
| Interest on revolving credit facility                   | 1,257        | 1,417        |
| Overdraft interest                                      | 271          | -            |
| Amortisation of loan arrangement fee                    | 60           | 47           |
| Other financing costs                                   | 37           | 153          |
| <b>Total bank interest</b>                              | <b>1,625</b> | <b>1,617</b> |
| Interest on lease liabilities                           | 336          | 222          |
| <b>Total lease interest</b>                             | <b>336</b>   | <b>222</b>   |
| <b>Total finance expense</b>                            | <b>1,961</b> | <b>1,839</b> |

## 7. Taxation

| Continuing operations:                                     | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Current tax expense  |              |              |
| UK Corporation tax   | -            | 130          |
| Overseas tax   | 177          | 93           |
| Adjustment in respect of prior periods                     | 370          | 47           |
| <b>Current tax expense</b>                                 | <b>547</b>   | <b>270</b>   |
| Deferred tax   |              |              |
| Origination and reversal of temporary differences          | (444)        | (771)        |
| Adjustment in respect of prior periods                     | 263          | (170)        |
| Change in tax rate   | -            | -            |
| <b>Deferred tax (credit)</b>                               | <b>(181)</b> | <b>(941)</b> |
| <b>Total tax (credit) / charge - continuing operations</b> | <b>366</b>   | <b>(671)</b> |

| Reconciliation of effective tax rate                     | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Loss profit for the year                                 | (3,318)      | (26,406)     |
| Total tax (expense) / charge                             | (366)        | 671          |
| Loss excluding taxation                                  | (2,952)      | (27,077)     |
| Tax using the UK corporation tax rate of 25% (2024: 25%) | (738)        | (6,778)      |

|   |            |              |
|---|------------|--------------|
| Fixed asset differences   | (175)      | -            |
| Income not taxable  | 124        | -            |
| Amounts not deductible  | 704        | 6,016        |
| Adjustment in respect of prior periods  | 633        | 101          |
| Other adjustments   | -          | 140          |
| Other tax reliefs and transfers   | (182)      | (150)        |
| <b>Total tax expense / (credit) in the income statement - continuing operations</b> | <b>366</b> | <b>(671)</b> |

## 8. Dividends

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Final dividend of Nil (2024: 2.2p) per share | -            | 1,383        |
| <b>Total dividends</b>                       | <b>-</b>     | <b>1,383</b> |

The amount reflected in the table in FY24 is the final dividend of 2.2p in respect of FY23's performance which was paid during the year on 19 July 2024. A dividend was not paid in FY25.

## 9. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary Shareholders by the weighted average number of ordinary shares during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive shares are those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. For diluted loss per share the weighted average number of ordinary shares in issue is not adjusted since its impact would be anti-dilutive.

|                                 | Year ended 31 December 2025 |   |                            | Year ended 31 December 2024 |  |                                |
|---------------------------------|-----------------------------|---|----------------------------|-----------------------------|--|--------------------------------|
|                                 | Loss after tax<br>£000      | Weighted average<br>number of<br>shares | Loss per<br>share<br>Pence | Loss<br>after tax<br>£000   | Weighted<br>average<br>number of<br>shares | Earnings<br>per share<br>Pence |
| <b>Basic earnings per share</b> |                             |   |                            |                             |  |                                |
| Continuing operations           | (3,318)                     | 63,275                                  | (5.24p)                    | (26,406)                    | 62,526                                     | (42.23p)                       |

## 10. Goodwill

|                                       | 2025<br>£000  | 2024<br>£000  |
|---------------------------------------|---------------|---------------|
| <b>Cost</b>                           |               |               |
| Balance at 1 January                  | 63,164        | 63,164        |
| Balance at 31 December                | 63,164        | 63,164        |
| <b>Impairment</b>                     |               |               |
| At 1 January                          | 48,168        | 23,098        |
| Impairment charge                     | -             | 25,070        |
| <b>At 31 December</b>                 | <b>48,168</b> | <b>48,168</b> |
| <b>Carrying amount at 31 December</b> | <b>14,996</b> | <b>14,996</b> |

## Background

Goodwill impairment is monitored for groups of CGUs. The CGU groupings are split across the three geographical segments. The carrying amounts of goodwill allocated now stands as at 31 December 2025 are:

| Geographical segment | £000<br>audited |
|----------------------|-----------------|
| Great Britain        | 13,127          |
| Island of Ireland    | 1,869           |
| Benelux              | -               |
| <b>Total</b>         | <b>14,996</b>   |

## Impairment tests

The carrying amount of goodwill in each geographical segment was determined by calculating the sum of the carrying amounts of all intangible assets (including goodwill) and tangible assets attributable to that unit. These were then compared with the value in use calculations for each geographical segment based on discounted cash flows of future period forecasts. Management prepared forecasts for a five-year period and all forecasts have been approved by the Board.

Cash flows beyond the period forecast by management for each CGU were extrapolated at an expected long-term growth rate of 2%. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

## Goodwill impairment charges in 2025

In total an impairment charge of £1,747,000 has been taken in 2025, of which £1,318,000 was taken against right of use assets and £429,000 against fixed assets. The impairment was recognised against the Benelux region only.

At Group level for an impairment to be required, this would require the discount rate to increase from 14.53% to a rate of more than 15.45% and the terminal growth rate would need to reduce to 0.55% from the 2% used. The assumptions used would require revenue growth to slow down by 1.25% for EBITDA to reach a break-even point. As a result of the calculations there is a reasonable degree of head room so that impairment is not required at Group Level or in the Great Britain or Ireland CGUs.

## Benelux

The impairment calculated was £2,797,000 but after recognising impairment of £1,747,000 the balance of goodwill, intangible assets, fixed assets and ROU assets at £Nil as at the impairment date, so a further impairment of assets is not deemed necessary. The value in use calculation is sensitive to a number of assumptions. In arriving at the impairment charge the forecasts assumed a pre-tax discount rate of 11.7% and revenue growth rates of 6.2% in 2026, 9.0% in 2027, 5% in 2028 and 5% in 2029 and 2% beyond. The calculation is extremely sensitive to any movement in these assumptions. Due to the Goodwill in the Benelux group of CGU's being fully impaired at the assessment date no further impairment would arise on sensitivity analysis.

## 11. Other intangible assets

|                                | Acquired Customer relationships |              | Acquired Brands |              | Other Software Expenses |              | Website      |              | Total        |              |
|--------------------------------|---------------------------------|--------------|-----------------|--------------|-------------------------|--------------|--------------|--------------|--------------|--------------|
|                                | 2025<br>£000                    | 2024<br>£000 | 2025<br>£000    | 2024<br>£000 | 2025<br>£000            | 2024<br>£000 | 2025<br>£000 | 2024<br>£000 | 2025<br>£000 | 2024<br>£000 |
| Balance at 1 January           | 10,171                          | 9,371        | 1,430           | 1,173        | -                       | -            | 2,858        | 1,094        | 14,459       | 11,638       |
| Reclassification               |                                 |              |                 |              | 461                     |              |              |              | 461          |              |
| Additions                      | 268                             | 800          | 38              | 257          | -                       | -            | 2,192        | 1,764        | 2,498        | 2,821        |
| Balance at 31 December         | 10,439                          | 10,171       | 1,468           | 1,430        | 461                     | -            | 5,050        | 2,858        | 17,418       | 14,459       |
| Balance at 1 January           | 8,693                           | 7,632        | 1,216           | 1,173        | -                       | -            | 773          | 304          | 10,683       | 9,109        |
| Amortisation                   | 510                             | 778          | 141             | 43           | -                       | -            | 678          | 469          | 1,329        | 1,290        |
| Reclassification               | -                               | -            | -               | -            | 136                     | -            | -            | -            | 136          | -            |
| Impairment                     | -                               | 284          | -               | -            | -                       | -            | -            | -            | -            | 284          |
| Balance at 31 December         | 9,203                           | 8,693        | 1,357           | 1,216        | 136                     | -            | 1,451        | 773          | 12,148       | 10,683       |
| Carrying amount at 31 December | 1,236                           | 1,477        | 111             | 214          | 325                     | -            | 3,599        | 2,085        | 5,271        | 2,529        |

## 12. Subsidiary undertakings

|   | Country of incorporation | Principal activity                                  | Ownership |
|---|--------------------------|---|-----------|
| Fluidpower MIP Limited *\$                  | UK                       | Holding company                                     | 100%      |
| Fluidpower Group UK Limited *\$             | UK                       | Distributors of engineering components              | 100%      |
| Fluidpower Group Services UK Limited *\$    | UK                       | Assembly and distribution of engineering components | 100%      |
| Flowtech Fluidpower Ireland Limited ~       | ROI                      | Assembly and distribution of engineering components | 100%      |
| Flowtech Benelux BV!#                       | Netherlands              | Holding company                                     | 100%      |
| Flowtech Nederland BV#                      | Netherlands              | Distributors of engineering components              | 100%      |
| Flowtech Hydraulics BV^                     | Netherlands              | Distributors of engineering components              | 100%      |
| Hydroflex-Hydraulics BV^                    | Netherlands              | Assembly and distribution of engineering components | 100%      |
| Hydroflex-Hydraulics Rotterdam BV &         | Netherlands              | Assembly and distribution of engineering components | 100%      |
| Hydroflex-Hydraulics Belgium NV %           | Belgium                  | Assembly and distribution of engineering components | 100%      |
| Fluidpower Shared Services Limited *\$      | UK                       | Group Shared Service Centre                         | 100%      |
| Beaumanor Engineering Limited \$            | UK                       | Dormant   | 100%      |
| Indequip Limited \$                         | UK                       | Dormant   | 100%      |
| KR Couplings Limited \$                     | UK                       | Dormant   | 100%      |
| Betabite Hydraulics Limited \$              | UK                       | Dormant   | 100%      |
| Hydraulics (Ireland) Limited "              | UK                       | Dormant   | 100%      |
| Haitima Flow Control UK Limited\$           | UK                       | Dormant   | 100%      |
| Hydravalve UK Limited \$                    | UK                       | Dormant   | 100%      |
| Hydraulic Equipment Supermarkets Limited \$ | UK                       | Dormant   | 100%      |
| Branch Hydraulic Systems Limited \$         | UK                       | Dormant   | 100%      |
| HES Tractec Limited \$                      | UK                       | Dormant   | 100%      |

For all the subsidiaries left, the class of shares held are ordinary shares and all subsidiaries, except Fluidpower MIP Limited, are indirect subsidiaries of Flowtech Fluidpower plc.

\* The Group has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing the entities to take audit exemptions and present unaudited statutory financial statements.

During the year the Group re-organised the legal structure in the Benelux region and this new holding company was established.

\$ Registered office: Bollin House, Riverside Business Park, Wilmslow, England, SK9 1DP

# Registered office: Hamburgweg 3, 7418 ES Deventer, Netherlands

^ Registered office: Willem Beukelszstraat 1, 3261 LV Oud-Beijerland, Netherlands

& Registered office: Geysendorfferweg 63, 3088 GJ Rotterdam, Netherlands

% Registered office: Luchthavenlaan 27, 1800 Vilvoorde, Belgium

~ Registered office: Ballincolly, Dublin Hill, Cork, Co. Cork, Ireland

" Registered office: 67a Farlough Road Farlough Road, Dungannon, County Tyrone, Northern Ireland, BT71 4DT

## 13. Property, plant & equipment

|  | Land and property<br>£000 | Plant, machinery and equipment<br>£000 | Motor vehicles<br>£000 | Total<br>£000 |
|--|---------------------------|--|------------------------|---------------|
| <b>Cost</b>                                      |                           |  |                        |               |
| Balance at 1 January 2024                        | 1,345                     | 17,582                                 | 814                    | 19,741        |
| Additions  | -                         | 1,506                                  | 40                     | 1,546         |
| Disposals  | -                         | -                                      | (65)                   | (65)          |
| Effect of movements in foreign exchange          | -                         | (64)                                   | (12)                   | (76)          |
| Balance at 31 December 2024 and 1 January 2025   | 1,345                     | 19,024                                 | 777                    | 21,146        |
| Additions  | 1                         | 1,336                                  | 8                      | 1,345         |
| Disposals  | -                         | -                                      | (54)                   | (54)          |
| Effect of movements in foreign exchange          | -                         | 77                                     | 14                     | 91            |
| Reclassification between Tangible and Intangible | -                         | (461)                                  | -                      | (461)         |
| <b>Balance at 31 December 2025</b>               | <b>1,346</b>              | <b>19,976</b>                          | <b>745</b>             | <b>22,067</b> |
| <b>Depreciation and impairment</b>               |                           |  |                        |               |
| Balance at 1 January 2024                        | 337                       | 10,969                                 | 613                    | 11,919        |
| Depreciation charge for the year                 | 55                        | 1,409                                  | 78                     | 1,542         |
| Disposals  | -                         | -                                      | (47)                   | (47)          |
| Impairment                                       | -                         | 246                                    | -                      | 246           |
| Effect of movements in foreign exchange          | -                         | (51)                                   | (9)                    | (60)          |
| <b>Balance at 31 December 2024</b>               | <b>392</b>                | <b>12,573</b>                          | <b>635</b>             | <b>13,600</b> |
| Depreciation charge for the year                 | 48                        | 1,416                                  | 57                     | 1,521         |
| Disposals  | -                         | -                                      | (51)                   | (51)          |
| Impairment                                       | -                         | 429                                    | -                      | 429           |
| Reclassification between Tangible and Intangible | -                         | (136)                                  | -                      | (136)         |
| Effect of movements in foreign exchange          | -                         | 55                                     | 12                     | 67            |
| <b>Balance at 31 December 2025</b>               | <b>440</b>                | <b>14,337</b>                          | <b>653</b>             | <b>15,430</b> |
| <b>Net book value</b>                            |                           |  |                        |               |
| <b>At 31 December 2025</b>                       | <b>906</b>                | <b>5,639</b>                           | <b>92</b>              | <b>6,637</b>  |
| At 1 January 2025                                | 953                       | 6,451                                  | 142                    | 7,546         |
| At 1 January 2024                                | 1,008                     | 6,610                                  | 205                    | 7,822         |

Included in land and property is land at a cost of £145,000 which is not depreciated (2024: £145,000).

## 14. Deferred tax assets & liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

|                                   | Assets       |              | Liabilities    |                |
|-----------------------------------|--------------|--------------|----------------|----------------|
|                                   | 2025<br>£000 | 2024<br>£000 | 2025<br>£000   | 2024<br>£000   |
| Intangible assets                 | -            | -            | (98)           | (324)          |
| Property, plant and equipment     | -            | -            | (1,522)        | (1,045)        |
| Provisions                        | 48           | 48           | -              | -              |
| Losses and other deductions       | 1,124        | 530          | -              | -              |
| <b>Tax assets/(liabilities)</b>   | <b>1,172</b> | <b>578</b>   | <b>(1,620)</b> | <b>(1,369)</b> |
| <b>Net deferred tax liability</b> | <b>-</b>     | <b>-</b>     | <b>(448)</b>   | <b>(791)</b>   |

Movement in deferred tax during the year ended 31 December 2025

|                               | 1 January<br>2025<br>£000 | Recognised in<br>profit or loss<br>£000 | 31 December<br>2025<br>£000 |
|-------------------------------|---------------------------|---|-----------------------------|
| Intangible assets             | (324)                     | 226                                     | (98)                        |
| Property, plant and equipment | (1,045)                   | (474)                                   | (1,522)                     |
| Provisions                    | 48                        | -                                       | 48                          |
| Losses and other deductibles  | 530                       | 594                                     | 1,124                       |
|                               | (791)                     | 346                                     | (448)                       |

Movement in deferred tax during the year ended 31 December 2024

|                               | 1 January<br>2024<br>£000 | Recognised in<br>profit or loss<br>£000 | 31 December<br>2024<br>£000 |
|-------------------------------|---------------------------|---|-----------------------------|
| Intangible assets             | (434)                     | 110                                     | (324)                       |
| Property, plant and equipment | (1,114)                   | 69                                      | (1,045)                     |
| Provisions                    | 14                        | 34                                      | 48                          |
| Losses and other deductibles  | -                         | 530                                     | 530                         |
|                               | (1,534)                   | 743                                     | (791)                       |

## 15. Inventories

|                                     | 2025<br>£000 | 2024<br>£000 |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | 29,156       | 29,263       |

Charges for finished goods recognised as cost of sales in the year amounted to £63,650,000 (2024: £58,813,000). The write-down of inventories to net realisable value amounted to £294,000 (2024: (£204,000)). The write-downs and reversals are included in cost of sales. The provision made against inventories at the year-end was £1,851,000 (2024: £1,863,000).

Estimates are made of the net realisable value of inventory at the year end. In some circumstances, inventory is subsequently sold in excess of the net realisable value determined, which results in a reversal of the write-down.

## 16. Trade & other receivables

|                             | 2025<br>£000 | 2024<br>£000 |
|-----------------------------|--------------|--------------|
| Trade receivables           | 23,303       | 20,610       |
| Other receivables           | 2,506        | 2,130        |
| Trade and other receivables | 25,809       | 22,740       |

The ageing of trade receivables at the Statement of Financial Position date was:

|                            | Gross<br>2025<br>£000 | Impairment<br>2025<br>£000 | Gross<br>2024<br>£000 | Impairment<br>2024<br>£000 |
|----------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Not past due               | 15,198                | 28                         | 13,739                | 66                         |
| Past due 0-30 days         | 6,173                 | 12                         | 4,870                 | 23                         |
| Past due 31-60 days        | 1,541                 | 3                          | 875                   | 55                         |
| Past due 61-90 days        | 78                    | -                          | 303                   | 20                         |
| More than 90 days past due | 436                   | 80                         | 1,052                 | 64                         |
|                            | 23,426                | 123                        | 20,839                | 229                        |

The overall expected credit loss rate is 0.5% (2024: 1.1%).

The movement in the allowance of impairment in respect of trade receivables during each year was as follows:

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Balance at 1 January 2025                                    | 229          | 169          |
| Net change due to acquisitions and disposals of subsidiaries | 2            | 124          |
| Provision utilised   | (35)         | (50)         |
| (Decrease)/Increase in provision                             | (73)         | (14)         |
| <b>Balance at 31 December 2025</b>                           | <b>123</b>   | <b>229</b>   |

## 17. Cash & cash equivalents

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Cash and cash equivalents:             |              |              |
| Sterling                               | 1,972        | 297          |
| Euro                                   | 2,756        | 1,532        |
| Dollar                                 | 6            | 10           |
| <b>Total cash and cash equivalents</b> | <b>4,734</b> | <b>1,839</b> |

## 18. Interest-bearing loans & borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 27.

|                                      | 2025<br>£000  | 2024<br>£000  |
|--------------------------------------|---------------|---------------|
| <b>Non-current liabilities</b>       |               |               |
| Revolving credit facility (\$)       | 19,972        | 16,913        |
| Lease liabilities                    | 6,203         | 3,743         |
| <b>Total non-current liabilities</b> | <b>26,175</b> | <b>20,656</b> |
| <b>Current liabilities</b>           |               |               |
| Revolving credit facility            | -             | -             |
| Lease liabilities                    | 2,378         | 1,694         |
| <b>Total current liabilities</b>     | <b>2,378</b>  | <b>1,694</b>  |
| <b>Total</b>                         | <b>28,553</b> | <b>22,350</b> |

(\$) RCF loan arrangement fee of £120,000 was paid in November 2020, £133,645 in February 2023 and £18,500 in February 2025. The loan arrangement fees are amortised over the remaining life of the loans. Accordingly, £60,000 amortisation charge is charged to the income statement during 2025 (2024: £45,000). The unamortised value of the loan fee as at 31 December 2025 of £28,000 is netted off against the RCF Facility of £20,000,000.

| Terms and debt repayment schedule | Currency | Nominal interest rate | Year of maturity | Carrying value 2025<br>£000 | Carrying value 2024<br>£000 |
|-----------------------------------|----------|-----------------------|------------------|-----------------------------|-----------------------------|
| Secured revolving credit facility | GBP      | SONIA+ 2.40%          | 2027             | 20,000                      | 17,000                      |
| Lease liabilities                 | GBP      | Various               | 2026 to 2039     | 6,828                       | 4,960                       |
| Lease liabilities                 | EUR      | Various               | 2026 to 2030     | 1,753                       | 477                         |
|                                   |          |                       |                  | <b>28,581</b>               | <b>22,437</b>               |

This is the outstanding amount of the £20m facility which carries a nominal interest rate of SONIA + 2.40% and is subject to a non-utilisation fee of 0.84%. The £20m facility is secured by legal charges over certain of the Group's assets which include trade receivables and stock. The Group also has a £5,000,000 overdraft facility which was reviewed in February 2023 and on-going support was approved. Whilst technically repayable on demand there is no expectation that the bank would ever withdraw this facility.

## 19. Trade & other payables

|                                      | 2025<br>£000  | 2024<br>£000  |
|--------------------------------------|---------------|---------------|
| Current liabilities                  |               |               |
| Trade payables                       | 18,656        | 13,975        |
| Accrued expenses and deferred income | 4,291         | 4,492         |
| Social security and other taxes      | 3,636         | 2,399         |
|                                      | <b>26,583</b> | <b>20,866</b> |

Accrued expenses and deferred income is broken down as follows:

|                  | 2025<br>£000 | 2024<br>£000 |
|------------------|--------------|--------------|
| Accrued expenses | 3,856        | 3,841        |
| Deferred income  | 435          | 651          |
|                  | <b>4,291</b> | <b>4,492</b> |

## 20. Provisions

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Opening balance                        | 179          | 330          |
| Amount utilised during year            | -            | (19)         |
| Amount provided/(released) in the year | (129)        | (132)        |
| <b>Closing balance</b>                 | <b>50</b>    | <b>179</b>   |

Provisions have been analysed between current and non-current as follows:

|              | 2025<br>£000 | 2024<br>£000 |
|--------------|--------------|--------------|
| Current      | -            | -            |
| Non-current  | 50           | 179          |
| <b>Total</b> | <b>50</b>    | <b>179</b>   |

Provisions comprise dilapidation provisions in respect of leasehold properties held by the Group and represents management's best estimate of the amount which is expected to be settled in respect of dilapidation costs for the relevant sites.

## 21. Right-of-use assets & lease liabilities

| Right-of-use assets                     | Land and property<br>£000 | Plant, machinery and equipment<br>£000 | Motor vehicles<br>£000 | Total<br>£000  |
|---|---------------------------|--|------------------------|----------------|
| <b>Cost</b>                             |                           |  |                        |                |
| Balance at 1 January 2025               | 8,312                     | 399                                    | 2,663                  | <b>11,374</b>  |
| Additions                               | 2,678                     | -                                      | 2,677                  | <b>5,355</b>   |
| Disposals                               | (1,222)                   | -                                      | (915)                  | <b>(2,137)</b> |
| Effect of movement in foreign exchange  | 94                        | -                                      | 18                     | <b>112</b>     |
| <b>Balance at 31 December 2025</b>      | <b>9,862</b>              | <b>399</b>                             | <b>4,443</b>           | <b>14,704</b>  |
| <b>Depreciation</b>                     |                           |  |                        |                |
| Balance at 1 January 2025               | 4,930                     | 247                                    | 1,391                  | <b>6,568</b>   |
| Depreciation charge for the year        | 1,107                     | 38                                     | 921                    | <b>2,066</b>   |
| Impairment                              | 1,046                     | -                                      | 272                    | <b>1,318</b>   |
| Disposals                               | (1,222)                   | -                                      | (859)                  | <b>(2,081)</b> |
| Effect of movements in foreign exchange | 62                        | -                                      | 2                      | <b>64</b>      |
| Other Movements                         | 5,923                     | 285                                    | 1,727                  | <b>7,934</b>   |
| <b>Balance at 31 December 2025</b>      |                           |  |                        |                |
| <b>Net book value</b>                   |                           |  |                        |                |
| <b>At 31 December 2025</b>              | <b>3,939</b>              | <b>114</b>                             | <b>2,716</b>           | <b>6,769</b>   |
| At 31 December 2024                     | 3,382                     | 152                                    | 1,272                  | <b>4,806</b>   |

The statement of profit or loss shows the following amounts relating to right-of-use assets and liabilities:

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Depreciation charge of right-of-use assets                                   |              |              |
| Land and property  | <b>1,107</b> | 948          |
| Plant, machinery and equipment   | <b>38</b>    | 57           |
| Motor vehicles   | <b>921</b>   | 528          |
| Interest expenses (included in finance cost) (Note 6)                        | <b>336</b>   | 225          |
| Exchange movements in income statement                                       | <b>2,402</b> | 1,758        |
| <b>Total expense in the income statement relating to right-of-use assets</b> | <b>2,402</b> | <b>1,758</b> |

Analysis by length of liability

|              | As 31 December 2025       |  |                        |               | As 31 December 2024       |  |                        |               |
|--------------|---------------------------|--|------------------------|---------------|---------------------------|--|------------------------|---------------|
|              | Land and property<br>£000 | Plant, machinery and equipment<br>£000 | Motor vehicles<br>£000 | Total<br>£000 | Land and property<br>£000 | Plant, machinery and equipment<br>£000 | Motor vehicles<br>£000 | Total<br>£000 |
| Current      | <b>1,274</b>              | <b>80</b>                              | <b>1,024</b>           | <b>2,378</b>  | 1,112                     | 57                                     | 525                    | <b>1,694</b>  |
| Non-current  | <b>4,119</b>              | <b>42</b>                              | <b>2,042</b>           | <b>6,203</b>  | 2,860                     | 134                                    | 749                    | <b>3,743</b>  |
| <b>Total</b> | <b>5,393</b>              | <b>122</b>                             | <b>3,066</b>           | <b>8,581</b>  | 3,972                     | 191                                    | 1,274                  | <b>5,437</b>  |

|   | Land and property<br>£000 | Plant, machinery and equipment<br>£000 | Motor vehicles<br>£000 | Total<br>£000 |
|---|---------------------------|--|------------------------|---------------|
| <b>Cost</b>                             |                           |  |                        |               |
| Balance at 1 January 2024               | 8,792                     | 399                                    | 2,318                  | <b>11,509</b> |
| Additions                               | 507                       | -                                      | 1,121                  | <b>1,628</b>  |
| Disposals                               | -                         | -                                      | (698)                  | <b>(698)</b>  |
| Effect of movement in foreign exchange  | (83)                      | -                                      | (17)                   | <b>(100)</b>  |
| <b>Other movements</b>                  | <b>(904)</b>              |  | <b>(61)</b>            | <b>(965)</b>  |
| <b>Balance at 31 December 2024</b>      |                           |  |                        |               |
| Depreciation and amortisation           |                           |  |                        |               |
| Balance at 1 January 2024               | 4,883                     | 190                                    | 1,607                  | <b>6,680</b>  |
| Depreciation charge for the year        | 948                       | 57                                     | 528                    | <b>1,533</b>  |
| Impairment                              | 61                        | -                                      | 20                     | <b>81</b>     |
| Disposals                               | -                         | -                                      | (685)                  | <b>(685)</b>  |
| Effect of movements in foreign exchange | (58)                      | -                                      | (18)                   | <b>(76)</b>   |
| <b>Other Movements</b>                  | <b>(904)</b>              |  | <b>(61)</b>            | <b>(965)</b>  |
| <b>Balance at 31 December 2024</b>      |                           |  |                        |               |
| <b>Net book value</b>                   |                           |  |                        |               |
| At 31 December 2024                     | 3,382                     | 152                                    | 1,272                  | <b>4,806</b>  |
| At 31 December 2023                     | 3,909                     | 209                                    | 711                    | <b>4,829</b>  |

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the Statement of Financial Position.

|   | Land and property | Plant, machinery and equipment | Motor vehicles |
|---|-------------------|--------------------------------|----------------|
| Number of right-of-use assets leased      | 19                | 5                              | 156            |
| Range of remaining term                   | 1-14 years        | 2 years                        | 1-4 years      |
| Number of leases with extension options   | 6                 | -                              | -              |
| Number of leases with termination options | 6                 | -                              | -              |

## 22. Employee benefits

### 22.1 Pension plans

#### Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans was £786,000 (2024: £714,000). At the year end the pension creditor on the Statement of Financial position was £124,000 (2024: £149,000)

### 22.2 Share-based employee remuneration

As at 31 December 2025, the Group maintained three share-based payment schemes for employee remuneration: the Management Incentive Plan; the Long-Term Incentive Plan, the Enterprise Management Incentive Plan, which has two sub plans, Approved and Unapproved; and the Company Share Option Plan.

#### Long-term incentive plan (LTIP)

The LTIP has been established to incentivise management to deliver long-term value creation for Shareholders and ensure alignment with Shareholder interests.

LTIPs are accounted for as an equity-settled share based payment transaction. The fair values of the options granted were determined using the Black Scholes model.

The following principal assumptions were used in the valuation:

| Awards                                      | LTIPs<br>(Share price)     |
|---|----------------------------|
| Number of awards (*)                        | 2,345,888                  |
| Grant date                                  | 02 June 2023               |
| Vesting period ends                         | Up to 5 years              |
| Share price at date of grant                | £1.08                      |
| Volatility                                  | 49.6%                      |
| Option life                                 | 5 years                    |
| Dividend yield                              | 0.01%                      |
| Risk-free investment rate                   | 4.20%                      |
| Fair value at grant date                    | £0.26p to 0.65p            |
| Exercisable from/to                         | 2 June 2026 to 2 June 2028 |
| Weighted average remaining contractual life | 5 years                    |

| Awards Summary | Russell Cash   | Mike England     | Total            |
|----------------|----------------|------------------|------------------|
| Share price    | 762,555        | 1,583,333        | 2,345,888        |
| <b>Total</b>   | <b>762,555</b> | <b>1,583,333</b> | <b>2,345,888</b> |

#### Enterprise Management Incentive Plan

The Enterprise Management Incentive Plan (EMI) is part of the remuneration package of certain employees, the majority of options being issued on the date the Company was admitted to the London Stock Exchange. The sub plans are named Approved and Unapproved by virtue of whether the plans qualify for HMRC approval. Options under this scheme will vest if the participant remains employed for the agreed vesting period. Upon vesting each option allows the holder to purchase one ordinary share. The number of shares subject to options and the exercise price are:

| Date of grant          | Exercise price | Exercise period                | 2025<br>number<br>000 | 2024<br>number<br>000 |
|------------------------|----------------|--------------------------------|-----------------------|-----------------------|
| <b>Unapproved plan</b> |                |                                |                       |                       |
| 11 August 2015         | £1.32          | 4 April 2018 to 10 August 2025 | -                     | 60                    |
| 1 July 2016            | £1.00          | 4 April 2019 to 30 June 2026   | -                     | 45                    |
| 1 January 2019         | £1.13          | 5 May 2022 to 1 September 2025 | -                     | 9                     |
| 25 October 2019        | £0.50          | 5 May 2022 to 28 January 2026  | 150                   | 150                   |
| 28 May 2021            | £1.00          | 15 March 2023 to 28 May 2031   | 150                   | 150                   |
| 14 Feb 2022            | £1.00          | 01 Apr 2025 to 13 Feb 2032     | 40                    | 70                    |
| 04 April 2022          | £1.24          | 04 Apr 2025 to 03 Apr 2032     | -                     | 60                    |
| 04 April 2022          | £1.00          | 04 Apr 2025 to 03 Apr 2032     | 55                    | 75                    |
|                        |                |                                | <b>395</b>            | <b>619</b>            |

Share options and weighted average exercise prices are as follows for the reporting periods presented:

|  | Enterprise Management Incentive Plan |   |                               |
|--|--------------------------------------|---|-------------------------------|
|  | Unapproved scheme                    |   |                               |
|  | Number of shares<br>000              | Weighted average<br>exercise price per<br>share | Total number of<br>shares 000 |
| Outstanding at 1 January 2025          | 619                                  | 0.95  | 619                           |
| Granted                                | (30)                                 | 1.32  | (30)                          |
| Lapsed                                 | (193)                                | 0.99  | (193)                         |
| Forfeited                              | 396                                  | 0.9   | 396                           |
| Exercised                              | -                                    | -   | -                             |
| <b>Outstanding at 31 December 2025</b> | <b>396</b>                           | <b>0.9</b>                                      | <b>396</b>                    |
| <b>Exercisable at 31 December 2025</b> | <b>-</b>                             | <b>-</b>  | <b>-</b>                      |

## Company Share Option Plan

The Company Share Option Plan ('CSOP') is part of the remuneration package of certain employees. Options under this scheme will vest if the participant remains employed for the agreed vesting period. Upon vesting each option allows the holder to purchase one ordinary share. The number of shares subject to options and the exercise price are:

| Date of grant    | Exercise price | Exercise period                  | 2025 number 000 | 2024 number 000 |
|------------------|----------------|----------------------------------|-----------------|-----------------|
| 11 August 2015   | £1.43          | 11 August 2018 to 10 August 2025 | -               | 110             |
| 1 July 2016      | £1.00          | 4 April 2019 to 30 June 2026     | 65              | 110             |
| 1 January 2019   | £1.13          | 5 May 2022 to 02 Sep 2025        | -               | 27              |
| 14 February 2022 | £1.29          | 01 Apr 2025 to 31 Mar 2032       | 140             | 209             |
| 04 April 2022    | £1.33          | 04 Apr 2025 to 03 Apr 2032       | 112             | 135             |
| 18 April 2024    | 1.00           | 18 April 2027 to 18 April 2034   | 1,961           | 2,235           |
|                  |                |                                  | <b>2,278</b>    | <b>2,826</b>    |

Share options and weighted average exercise prices are as follows for the reporting periods presented:

|  | Number of shares | Weighted average exercise price per share |
|--|------------------|---|
| Outstanding at 1 January 2025          | 2,826            | 1.06                                      |
| Forfeited                              | (458)            | 1.10                                      |
| Lapsed                                 | (90)             | 1.43                                      |
| <b>Outstanding at 31 December 2025</b> | <b>2,278</b>     | <b>1.03</b>                               |
| <b>Exercisable at 31 December 2025</b> | <b>-</b>         | <b>-</b>                                  |
| Exercisable at 31 December 2024        | -                | -   |

| Awards                                      | CSOPs (Share price)            |
|---|--------------------------------|
| Number of awards (*)                        | 2,200,000                      |
| Grant date                                  | 18 April 2024                  |
| Vesting period ends                         | 3 years                        |
| Share price at date of grant                | £0.98                          |
| Fair value at grant date                    | £0.22                          |
| Exercise price                              | £1                             |
| Volatility                                  | 33.70%                         |
| Option life                                 | 10 years                       |
| Exercisable from/to                         | 18 April 2027 to 17 April 2034 |
| Dividend yield                              | 2.20%                          |
| Weighted average remaining contractual life | 10 years                       |

The consolidated income statement includes a charge of £531,000 (2024: £729,000) in respect of all of the share options issued to staff.

## 23. Equity

The share capital of the Company consists only of fully paid ordinary shares with a nominal value of 50p per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at Shareholders' meetings of the Company.

|   | Number            | £000          |
|---|-------------------|---------------|
| Allotted and fully paid ordinary shares of 50p each |                   |               |
| At 1 January 2025                                   | 63,275,175        | 31,637        |
| <b>At 31 December 2025</b>                          | <b>63,275,175</b> | <b>31,637</b> |

## 24. Acquisitions & Disposals

### Allswage Limited

In March 2025, the Group acquired the Trade and assets of Allswage Limited a UK based supplier of pneumatics and hydraulics that were in administration. The total consideration was £50,000. The value of assets and liabilities recognised as on acquisition are as follows:

|                   | Fair Value £000 |
|-------------------|-----------------|
| Inventories       | 197             |
| Intangible assets | 177             |
| Other Payables    | (147)           |
| <b>Total</b>      | <b>227</b>      |

|                                  | £000 |
|----------------------------------|------|
| Amount settled in cash           | (50) |
| Less assets acquired             | 227  |
| Negative Goodwill on acquisition | 177  |

### Fair values

The fair values included in the table above are provisional and subject to management estimations at the reporting date.

### Intangible assets

The intangible assets recognised within the Group relate to the Allswage Brand at £22,000 and the Customer list at £154,000.

### Allswage's contribution to Group results

The Allswage branch generated sales of £1,816,000 and an underlying profit before tax of £222,000; after accounting for £28,000 amortisation of acquired intangibles and £111,000 of central recharges the actual result is a profit before tax of £69,000 between the 11 March 2025 and 31 December 2025. The central recharge cost is calculated as a proportion of total central costs, there has not been any incremental increase in central costs as a result of the acquisition.

### Thomas Group Limited

In May 2025, the Group acquired the Trade and assets of Thomas Group Limited a UK based service provider and global distributor of branded engine, filtration and fuel-technology products. The total consideration was £50,000. The value of assets and liabilities recognised as on acquisition are as follows:

|                   | Fair Value<br>£000 |
|-------------------|--------------------|
| Trade Debtors     | 188                |
| Inventories       | 259                |
| Intangible assets | 130                |
| Fixed Assets      | 127                |
| Prepayments       | 11                 |
| Trade Creditors   | (304)              |
| Other Payables    | (72)               |
| Borrowings        | (310)              |
| <b>Total</b>      | <b>29</b>          |

|                                  | £000 |
|----------------------------------|------|
| Amount settled in cash           | 50   |
| Less assets acquired             | (29) |
| Goodwill written off through P&L | 21   |

### Fair values

The fair values included in the table above are provisional and subject to management estimations at the reporting date.

### Intangible assets

The intangible assets recognised within the Group relate to the Thomas Group Brand at £16,000 and the Customer list at £114,000.

### Thomas Group's contribution to Group results

The Thomas Group branch generated sales of £1,158,000 and an underlying loss before tax of £92,000; after accounting for £16,000 amortisation of acquired intangibles, £12,000 of costs associated with the acquisition and £138,000 of central recharges the actual result is a loss before tax of £269,000 between the 1 May 2025 and 31 December 2025. The central recharge cost is calculated as a proportion of total central costs, there has not been any incremental increase in central costs as a result of the acquisition.

## 25. Net cash from operating activities

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| <b>Reconciliation of (loss)/profit before taxation to net cash flows from operations</b> |              |              |
| Loss from continuing operations before tax   | (2,952)      | (27,077)     |
| Depreciation and impairment of property, plant and equipment (note 13)                   | 1,521        | 1,537        |
| Depreciation on right-of-use assets (IFRS 16) (note 21)                                  | 2,066        | 1,526        |
| Impairment of right-of-use assets (IFRS 16) (note 21)                                    | 1,318        | 82           |
| Write off of right-of-use liability (IFRS 16)  | (29)         | -            |
| Finance costs (note 6)   | 1,961        | 1,839        |
| Loss on sale of plant and equipment  | (6)          | -            |
| Amortisation of intangible assets  | 1,329        | 1,289        |
| Impairment of fixed assets   | 429          | 246          |
| Impairment of Intangible asset   | -            | 284          |
| Negative goodwill  | (170)        | (2,205)      |
| Impairment of goodwill (note 10)   | -            | 25,070       |
| Cash settled share options   | -            | (45)         |
| Equity-settled share-based payment charge  | 531          | 729          |
| Exchange differences on non-cash balances  | 120          | (128)        |
| <b>Operating cash inflow before changes in working capital and provisions</b>            | <b>6,118</b> | 3,147        |
| Change in trade and other receivables  | (3,617)      | 3,310        |
| Change in stocks   | 769          | 4,864        |
| Change in trade and other payables   | 5,058        | (1,562)      |
| Change in provisions   | (129)        | (239)        |
| <b>Cash generated from operations</b>  | <b>8,199</b> | 9,520        |
| Tax paid   | (419)        | (814)        |
| <b>Net cash generated from operating activities</b>                                      | <b>7,780</b> | <b>8,706</b> |

## 26. Contingent liabilities & commitments

The Group had capital expenditure of £Nil contracted for but not provided at 31 December 2025 (2024: £735,000).

## 27. Related party transactions

Transactions between the Company, its Employee Benefit Trust and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Key management includes Executive and Non-Executive Directors. The compensation paid or payable to key management is disclosed in the Directors' Remuneration report. Dividends paid to Directors of the plc were as follows:

|                | 2025<br>£000 | 2024<br>£000 |
|----------------|--------------|--------------|
| Russell Cash   | -            | 1            |
| Roger McDowell | -            | 24           |
| Mike England   | -            | 1            |
| Stuart Watson  | -            | -            |
| Jamie Brooke   | -            | 5            |
| Ailsa Webb     | -            | 1            |
|                | -            | 32           |



## 28. Financial instruments

### 28.1 Fair values of financial instruments

#### Fair values

The table below analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

**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).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group is exposed to various risks in relation to financial instruments.

Each of these is disclosed in the table below.

|   | Carrying amount<br>2025<br>£000 | Fair value<br>2025<br>£000 | Carrying amount<br>2024<br>£000 | Fair value<br>2024<br>£000 |
|---|---------------------------------|----------------------------|---------------------------------|----------------------------|
| <b>Loans and receivables</b>                                  |                                 |                            |                                 |                            |
| Cash and cash equivalents (note 17) (*)                       | 4,734                           | 4,734                      | 1,839                           | 1,839                      |
| Trade and other receivables (note 16) (*)                     | 25,809                          | 25,809                     | 22,740                          | 22,740                     |
| <b>Total financial assets measured at amortised costs</b>     | <b>30,543</b>                   | <b>30,543</b>              | 24,579                          | 24,579                     |
| <b>Financial assets</b>                                       | <b>30,543</b>                   | <b>30,543</b>              | 24,579                          | 24,579                     |
| <b>Financial liabilities measured at amortised cost</b>       |                                 |                            |                                 |                            |
| Other interest-bearing loans and borrowings (note 18)         | (28,553)                        | (28,553)                   | (22,437)                        | (22,437)                   |
| Trade payables and accruals (note 19) (*)(\$)                 | (22,512)                        | (26,583)                   | (17,816)                        | (17,816)                   |
| <b>Total financial liabilities measured at amortised cost</b> | <b>(48,395)</b>                 | <b>(48,395)</b>            | (40,253)                        | (40,253)                   |
| <b>Total financial liabilities</b>                            | <b>(48,395)</b>                 | <b>(48,395)</b>            | (40,253)                        | (40,253)                   |
| <b>Total financial instruments</b>                            | <b>(17,852)</b>                 | <b>(17,852)</b>            | (15,674)                        | (15,674)                   |

(\*) In respect of the financial instruments such as short-term trade receivables and payables, interest bearing loans and borrowings, and cash and cash equivalents, we believe the carrying value is a reasonable approximation of the fair value.

(\$) Trade payables and accruals includes £13,175k of trade payables and £3,841k of accrued expenses. Deferred income is excluded.

| Financial instruments measured at fair value            | Valuation technique  |
|---|--|
| <b>Forward exchange contracts</b>                       | The Group hedges a part of the net expected exposure to euros and dollars in a phased manner over 3 – 6 month period using fixed price forward contracts. The hedging process aims to achieve an averaging of market rates over a period of time, and significant gain/loss on open contracts is recognised in the income statement at year end. |
| <b>Bank loans and other interest-bearing borrowings</b> | Interest-bearing borrowings are recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.   |

## 28.2 Credit risk

### Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the factors that may influence the credit risk of the Group's customer base, including the default risk of the industry and country in which the customers operate. The credit status of each new customer is reviewed before credit is advanced. This includes external evaluations where possible. Outstanding balances are reviewed regularly by management.

The concentration of credit risk for trade receivables at the Statement of Financial Position date by geographic region was:

|                   | 2025<br>£000  | 2024<br>£000  |
|-------------------|---------------|---------------|
| UK                | 20,353        | 16,535        |
| Europe            | 2,950         | 3,457         |
| Rest of the World | -             | 35            |
|                   | <b>23,303</b> | <b>20,026</b> |

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables, see note 16. Failure to make payments and failure to engage with the Group on alternative payment arrangements are considered indicators of no reasonable expectation of recovery. The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts considered irrecoverable are written off against the trade receivables directly.

## 28.3 Liquidity risk

### Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due or that it fails to satisfy the requirements of its banking covenants. Management prepares robust annual and monthly cash flow forecasts which are fully integrated with the core assumptions underpinning forecast profitability and Statement of Financial Position movements; in addition, a rolling 13-week cash flow forecast is continually updated to provide visibility as regards likely quarter end Net Debt positions.

As a result, the business has all the requisite monitoring capability to assess the impact which any adverse trading conditions may present. The business is as focused on managing its working capital base as it is its profitability, a combination which the Board views as key in continually managing this risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| Year ended 31 December 2025                 | Carrying amount<br>£000 | Contractual cash flows<br>£000 | 1 year or less<br>£000 | 1 to 2 years<br>£000 | 2 to 5 years<br>£000 | 5 years or more<br>£000 |
|---|-------------------------|--------------------------------|------------------------|----------------------|----------------------|-------------------------|
| <b>Non-derivative financial liabilities</b> |                         |                                |                        |                      |                      |                         |
| Liabilities relating to right-of-use assets | 8,581                   | 8,704                          | 2,416                  | 2,043                | 3,341                | 904                     |
| Revolving credit facility                   | 19,972                  | 22,452                         | 1,226                  | 21,226               | -                    | -                       |
| Trade payables and accrued expenses         | 22,512                  | 22,512                         | 22,512                 | -                    | -                    | -                       |
|   | <b>51,065</b>           | <b>53,668</b>                  | <b>26,154</b>          | <b>23,269</b>        | <b>3,341</b>         | <b>904</b>              |

| Year ended 31 December 2024                 | Carrying amount<br>£000 | Contractual cash flows<br>£000 | 1 year or less<br>£000 | 1 to 2 years<br>£000 | 2 to 5 years<br>£000 | 5 years or more<br>£000 |
|---|-------------------------|--------------------------------|------------------------|----------------------|----------------------|-------------------------|
| <b>Non-derivative financial liabilities</b> |                         |                                |                        |                      |                      |                         |
| Liabilities relating to right-of-use assets | 5,437                   | 5,534                          | 1,573                  | 1,573                | 1,304                | 669                     |
| Revolving credit facility                   | 16,913                  | 20,621                         | 1,207                  | 1,207                | 18,207               | -                       |
| Trade payables and accrued expenses         | 17,816                  | 17,816                         | 17,816                 | -                    | -                    | -                       |
|   | <b>40,166</b>           | <b>43,971</b>                  | <b>20,596</b>          | <b>2,780</b>         | <b>19,511</b>        | <b>669</b>              |

There are no contractual maturities over five years, save for liabilities relating to right-of-use assets.

## 28.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

### Market risk – foreign currency risk

The main currency related risk to the Group comes from forward purchasing of inventories and from its foreign operations. Fixed price forward contracts are entered into to hedge the net exposure to euros and dollars in a phased manner over a 3 - 6 month period.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

| 31 December 2025                            | Sterling<br>£000 | Euro<br>£000   | US Dollar<br>£000 | Other<br>£000 | Total<br>£000   |
|---|------------------|----------------|-------------------|---------------|-----------------|
| Cash and cash equivalents                   | 1,971            | 2,757          | 6                 | -             | <b>4,734</b>    |
| Trade and other receivables                 | 22,638           | 3,171          | -                 | -             | <b>25,809</b>   |
| Revolving credit facility                   | (19,972)         | -              | -                 | -             | <b>(19,972)</b> |
| Liabilities relating to right-of-use assets | (6,571)          | (2,010)        | -                 | -             | <b>(8,581)</b>  |
| Trade payables and accrued expenses (\$)    | (16,134)         | (6,025)        | (229)             | (124)         | <b>(22,512)</b> |
| <b>Net exposure</b>                         | <b>(18,318)</b>  | <b>(2,107)</b> | <b>(223)</b>      | <b>(124)</b>  | <b>(20,772)</b> |

(\$)

Trade payables and accruals includes £18,656k of trade payables and £3,856k of accrued expenses. Deferred income is excluded.

| 31 December 2024                            | Sterling<br>£000 | Euro<br>£000 | US Dollar<br>£000 | Other<br>£000 | Total<br>£000   |
|---|------------------|--------------|-------------------|---------------|-----------------|
| Cash and cash equivalents                   | 297              | 1532         | 10                | -             | <b>1,839</b>    |
| Trade and other receivables                 | 19,010           | 3,600        | -                 | -             | <b>22,610</b>   |
| Revolving credit facility                   | (16,913)         | -            | -                 | -             | <b>(16,913)</b> |
| Liabilities relating to right-of-use assets | (4,960)          | (477)        | -                 | -             | <b>(5,437)</b>  |
| Trade payables and accrued expenses (\$)    | (13,706)         | (3,689)      | (421)             | -             | <b>(17,816)</b> |
| <b>Net exposure</b>                         | <b>(16,272)</b>  | <b>966</b>   | <b>(411)</b>      | <b>(0)</b>    | <b>(15,717)</b> |

### Sensitivity analysis

A 10% weakening of the following currencies against the pound sterling at 31 December 2025 would have increased/(decreased) equity and profit or (loss) by the amounts shown below.

This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

The analysis is performed on the same basis for the year ended 31 December 2024.

|                                  | 2025<br>£000 | 2024<br>£000 |
|----------------------------------|--------------|--------------|
| <b>Profit or loss and equity</b> |              |              |
| €                                | 210          | (88)         |
| \$                               | 20           | 107          |

A 10% strengthening of the following currencies against the pound sterling at 31 December 2025 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the Statement of Financial Position date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 December 2024.

|                                  | 2025<br>£000 | 2024<br>£000 |
|----------------------------------|--------------|--------------|
| <b>Profit or loss and equity</b> |              |              |
| €                                | (256)        | 37           |
| \$                               | (25)         | (46)         |

### Market risk – interest rate risk

Profile: At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| <b>Variable rate instruments</b>       |              |              |
| Financial liabilities (carrying value) | 19,972       | 16,913       |

### Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for the year ended 31 December 2024.

|                              | 2025<br>£000 | 2024<br>£000 |
|------------------------------|--------------|--------------|
| <b>Equity#</b>               |              |              |
| Increase of 100 basis points | (200)        | (170)        |
| Decrease of 100 basis points | 200          | 170          |
| <b>Profit or loss</b>        |              |              |
| Increase of 100 basis points | (200)        | (170)        |
| Decrease of 100 basis points | 200          | 170          |

## 28.5 Capital management

The capital structure of the Group is presented in the statement of financial position and includes equity, cash and borrowings. The statement of changes in equity provides details of equity and note 18 provides details of loans and overdrafts. Funding requirements are provided by a combination of revolving credit (£20m) and overdraft (£5m) facilities. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to have access to adequate funding for business opportunities, so that it can provide returns for Shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may issue new shares or draw down debt. The Group is not subject to externally imposed regulatory capital requirements and there are no specific ratios used by the Group in assessing its management of capital levels.

The Group is subject to covenants in respect of its bank facilities and remains covenant compliant. There were no changes in the Group's approach to capital management during each year.

The Group maintains sufficient cash levels to enable it to meet its liabilities as they fall due. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements, financing obligations and to take advantage of business opportunities. In reviewing cash flows and identifying the need for further funds, management consider the nature of cash flow requirements and take appropriate action.

## 29. Subsequent events

On 12 February 2026 the Group completed the acquisition of 100% of the issued share capital of Q-Plus B.V. and its subsidiaries, a Netherlands-based distributor and service provider of pneumatic and compressed air solutions.

The total consideration of €5.9 million comprises €4.1 million cash, a €1.25 million vendor loan and contingent consideration of up to €0.5 million, together with the repayment of approximately €2.0 million of intercompany debt on completion. The cash element was funded from the Group's equity placing and retail offer completed in February 2026. The Group raised £9.0 million as a result of the equity placing. The excess proceeds will be used to pay down the Group debt.



| <b>Company income statement</b>                                     | <b>Note</b> | <b>2025<br/>£000</b> | <b>2024<br/>£000</b> |
|---|-------------|----------------------|----------------------|
| <b>Continuing operations</b>  |             |                      |                      |
| Administrative expenses   |             | (14,039)             | (37,160)             |
| <b>Operating loss</b>   |             | <b>(14,039)</b>      | (37,160)             |
| Financial income  | E           | -                    | 2,000                |
| Financial expenses  | E           | (1,318)              | (1,462)              |
| <b>Net financing income</b>   |             | <b>(1,318)</b>       | 538                  |
| <b>(Loss)/Profit from continuing operations before tax</b>          |             | <b>(15,357)</b>      | (36,622)             |
| Taxation  | F           | 210                  | 467                  |
| <b>(Loss) for the year attributable to the owners of the parent</b> |             | <b>(15,147)</b>      | (36,155)             |

| <b>Company statement of financial position</b>                 | <b>Note</b> | <b>2025<br/>£000</b> | <b>2024<br/>£000</b> |
|--|-------------|----------------------|----------------------|
| <b>Fixed assets</b>  |             |                      |                      |
| Investments  | I           | 74,784               | 24,804               |
| Total fixed assets   |             | 74,784               | 24,804               |
| <b>Current assets</b>  |             |                      |                      |
| Cash and cash equivalents                                      |             | 1                    | 2                    |
| Trade and other debtors  | J           | 730                  | 74,578               |
| <b>Total current assets</b>                                    |             | <b>731</b>           | 74,580               |
| <b>Creditors: amounts falling due within one year</b>          |             |                      |                      |
| <b>Interest-bearing loans and borrowings</b>                   |             |                      |                      |
| Trade and other creditors                                      | L           | 691                  | 12,975               |
| Total creditors: amounts falling due within one year           |             | 691                  | 12,975               |
| Net current assets   |             | 40                   | 61,605               |
| Total assets less current liabilities                          |             | 74,824               | 86,409               |
| <b>Creditors: amounts falling due after more than one year</b> |             |                      |                      |
| Interest-bearing loans and borrowings                          | K           | 19,943               | 16,913               |
| Total creditors: amounts falling due after more than one year  |             | 19,943               | 16,913               |
| <b>Net assets</b>  |             | <b>54,881</b>        | 69,496               |
| <b>Capital and reserves</b>                                    |             |                      |                      |
| Called up share capital  | N           | 31,637               | 31,637               |
| Other distributable reserves                                   |             | 61,662               | -                    |
| Share premium account  |             | -                    | 61,662               |
| Other reserves   |             | 187                  | 187                  |
| Merger relief reserve  |             | 453                  | 453                  |
| Retained earnings  |             | (39,058)             | (24,443)             |
| <b>Total equity</b>  |             | <b>54,881</b>        | 69,496               |



The financial statements on pages 101-106 were approved by the Board of Directors on 23 March 2026 and were signed on its behalf by:

**Russell Cash, Chief Financial Officer**

Company Registration Number: 09010518  
26 March 2026

## Company statement of changes in equity

|   | Share capital<br>£000 | Share premium<br>£000 | Other distributable<br>reserves | Other reserve<br>£000 | Merger relief reserve<br>£000 | Retained earnings<br>(*)<br>£000 | Total equity<br>£000 |
|---|-----------------------|-----------------------|---------------------------------|-----------------------|-------------------------------|----------------------------------|----------------------|
| Balance at 1 January 2024                       | 30,746                | 60,959                | -                               | 187                   | 453                           | 12,417                           | 104,762              |
| (Loss) for the year                             | -                     | -                     | -                               | -                     | -                             | (36,155)                         | (36,155)             |
| <b>Total comprehensive expense for the year</b> | -                     | -                     | -                               | -                     | -                             | (36,155)                         | (36,155)             |
| <b>Transactions with owners</b>                 |                       |                       |                                 |                       |                               |                                  |                      |
| Equity dividends paid (note G)                  | -                     | -                     | -                               | -                     | -                             | (1,383)                          | (1,383)              |
| Issue of share capital                          | 891                   | 703                   | -                               | -                     | -                             | -                                | 1,594                |
| Share options – granted to subsidiary employees | -                     | -                     | -                               | -                     | -                             | 702                              | 702                  |
| Share options settled                           | -                     | -                     | -                               | -                     | -                             | (24)                             | (24)                 |
| <b>Total transactions with owners</b>           | 891                   | 703                   | -                               | -                     | -                             | (705)                            | 889                  |
| <b>Balance at 31 December 2024</b>              | 31,637                | 61,662                | -                               | 187                   | 453                           | (24,443)                         | 69,496               |
| (Loss) for the year                             | -                     | -                     | -                               | -                     | -                             | (15,147)                         | (15,147)             |
| <b>Total comprehensive expense for the year</b> | -                     | -                     | -                               | -                     | -                             | (15,147)                         | (15,147)             |
| <b>Transactions with owners</b>                 |                       |                       |                                 |                       |                               |                                  |                      |
| Movement between reserves                       |                       | (61,662)              | 61,662                          |                       |                               |                                  |                      |
| Share options – granted to subsidiary employees | -                     | -                     |                                 | -                     | -                             | 532                              | 532                  |
| <b>Total transactions with owners</b>           | -                     | -                     |                                 | -                     | -                             | 532                              | 532                  |
| <b>Balance at 31 December 2025</b>              | 31,637                | -                     | 61,662                          | 187                   | 453                           | (39,058)                         | 54,881               |

(\*) Retained earnings and share based payment reserve.

# Notes to the Company's Financial Information

## A. Authorisation of financial statements & statement of compliance with FRS 101

The financial statements of Flowtech Fluidpower plc for the year ended 31 December 2025 were authorised for issue by the Board of Directors on 23 March 2026 and the Statement of Financial Position was signed on the Board's behalf by Russell Cash. Flowtech Fluidpower plc is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in sterling.

These financial statements have been prepared on a going concern basis and on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The principal accounting policies adopted by the Company are set out in note B and have been applied consistently.

## B. Accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2025 (prior year relates to the year ended 31 December 2024).

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - i paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 'Property, Plant and Equipment';

- b. the requirements of paragraphs 10(d), and 134-136 of IAS 1 'Presentation of Financial Statements' and the requirements of IAS 7 'Statement of Cash Flows';
- c. the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- d. the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- e. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- f. disclosure requirements of IFRS 7 'Financial Instruments'.
- g. Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

### Investments

Investments in Group Undertakings are recorded at cost, which is the fair value of the consideration paid. Investments are tested for impairment and carried at cost less accumulated impairment losses. The Company considers impairment of its investment in subsidiaries by estimating the recoverable amounts of the investments, which are based on either the net assets of the subsidiary, or value-in-use calculations.

### Employee Benefit Trust (EBT)

The EBT is not treated as an extension of the parent and therefore not included in the parents individual accounts and only consolidated in the group accounts. The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders equity in the consolidated statement of changes in equity.

### Financial instruments

Non-derivative financial instruments comprise, cash and cash equivalents, loans and borrowings, and trade and other creditors.

### Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances net of bank overdrafts and short-term deposits held with banks by the Company, and are subject to insignificant risk of changes in value.

### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Any change in their value through impairment or reversal of impairment is recognised in profit or loss. Discounting is omitted where the effect is immaterial.

### Derecognition of financial liabilities

The Company derecognises a financial liability (or its part) from the statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or a part of a financial liability) extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Share-based payments

The fair value of employee share plans is calculated using a variation of the Black-Scholes model. In accordance with IFRS 2 'Share-based payment', the resulting cost is charged to the income statement over the vesting period of the plans.

Where the individuals are employed by the Parent Company, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. Where the individuals are employed by a subsidiary undertaking, the fair value of options to purchase shares in the Company that have been issued to employees of subsidiary companies is recognised as an additional cost of investment by the Parent Company. An equal amount is credited to other equity reserves, grouped under retained earnings.

### Financing income and expenses

Financing expenses comprise interest payable. Financing income comprises interest receivable on funds invested and dividend income from subsidiaries. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### Dividends

Dividend distributions payable to equity Shareholders are included in other liabilities when the dividends have been approved in general meeting prior to the reporting date.

### Pensions

Company employees are members of defined contribution pension schemes where the obligations of the Company are charged to the profit and loss account as they are incurred.

### Significant judgements, key assumptions and estimates

In the process of applying the Company's accounting policies, which are described above, management have made judgements and estimations about the future that have the most significant effect on the amounts recognised in the financial statements. 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 the revision and future periods if the revision affects both current and future periods.

### Significant management estimates

The following estimates have the most significant effect on the financial statements.

### Impairment of investments

The carrying value of investments are assessed for impairment. This requires an estimation of the value in use of the operations underpinning the investments.

The value in use of the investment is calculated from cash flow projections for the relevant entity based on financial projections covering a period of 2 years plus a terminal value, assumed growth rates and discount rates relevant to the individual entity.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected cash flows. Changes in revenues and expenditure are based on past experience and expectations of future growth.

The pre-tax discount rate applied in the impairment review ranged from 11.7% to 12.0% (2024: 14.6 to 18.1%). This discount rate is derived from the Group's weighted average post-tax cost of capital.

The carrying value of the investments at 31 December 2025 is £74,784,000 (2024: £24,804,000). The value in use of investment in subsidiaries is in excess of the carrying value. Consequently, there was no impairment charge during the year.

### Impairment of Group balances

The carrying value of Group balances are assessed for impairment based expected credit loss model. At each reporting date, the management assesses whether any events have occurred which have had a detrimental effect on the ability of each of the Group companies to repay the amounts due.

The amounts owed by subsidiary undertakings were £Nil (2024: £74,052,000). There was no impairment charge during the year.

### C. Services provided by the Company's auditor

During the year, the Company obtained the following services provided by the Company's Auditor at the costs detailed below:

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| Audit of the statutory financial statements of Flowtech Fluidpower plc | 276          | 112          |

### D. Directors & employees

Details of Directors and employees are shown in note 5 to the consolidated financial statements. The average number of persons employed by the Company (including Directors) during each year was as follows:

|                | 2025<br>£000 | 2024<br>£000 |
|----------------|--------------|--------------|
| Administration | 6            | 6            |

The aggregate payroll costs of these persons were as follows:

|                       | 2025<br>£000 | 2024<br>£000 |
|-----------------------|--------------|--------------|
| Remuneration          | 822          | 813          |
| Social security costs | 113          | 105          |
| Benefits in kind      | 6            | 5            |
|                       | 941          | 923          |

The amounts set out above include remuneration in respect of the highest paid Director as follows:

|   | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| <b>Highest paid Director's remuneration</b>       |              |              |
| Remuneration                                      | 360          | 363          |
| Social security costs                             | 51           | 49           |
| Benefits in kind                                  | 2            | 1            |
| <b>Total highest paid Director's remuneration</b> | 413          | 413          |

### E. Financial income & expense

Finance income for the year consists of the following:

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| <b>Finance income arising from:</b>        |              |              |
| Dividends received from Group undertakings | -            | 2,000        |
| <b>Total finance income</b>                | -            | 2,000        |

Finance expenses for the year consist of the following:

|  | 2025<br>£000 | 2024<br>£000 |
|--|--------------|--------------|
| <b>Finance expense arising from:</b>   |              |              |
| Bank loans and revolving credit facility, and amortisation of loan arrangement fee | 1,318        | 1,462        |
| <b>Total finance expense</b>   | 1,318        | 1,462        |

### F. Taxation

|   | 2025<br>£000    | 2024<br>£000   |
|---|-----------------|----------------|
| <b>Reconciliation of effective tax rate</b>               |                 |                |
| (Loss)/Profit for the year                                | (15,147)        | (1,574)        |
| Total (credit)/tax expense                                | (210)           | (466)          |
| <b>(Loss)/Profit excluding taxation</b>                   | <b>(15,357)</b> | <b>(1,108)</b> |
| Tax using the UK corporation tax rate of 25% (2024: 25%)  | (3,839)         | (394)          |
| Group relief  | 189             | 295            |
| Income not taxable  | -               | (500)          |
| Adjustments in respect of prior periods                   | 247             | (2)            |
| Amounts not deductible                                    | 3,613           | 136            |
| <b>Total (credit)/tax expense in the income statement</b> | <b>(210)</b>    | <b>(466)</b>   |

### G. Dividends

|   | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| Final dividend of 0.0p (2024: £2.1) per share | -            | 1,383        |
| <b>Total dividends</b>                        | -            | 1,383        |

The final dividend of 2.2p in respect of FY23's performance was paid on 19 July 2024. There was no dividend paid in FY25 in respect of FY24's performance.

### H. Share-based payments

Details of share-based payments are shown in note 22 to the consolidated financial statements.

### I. Investments

| Cost and net book value                          | Investments in subsidiaries' unlisted shares £000 | Subsidiaries' share-based payment reserves £000 | Total £000    |
|--|---|---|---------------|
| At 1 January 2024                                | 59,024  | 661   | 59,685        |
| Additions net of exercise of options in the year | -   | 167   | 167           |
| Impairment                                       | (35,048)  | -   | (35,048)      |
| <b>At 31 December 2024</b>                       | <b>23,976</b>                                     | <b>828</b>                                      | <b>24,804</b> |
| At 1 January 2025                                | 23,976  | 828   | 24,804        |
| Additions net of exercise of options in the year | -   | 38  | 38            |
| Investment in subsidiaries                       | 62,214  | -   | 62,214        |
| Impairment                                       | (12,272)  | -   | (12,272)      |
| <b>At 31 December 2025</b>                       | <b>73,918</b>                                     | <b>866</b>                                      | <b>74,784</b> |

The subsidiaries of the Company are listed in note 12 of the consolidated company accounts on page 89. For all the subsidiaries listed, the class of shares held are ordinary shares and all subsidiaries, except Fluidpower MIP Limited, are indirect subsidiaries of Flowtech Fluidpower plc.

### J. Trade and other debtors

|                                      | 2025<br>£000 | 2024<br>£000  |
|--------------------------------------|--------------|---------------|
| <b>Current:</b>                      |              |               |
| Deferred tax asset                   | 676          | 466           |
| Prepayments and accrued income       | 54           | 60            |
| Amounts owed by Group undertakings*  | -            | 74,052        |
| <b>Total trade and other debtors</b> | <b>730</b>   | <b>74,578</b> |

\*Amounts owed by group undertakings are payable on demand. An exercise has been undertaken to assess the recoverability of Group debtors under IFRS 9 and established the expected credit loss provision required is immaterial and has not been recognised.

**K. Interest-bearing loans and borrowings**

|  | 2025<br>£000  | 2024<br>£000  |
|--|---------------|---------------|
| <b>Non-current liabilities:</b>                    |               |               |
| Revolving credit facility                          | 19,943        | 16,913        |
| <b>Total non-current liabilities</b>               | <b>19,943</b> | 16,913        |
| <b>Total current liabilities</b>                   | -             | -             |
| <b>Total interest-bearing loans and borrowings</b> | <b>19,943</b> | <b>16,913</b> |

In early 2024, the facility was extended until May 2027. The renewed facility carries a nominal interest rate of SONIA + 2.40% and is subject to a non-utilisation fee of 0.84%. The facility is secured by legal charges over certain of the Group's assets which include trade receivables and stock. The Group also has a £5,000,000 overdraft facility which was reviewed in February 2023 and on-going support was approved. Whilst technically repayable on demand there is no expectation that the bank would ever withdraw this facility.

**L. Trade and other creditors**

|  | 2025<br>£000 | 2024<br>£000  |
|--|--------------|---------------|
| Social security and other taxes          | 1            | 225           |
| Accruals and deferred income             | 225          | 246           |
| Amounts owed to other Group undertakings | 465          | 12,504        |
| <b>Total trade and other creditors</b>   | <b>691</b>   | <b>12,975</b> |

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**M. Deferred taxation**

| Deferred tax assets comprise:                                     | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| At start of year  | 466          | 1            |
| Total deferred tax credit in profit and loss account for the year | 210          | 465          |
| <b>At end of year</b>   | <b>676</b>   | <b>466</b>   |

A deferred tax asset of £676,000 (2024: £466,000) in respect of losses during the year has been recognised.

**N. Share Capital**

Allotted, called up and fully paid:

|                            | Number            | £000          |
|----------------------------|-------------------|---------------|
| At 1 January 2025          | 63,275,175        | 31,637        |
| <b>At 31 December 2025</b> | <b>63,275,175</b> | <b>31,637</b> |

**O. Contingent liabilities & commitments**

The Company has no capital expenditure contracted for but not provided as at 31 December 2025 (2024: nil).

**P. Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with entities that are wholly owned subsidiaries of the Flowtech Fluidpower plc Group. Amount owing by Flowtech Fluidpower Employee Benefit Trust is £54,000 (2024: £54,000) remains outstanding. There are no other related party transactions other than those relating to Directors that have been disclosed in note 27 to the consolidated financial statements.

**Q. Ultimate controlling party**

The Directors consider that there is no ultimate controlling party.



# Glossary of terms

The Group uses a number of alternative performance measures (“APMs”) in addition to those measures reported in accordance with IFRS. The APMs are useful to assess the underlying performance of the Group by excluding any one-off, non-operating and non-cash items. Items excluded in this way are grouped under separately disclosed items on the face of the income statement. In doing so, the APMs provide comparability and consistency of trading performance between periods.

The APMs are used to manage and budget for the Group’s performance, and for determining the performance rewards for Executive Directors and that of other management throughout the business. The APMs are also used in presentations to investors to communicate the underlying performance of the Group.

The APMs are described in detail, and reconciled to IFRS measures in the table below:

## Underlying Operating Profit

Underlying Operating Profit is the measure used by the Directors to assess trading performance of the Group. In the context of presenting the performance of the Group’s segments, this measure is referred to as Underlying segment result or underlying operating result, as appropriate. The reconciliation of this APM to the Operating profit in the Consolidated income statement is shown opposite:

|                                      | 2025<br>£000 | 2024<br>£000 |
|--------------------------------------|--------------|--------------|
| Underlying operating profit (result) | 3,643        | 2,650        |

### Less Separately disclosed items:

|  |              |                 |
|--|--------------|-----------------|
| Acquisition costs                              | (225)        | (41)            |
| Amortisation of acquired intangibles (note 11) | (651)        | (820)           |
| Accelerated depreciation of old website        | (197)        | (241)           |
| Impairment of fixed assets (note 10)           | (429)        | (246)           |
| Impairment of goodwill (note 10)               | -            | (25,070)        |
| Impairment of intangible asset (note 11)       | -            | (284)           |
| Impairment of leased assets (note 21)          | (1,318)      | (81)            |
| Share-based payment costs (note 22)            | (531)        | (729)           |
| Write off lease liability                      | 24           | -               |
| Negative goodwill                              | 170          | 2,205           |
| Restructuring                                  | (1,477)      | (2,581)         |
|  | (4,634)      | (27,888)        |
| <b>Operating loss</b>                          | <b>(991)</b> | <b>(25,238)</b> |

## Underlying EBITDA

Underlying EBITDA is another measure used by the Directors to assess trading performance of the Group. The below reconciliation reconciles to Underlying Operating profit:

|   | 2025<br>£000 | 2024<br>£000 |
|---|--------------|--------------|
| Underlying EBITDA (result)                | 7,711        | 5,941        |
| <b>Less Depreciation and Amortisation</b> |              |              |
| Amortisation of website (note 11)         | (481)        | (228)        |
| Depreciation of fixed assets (note 10)    | (1,521)      | (1,537)      |
| Depreciation of ROU Assets (note 21)      | (2,066)      | (1,526)      |
|   | (4,068)      | (3,291)      |
| Underlying Operating Profit               | 3,633        | 2,650        |

## Underlying operating overheads

Underlying operating overheads is total of distribution costs and administrative costs before separately disclosed items. The APM has been introduced this year to spotlight the management of overheads attributable to “business as usual” trading activity in the current inflationary environment.

| Lines in Income statement                                 | 2025<br>£000  | 2024<br>£000  |
|---|---------------|---------------|
| Administrative expenses before separately disclosed items | 37,867        | 34,196        |
| Distribution expenses                                     | 4,360         | 4,169         |
| <b>Total</b>  | <b>42,227</b> | <b>38,365</b> |

## Net Debt

Net Debt is Bank Debt less the value of cash and cash equivalents. It excludes lease liabilities under IFRS 16. Bank Debt is the value of Barclays RCF facility of £20m and any utilised value of £5m overdraft facility, less any unamortised value of loan arrangement fee referred to in note 18.

Net Debt is a key APM used by the Directors to monitor the indebtedness of the Group.

|                                       | 2025<br>£000    | 2024<br>£000    |
|---------------------------------------|-----------------|-----------------|
| Cash and Cash equivalents (Note 17)   | 4,734           | 1,839           |
| Interest bearing borrowings (Note 18) | (19,972)        | (16,913)        |
| <b>Net Debt</b>                       | <b>(15,238)</b> | <b>(15,074)</b> |

## Working Capital

Working Capital is inventories (note 15), trade and other receivables (note 16) and prepayments less trade and other payables (note 19). The APM is used to monitor the working capital levels across the Group, with a view to manage the indebtedness of the Group within the desired levels. The calculation for Working Capital is shown below.

|                                       | 2025<br>£000  | 2024<br>£000  |
|---------------------------------------|---------------|---------------|
| Inventories (Note 15)                 | 29,156        | 29,263        |
| Trade and other receivables (Note 16) | 25,809        | 22,740        |
| Prepayments                           | 1,587         | 1,053         |
| Trade and other payables (Note 19)    | (26,583)      | (20,866)      |
| <b>Working capital</b>                | <b>29,969</b> | <b>32,190</b> |



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Russell Cash

