

Trading in line with revised expectations, strong cash performance

FINANCIAL HIGHLIGHTS	Year ended 31 December		change	change ⁽⁴⁾ (constant currency)
	2024	2023		
REVENUE	£977.1m	£963.5m	+1%	+4%
OPERATING PROFIT	£40.3m	£37.9m	+6%	+10%
ADJUSTED OPERATING PROFIT ⁽¹⁾	£46.5m	£45.8m	+2%	+5%
ADJUSTED OPERATING MARGIN ⁽¹⁾	4.8%	4.8%	nil bps	+10 bps
PROFIT BEFORE TAX	£27.8m	£22.8m	+22%	+27%
ADJUSTED PROFIT BEFORE TAX ⁽¹⁾	£33.0m	£38.3m	-14%	-11%
BASIC EARNINGS PER SHARE	6.25p	7.52p	-17%	
ADJUSTED EARNINGS PER SHARE ⁽¹⁾	7.17p	10.28p	-30%	
TOTAL DIVIDEND (PAID AND PROPOSED) PER SHARE	2.40p	2.30p	+4%	
FREE CASH FLOW ⁽²⁾	£17.3m	£15.5m	+12%	
NET DEBT EXCLUDING CAPITALISED LEASES ⁽²⁾	£153.4m	£132.0m	£21m increase	
ROCE ⁽³⁾	6.8%	7.1%	-30bps	

Highlights

- Group sales up 4%⁽⁴⁾ and adjusted operating profit up 5%⁽⁴⁾ yoy
- Group free cash flow of £17.3m, up 12%
- Book-to-bill 1.12 underpinning confidence in future growth
- Notable contract wins in both Aerospace and Flexonics divisions
- Spencer sales have grown over 135% in the two years since acquisition
- Sale process of Aerostructures at an advanced stage
- The Board anticipates good growth for the Group in 2025 in line with its expectations
- Final dividend of 1.65p, bringing full year dividend to 2.40p, up 4%, reflecting trading performance and future prospects

Commenting on the results, David Squires, Group Chief Executive Officer of Senior plc, said:

“We are committed to a sale of our Aerostructures business and are making good progress. There is good buyer interest, we are now at an advanced stage of a sale process with a small number of parties, and negotiations are progressing positively. We are focused on completing the sale process and maximising value for shareholders and will update the market in due course. This is in line with our strategy to position Senior as the leading pure play fluid conveyance and thermal management business.

For 2024, Senior delivered results in line with revised expectations, enhanced by a strong cash performance.

Our Aerospace revenue and profits have grown, notwithstanding the well-documented situation at Boeing, which affected production volumes. We responded dynamically, supporting our customers and controlling our costs, to limit the impact on Aerospace profitability in 2024.

In Flexonics, we continued to outperform land vehicle markets and delivered double-digit margins, albeit revenues and profits were slightly lower than 2024 as anticipated.

For the year ahead, the Board anticipates good growth for the Group, in line with its expectations.

Increasing aircraft build rates, operational efficiency benefits and improved contract pricing are expected to drive good growth in Aerospace in 2025, with H2 performance expected to be higher than H1.

For the full year, Aerostructures is expected to improve from a loss making position in 2024 to an operating profit range of £9m to £11m in 2025, with the large majority of that being earned in H2.

We expect Flexonics performance in 2025 to be broadly similar to 2024. In land vehicles, the ramp up of programmes recently won means we expect our 2025 performance to be broadly similar to 2024, despite some softness in North America and Germany. In power and energy, activity levels are expected to be similar to 2024.

Looking ahead, our strategy of positioning Senior as a pure play fluid conveyance and thermal management business in attractive and structurally resilient core markets; active portfolio management; combined with our highly relevant technical capabilities; and sector-leading sustainability credentials, provides confidence of continuing performance improvements for the Group. We have today announced new and improved medium term financial targets which will deliver strong value creation for all of our stakeholders.⁽⁵⁾

Reflecting the Group's performance and the Board's confidence in its future prospects, the Board has approved a final dividend of 1.65 pence per share, bringing full year dividend to 2.40 pence per share, an increase of 4% compared to 2024."

Further information

Bindi Foyle, Group Finance Director, Senior plc	+44 (0) 1923 714 725
Gulshen Patel, Director of Investor Relations and Corporate Communication, Senior plc	+44 (0) 1923 714 722
Richard Webster-Smith, FGS Global	+44 (0) 7796 708 551

Webcast

For the Full Year Results 2024, there will be a presentation on Monday 3 March 2024 at 9.00am GMT.

Investor Event

Following the Full Year Results presentation, Senior will be holding an Investor Event from 10.00 am to 11.45 am GMT. This will focus on delivery of strategy, the prospects for Senior as a pure play fluid conveyance and thermal management ("FCTM") business, and will outline new and improved medium term financial targets for the FCTM business. Both events will be accessible via a live webcast on Senior's website at www.seniorplc.com/investors and the webcasts for both events will be made available on the website for subsequent viewing.

Notes

This Release represents the Company's dissemination announcement in accordance with the requirements of Rule 6.3.5 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. The full Annual Report & Accounts 2024 will be made available online at www.seniorplc.com on 3 March 2025. Printed copies will be made available on or soon after 14 March 2025. Other information on Senior plc, can be found at: www.seniorplc.com

The information contained in this Release is an extract from the Annual Report & Accounts 2024, however, some references to Notes and page numbers have been amended to reflect Notes and page numbers appropriate to this Release.

The Directors' Responsibility Statement has been prepared in connection with the full Financial Statements and Directors' Report as included in the Annual Report & Accounts 2024. Therefore, certain Notes and parts of the Directors' Report reported on are not included within this Release.

- (1) Adjusted operating profit and adjusted profit before tax are stated before £1.6m amortisation of intangible assets from acquisitions (2023 - £2.2m), £3.5m site relocation costs (2023 - £0.1m), £1.1m US class action lawsuit (2023 - £nil) and £nil net restructuring costs (2023 - £5.6m). Adjusted profit before tax is also stated before net income associated with corporate undertakings of £1.0m (2023 - £7.6m costs). A reconciliation of adjusted operating profit to operating profit is shown in Note 4. In 2023, adjusted earnings per share includes the benefit of a release of £10.5m of provisions for uncertain tax positions, of which £3.5m relates to interest (see Note 5 for further details). Adjusted operating margin is the ratio of adjusted operating profit to revenue.
- (2) See Note 12b and 12c for derivation of free cash flow and of net debt, respectively.

- (3) Return on capital employed ("ROCE") is derived from annual adjusted operating profit (as defined in Note 4) divided by the average of the capital employed at the start and end of that twelve-month period, capital employed being total equity plus net debt (as derived in Note 12c).
- (4) 2023 results translated using 2024 average exchange rates - constant currency.
- (5) The details of the new medium-term financial targets are set out in the separate RNS announcement published this morning and will be discussed in detail at the Investor Event presentation to be held today at 10.00 GMT.

The following measures are used for the purpose of assessing covenant compliance for the Group's borrowing facilities:

- EBITDA is adjusted profit before tax and before interest, depreciation, amortisation and profit or loss on sale of property, plant and equipment. It also excludes EBITDA from businesses which have been disposed and includes 12 months EBITDA for businesses acquired and it is based on frozen GAAP (pre-IFRS 16). EBITDA for 2024 was £84.1m.
- Net debt is defined in Note 12c. It is based on frozen GAAP (pre-IFRS 16) and as required by the covenant definition, it is restated using 12-month average exchange rates.
- Interest is adjusted finance costs and finance income before net finance income of retirement benefits. It also excludes interest from businesses which have been disposed and it is based on frozen GAAP (pre-IFRS 16).
- The definition of adjusted items in the Consolidated Income Statement is included in Note 4.

The Group's principal exchange rate for the US Dollar applied in the translation of the Income Statement and cash flow items at average 2024 rates was \$1.28 (2023 - \$1.24) and applied in the translation of balance sheet items at 31 December 2024 was \$1.25 (31 December 2023 - \$1.27).

Note to Editors

Senior is a FTSE 250 international manufacturing Group with operations in 12 countries. It is listed on the main market of the London Stock Exchange (symbol SNR). Senior's Purpose is "we help engineer the transition to a sustainable world for the benefit of all our stakeholders." Senior designs and manufactures high technology components and systems for the principal original equipment producers in the worldwide aerospace & defence, land vehicle and power & energy markets.

Cautionary Statement

This Release contains certain forward-looking statements. Such statements are made by the Directors in good faith based on the information available to them at the time of their approval of this Release and they should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview of 2024 results

Senior delivered 2024 results in line with revised expectations, enhanced by a strong cash performance.

A book-to-bill ratio of 1.12 reflected strong order intake in 2024, underpinning the Group's confidence in continued growth in 2025 and beyond. Both our divisions recorded good order intake, with some notable contract wins including from Safran, Deutsche Aircraft GmbH, Gail India Limited and land vehicle OEMs (details in the divisional reviews below), showcasing the broad, diversified and high-quality nature of our business.

During 2024, Group revenue increased by 4% on a constant currency basis to £977.1m, with growth in the Aerospace Division and lower sales in the Flexonics Division as expected. Exchange rates had an adverse impact of £25.5m to total sales.

In Aerospace, revenue increased 10% year-on-year on a constant currency basis. The increase reflected improved pricing, the ramp up in civil aircraft production rates and very strong growth of over 50% in Spencer Aerospace. This was despite 737 MAX volumes being subdued throughout the year following the Alaska Airlines incident in January 2024 and the Boeing employee strike from September to November 2024. We saw a return to growth in sales to semiconductor equipment customers (which is included in "Adjacent Markets") and steady growth in the defence market. In Flexonics, revenue was in line with expectations, down 6% compared to prior year, on a constant currency basis. The Group saw robust demand in our downstream oil and gas and nuclear business, partially offsetting a reduction in sales from one of our operating businesses to our upstream oil and gas customers due to a lower share of this very competitive market sector. Global land vehicle markets softened as expected in 2024, however, our sales outperformed key end markets due to the ramp up of recently won production contracts.

We measure Group performance on an adjusted basis, which excludes items that do not directly reflect the underlying trading performance in the period (see Note 4). References below therefore focus on these adjusted measures.

The Group's adjusted operating profit increased by 5% on a constant currency basis to £46.5m driven by improved profit in Aerospace more than offsetting the expected volume-related reduction in profit in Flexonics. Adjusted operating margin increased by 10 basis points in 2024 to 4.8%.

The market backdrop for our Aerospace Division remains healthy with order books for large commercial aircraft at record levels, driven by increasing air passenger demand. There were some supply chain issues for Airbus and its suppliers through the year, and although there are clear signs of improvement, we expect there to be ongoing issues to be managed given the large, planned increases in production. Boeing also had specific issues with the cap on 737 MAX production imposed following the Alaska Airlines incident in early 2024 and 3 months of lost production on 737 MAX, 767 and 777 due to the strike at its factories in The Puget Sound. Boeing have now started to ramp up production following the recommencement of operations in December 2024.

Senior responded to these events dynamically, supporting our customers and controlling our costs. Nonetheless, these temporary headwinds did affect Aerospace profitability in 2024.

Flexonics followed a more predictable path, with Senior outperforming anticipated softer end markets in 2024.

The Group generated free cash flow of £17.3m (2023 - £15.5m) in 2024. The improvement from 2023 was a result of lower working capital outflows more than offsetting higher investment in capital expenditure and higher tax and interest payments. Cash outflows from working capital were £17.0m (2023 - £27.6m outflows), reflecting increased inventory, offset partially by inflows from receivables and payables. Inventory was higher in Aerospace with planned investment to enable us to meet the increase in demand from our customers, and as a result of the impact of the Boeing strike and certain customer schedule changes in Q4. Gross capital expenditure was £43.2m (2023 - £35.9m) which was 1.1x depreciation (excluding the impact of IFRS 16).

Further 2024 financial performance is described in the Divisional and Financial Review sections below.

The Board has confidence in the Group's performance, financial position and future prospects, and has approved a final dividend of 1.65 pence per share (2023 – 1.70 pence). This will be paid on 30 May 2025 to shareholders on the register at close of business on 2 May 2025. This brings the total dividends, paid and proposed for 2024, to 2.40 pence per share (2023 – 2.30 pence), an increase of 4% year-on-year. We will continue to follow a progressive dividend policy reflecting earnings per share, free cash flow generation, market conditions and dividend cover.

Delivery of Group Strategy

We are committed to a sale of our Aerostructures business and are making good progress. There is good buyer interest, we are now at an advanced stage of a sale process with a small number of parties, and negotiations are progressing positively. We are focused on completing the sale process and maximising value for shareholders and will update the market in due course. This is in line with our strategy to position Senior as the leading pure play fluid conveyance and thermal management business.

Senior's Purpose is "to help engineer the transition to a sustainable world for the benefit of all our stakeholders". We do this by:

- **Technology expertise** - Using our technology expertise in fluid conveyance and thermal management to provide safe and innovative products for demanding applications in some of the most hostile environments.
- **Customer transition** - Enabling our customers, who operate in some of the hardest-to-decarbonise sectors, to transition to low-carbon and clean energy solutions.
- **Climate action** - Staying at the forefront of climate disclosure and action by ensuring our own operations achieve our Net Zero commitments.

Our extensive design expertise, intellectual property and know-how supports our strategic focus. We offer pivotal technologies for emissions reduction and environmental efficiency, whether that is for cleaner and more efficient conventional technology or new low carbon product offerings.

We continue to invest in markets where we believe there is significant growth potential and where the Group's skills and knowledge can be exploited, such as aerospace highly engineered standard parts/components. This market has high barriers to entry and attractive returns. We are broadening our product portfolio for specific products such as flanges, couplings and fittings. Our high-pressure hydraulic fittings business, Spencer Aerospace ("Spencer") has continued to grow strongly with sales up by over 50% in 2024 compared to 2023 and has now grown over 135% since we acquired the business in late 2022.

Further information on Senior's strategy and strategic priorities can be found on pages 34 to 35 of our Annual Report & Accounts 2024. In addition, we will be providing further details on delivery of our strategy at our Investor Event today at 10.00 GMT.

Market Overview

Civil Aerospace (46% of Group)

The civil aerospace sector continued its recovery with air traffic increasing in all regions during 2024. According to the International Air Transport Association ("IATA"), the latest data showed that total demand during the year, measured in Revenue Passenger Kms (RPKs), increased by 10% year-on-year. Air traffic is expected to continue to grow as incomes increase, especially in developing markets in Asia. The long-term demand for new aircraft is forecast to grow by 3-4% per annum driven by growth in air traffic and ongoing fleet replacement.

Airbus delivered 766 aircraft in 2024, compared to 735 deliveries in 2023. Airbus recently confirmed production rate targets are now: A220, 14 per month in 2026; A320 family, 75 per month in 2027; A330 maintaining 4 per month; and A350, 12 per month in 2028.

In 2024, Boeing delivered 348 aircraft compared to 528 deliveries in 2023. It has been well-documented that Boeing faced challenges in 2024. The Alaska Air 737 MAX incident in January 2024 led to the FAA imposing strict controls over Boeing production and capped production at 38 aircraft per month until the FAA agrees to further increases. The situation was exacerbated by an employee strike at Boeing's Puget Sound facilities which lasted for 53 days during which time no aircraft were produced at the affected facilities. Production of aircraft resumed in mid-December.

Boeing reduced the production rate of its 787 model from 5 aircraft per month to 3 for much of the year due to supply chain constraints, although production returned to 5 per month by the year end. Boeing further announced that the first delivery of the 777X will now be in 2026. In January 2025, the 777X program resumed FAA certification flight testing.

Embraer is forecasting that it will deliver between 77-85 commercial aircraft in 2025, up from 73 in 2024. It is also forecasting to deliver between 145-155 business jets in 2025, having delivered 130 in 2024. Global business jet activity was down by 1% year-on-year in 2024 according to WingX. Global deliveries of business jets are anticipated to increase by 11% year-on-year in 2025 and by 2% per annum over the next decade, according to Honeywell's Global Business Aviation Outlook.

Defence (13% of Group)

Senior's sales to the Defence sector are primarily focused on US military aircraft platforms such as the F-35 and C-130J.

Lockheed Martin has stated that they will continue to produce 156 F-35 aircraft per year, having delivered 110 in 2024. The total planned purchases of F-35s are over 3,500, of which 31% is for the international market.

Adjacent Markets (9% of Group)

Sales from our Aerospace operating businesses into end markets outside of the civil aerospace and defence markets are classified under "Adjacent Markets" and include sales into the semiconductor equipment, space and medical markets.

In the semiconductor sector, global sales of wafer fabrication equipment grew by 7% during 2024. This market is forecast to grow by a further 7% in 2025 driven by demand for AI-related chips. (Source: Semi.org)

Land Vehicle (19% of Group)

Demand in heavy-duty truck markets during 2024 weakened in both Europe and North America, while the off-highway market remained subdued and light vehicle markets experienced mixed conditions.

According to Americas Commercial Transportation ("ACT") research, North American heavy-duty truck production declined by 2% in 2024 compared to 2023, which was better than originally anticipated. This decline was due to ongoing overcapacity in the for-hire freight-logistics sector in the USA, which has resulted in low levels of profitability and fleet investment in the Class 8 "tractor" sector. ACT forecast production to decline by 5% in 2025 and rebound in 2026 to 12% growth as a result of the pre-buy ahead of the planned 2027 emission change.

Weak economic fundamentals, particularly in Germany, led to lower orders for and production of heavy-duty trucks in Europe during 2024. S&P Global ("S&P") data shows that production was down 26% year-on-year, weaker than originally anticipated. S&P predict production in 2025 to increase by 2%.

In the off-highway sector, demand for construction vehicles decreased in both North America and Europe in 2024. Demand for mining equipment remained positive in all major markets. Industry participants are forecasting that overall demand in the off-highway sector in 2025 will decline in North America between 0% - 10%, be flat in Europe and increase between 0% - 10% in China.

European light vehicle production declined by 7% in 2024 after two years of post-pandemic catch-up, as supply and demand became more balanced. Production in North America fell by 2% in 2024, as four years of inventory restocking came to an end. In India, the other light-vehicle market to which Senior has significant exposure, production in 2024 increased by 4%. This relatively low rate, by Indian market standards, was due to high levels of inventory. S&P is forecasting that production in 2025 will fall by 5% in Europe, by 2% in North America and increase by 6% in India.

Power & Energy (13% of Group)

2024 saw growth in upstream oil & gas expenditure slowing, especially in the Middle East, while remaining subdued in North America.

Activity in the downstream sector remains focussed in the Middle East and Asia, where cheap feedstock and economic growth respectively is driving demand.

Global electricity consumption grew by 4.3% in 2024 and is forecast to grow at 4% annually through 2027. Demand is being driven primarily by economic growth, urbanisation and the adoption of EVs.

Sustainability

Senior continues to be at the forefront of sustainability reporting and action. We believe that this is truly important and, evidently, so do many of our customers who are including commitment and progress on sustainability in their supplier selection decision-making process. In 2024, we made significant strides, including meeting our Near-Term science-based target for the reduction of greenhouse gases, a year ahead of the 2025 target date, and progressing our Double Materiality Assessment (DMA). Looking ahead to 2025, we will continue our focus on sustainability by supporting our customers in their carbon reduction efforts and, having already achieved our Near Term Scope 1 & 2 SBTi accredited targets, our full focus now turns to meeting our 2040 Net Zero Scope 1, 2 and 3 targets.

In 2024, we achieved significant milestones in our sustainability journey:

Environmental

- Awarded 'A' leadership score by CDP for our disclosure and action on climate change for 2024.
- We continued to reduce our Scope 1 and 2 greenhouse gas emissions, achieving a reduction of 33% against our 2018 baseline, meeting our Near-Term science-based target ahead of the 2025 target date.
- Electricity sourced from renewable energy increased to 52%, from 48% in 2023.
- We extended our support to suppliers yet to set carbon reduction targets and updated our Sustainable Sourcing Policy.

Social

- We undertook our annual Global Employee Engagement Survey in May 2024 and were pleased to see improvements in the participation rate, engagement, and health & wellbeing scores.
- Our Lost Time Injury Illness & Illness Rate in 2024 reduced by over 40% to 0.19, down from 0.32 in 2023.
- Currently, 56% of the Board Directors are female, including the Chair of the Audit Committee, the Senior Independent Director, who is also Chair of the Remuneration Committee, and the Group Finance Director. The Chair of the Audit Committee is also the non-executive Director with Board responsibility for employee engagement. Two of the Directors (22%) are from ethnic minority backgrounds.

Governance

- We deployed an enhanced Group Anti-Fraud Policy.
- We carried out a Group-level double materiality assessment. The results of the assessment will inform Senior's approach to enhancing and evolving its sustainability strategy.

Further information on Senior's sustainability activities can be found on pages 12 to 31 of our Annual Report & Accounts 2024.

Outlook

We are committed to a sale of our Aerostructures business and are making good progress. There is good buyer interest, we are now at an advanced stage of a sale process with a small number of parties, and negotiations are progressing positively. We are focused on completing the sale process and maximising value for shareholders and will update the market in due course. This is in line with our strategy to position Senior as the leading pure play fluid conveyance and thermal management business.

For the year ahead, the Board anticipates good growth for the Group, in line with its expectations. We are closely monitoring the impact on global trade from potential tariff changes.

Increasing aircraft build rates, operational efficiency benefits and improved contract pricing are expected to drive good growth in Aerospace in 2025, with H2 expected to be higher than H1.

For the full year, Aerostructures is expected to improve from a loss making position in 2024 to an operating profit range of £9m to £11m in 2025, with the large majority of that being earned in H2.

We expect Flexonics performance in 2025 to be broadly similar to 2024.

In land vehicles, the ramp up of programmes recently won means we expect our 2025 performance to be broadly similar to 2024, despite some softness in North America and Germany. In power and energy, activity levels are expected to be similar to 2024.

Our strategy of positioning Senior as a pure play fluid conveyance and thermal management business in attractive and structurally resilient core markets; with active portfolio management; combined with our highly relevant technical capabilities; and sector-leading sustainability credentials, provides confidence of continuing performance improvements for the Group. Reflecting the Board's confidence, we have today announced new and improved medium term financial targets which will be discussed in detail at the Investor Event today at 10.00 GMT.

DAVID SQUIRES

Group Chief Executive Officer

DIVISIONAL REVIEW

Aerospace Division

In 2024, the Aerospace Division represented 68% (2023 – 64%) of Group revenue, consisting of 14 operations. These are located in North America (six), the United Kingdom (four), France (two), Thailand and Malaysia. This Divisional review is on a constant currency basis, whereby 2023 results have been translated using 2024 average exchange rates and on an adjusted basis to exclude amortisation of intangible assets from acquisitions, site relocation costs, US class action lawsuit and net restructuring costs. The Division's operating results on a constant currency basis are summarised below:

	2024	2023 ⁽¹⁾	Change
Revenue	£660.8m	£601.4m	+9.9%
Adjusted operating profit	£30.4m	£26.6m	+14.3%
Adjusted operating margin	4.6%	4.4%	+20bps

⁽¹⁾ 2023 results translated using 2024 average exchange rates - constant currency.

Divisional revenue increased by £59.4m (9.9%) to £660.8m (2023 – £601.4m) whilst adjusted operating profit increased by £3.8m (14.3%) to £30.4m (2023 – £26.6m).

Revenue Reconciliation	£m
2023 revenue	601.4
Civil aerospace	46.6
Defence	1.8
Other adjacent markets	11.0
2024 revenue	<u>660.8</u>

Contract Wins

The Aerospace Division has been awarded several new or extended contracts in 2024 from the following customers:

- Deutsche Aircraft. A new life of programme contract for the design, development and manufacture of high-pressure ducting for the sustainable D328eco aircraft from our SSP business in California and our Bird Bellows business in the UK.
- Safran Aircraft Engines. Awarded a multi-year contract for the supply of Maintenance, Repair and Overhaul (MRO) services for the CFM56 engine to be undertaken at Senior Aerospace's Ermeto facility in Blois, France.
- Airbus SA. A multi-year contract extension for the manufacture and supply of various aerostructures parts from our businesses in Thailand and Malaysia.
- Airbus Atlantic. A new contract for the supply of business class seat structures from our business in Thailand.
- Spirit AeroSystems. A 5-year contract extension for the supply of large diameter precision formed and machined structural components for various Boeing commercial programmes from our Jet Products business in California.
- Collins Aerospace (RTX). New multi-year production contracts for the supply of precision formed and machined thrust reverser structural components for commercial aerospace platforms at Airbus and Boeing from our Jet Products business in California.
- Rolls-Royce. A new 5-year contract for the supply of aerofoils for the Pearl engine family and manufacturing will be undertaken at our business in Thailand.

Performance

Aerospace Division revenue in 2024 increased by 9.9% year-on-year on a constant currency basis, benefiting from increase in demand across all market sectors. The increase year-on-year reflected the ongoing ramp up in civil aircraft production rates, notwithstanding 737 MAX volumes being subdued following the Alaska Airlines incident in January 2024 and the Boeing employee strike from September to November 2024. Other adjacent markets (mainly the semiconductor equipment market) and defence also contributed to growth in the division.

The civil aerospace sector had good growth during the period with Senior's sales increasing by 11.6% compared to prior year. This was as a result of increased deliveries to Airbus programmes, higher prices, activity levels increasing in our Thailand business as a key supplier recovers from a fire last year as well as, continued strong growth in revenue from Spencer Aerospace (more than 50%). 22% of civil aerospace sales were from widebody aircraft in 2024, with the other 78% sales being from single aisle, regional and business jets.

Total revenue from the defence sector increased by £1.8m (1.4%) primarily due to higher sales on the F35 programme.

Revenue derived from other adjacent markets such as space, power & energy, medical and semiconductor equipment, where the Group manufactures products using very similar technology to that used for certain aerospace products, increased by £11.0m (15.4%) due to price increases and semiconductor equipment market starting to recover.

The market backdrop for our Aerospace Division remains healthy with order books for large commercial aircraft at record levels, driven by increasing air passenger demand. There were some supply chain issues for Airbus and its suppliers through the year, and although there are clear signs of improvement, we expect there to be ongoing issues to be managed given the large, planned increases in production. Boeing also had specific issues with the cap on 737 MAX production imposed following the Alaska Airlines incident in early 2024 and 3 months of lost production on 737 MAX, 767 and 777 due to the strike at its factories in The Puget Sound. Boeing have now started to ramp up production following the recommencement of operations in December 2024.

Senior responded to these events dynamically, supporting our customers and controlling our costs. Nonetheless, these temporary headwinds did affect Aerospace profitability in 2024 compared to original expectations. During the period, adjusted operating profit increased by 14.3% to £30.4m (2023 - £26.6m) and the adjusted operating margin increased by 20 basis points to 4.6% (2023 – 4.4%). This increased profitability reflected the benefits of price increases and higher volumes.

Outlook

Increasing aircraft build rates, operational efficiency benefits and improved contract pricing are expected to drive good growth in Aerospace in 2025, with H2 performance expected to be higher than H1.

For the full year, Aerostructures is expected to improve from a loss making position in 2024 to an operating profit range of £9m to £11m in 2025, with the large majority of that being earned in H2.

Supplementary information – Aerospace division sales and operating profit

	Revenue			Adjusted trading and operating profit		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	2024	2023 ⁽¹⁾	2022 ⁽¹⁾	2024	2023 ⁽¹⁾⁽²⁾	2022 ⁽¹⁾
	£m	£m	£m	£m	£m	£m
Aerostructures Aerospace	272.4	246.7	235.4	(6.5)	(11.1)	(3.7)
excluding Aerostructures	391.1	357.7	306.5	36.9	37.7	23.4
Eliminations	(2.7)	(3.0)	(2.7)	-	-	-
Total Aerospace	660.8	601.4	539.2	30.4	26.6	19.7

⁽¹⁾ 2023 and 2022 results translated using 2024 average exchange rates – constant currency.

⁽²⁾ 2023 results included benefit from retrospective inflationary cost recoveries.

Flexonics Division

The Flexonics Division represents 32% (2023 – 36%) of Group revenue and consists of 12 operations which are located in North America (four), continental Europe (two), the United Kingdom (two), South Africa, India, and China (two including the Group's 49% equity stake in a land vehicle product joint venture). This Divisional review, presented before the share of the joint venture results, is on a constant currency basis, whereby 2023 results have been translated using 2024 average exchange rates and on an adjusted basis to exclude site relocation costs and net restructuring costs. The Division's operating results on a constant currency basis are summarised below:

	2024	2023 ⁽¹⁾	Change
Revenue	£317.7m	£337.5m	-5.9%
Adjusted operating profit	£35.1m	£36.2m	-3.0%
Adjusted operating margin	11.0%	10.7%	+30bps

(1) 2023 results translated using 2024 average exchange rates - constant currency.

Divisional revenue decreased by £19.8m (-5.9%) to £317.7m (2023 – £337.5m) and adjusted operating profit decreased by £1.1m (-3.0%) to £35.1m (2023 – £36.2m).

Revenue Reconciliation	£m
2023 revenue	337.5
Land vehicle	(7.2)
Power & energy	(12.6)
2024 revenue	<u>317.7</u>

Contract Wins

The Flexonics Division won a number of important contracts in 2024 which include:

- Contract with Gail India Limited to manufacture and deliver over 100 expansion joints for a new Catofin project, supplied by our Pathway business in the USA.
- New contract signed with European truck OEM to supply tubes and pipes for a new engine to be used in multiple platforms with manufacturing being undertaken in Flexonics Olomouc, Cape Town and Saltillo facilities.
- Several new or extended contracts with North American heavy-duty truck OEMs with supply from our Bartlett business, with facilities in the USA and Mexico.
- New contracts with passenger vehicle OEMs in Europe supplying metal pipes and tubing for various engines from our Olomouc business in the Czech Republic.

Performance

Flexonics Division revenue in 2024 decreased by 5.9% year-on-year on a constant currency basis. Strong revenue growth from downstream oil and gas and nuclear, was offset by lower upstream oil and gas business and the anticipated softness in land vehicle markets.

Global land vehicle markets softened as expected in 2024, nevertheless, our sales outperformed key end markets. Group land vehicle sales decreased by 3.7% driven by softer market conditions which were partially mitigated by the benefit from the launch and ramp up of new programmes in North America and Europe. Senior's sales to the North American truck market decreased by £1.2m (-2.0%) with market production decreasing by 2.3%. Our North American off-highway sales decreased £5.2m (-13.5%). Sales to other truck and off-highway regions, including Europe and India, were flat as growth from India offset reduced customer demand in Europe. The European truck and off-highway market decreased by 26% in 2024 primarily due to the weakness of the German economy. Senior's sales, however, only decreased by 1.6% in the period as we benefited from the launch and ramp of new programme wins. For example, Senior Flexonics Olomouc benefited from higher sales from a new project launched last year. There was also a one-off benefit from a large order placed by a Swedish OEM to our Senior Flexonics Kassel business. Group sales to passenger vehicle markets decreased by £0.8m (-1.7%) in the year.

In the Group's power & energy markets sales decreased by £12.6m (-9.5%) in the year. Sales to other power & energy markets increased by £4.8m (5.4%) reflecting growth in sales to power generation, nuclear and renewables industry customers. Sales to oil and gas customers decreased by £17.4m (-32.8%). The Group saw robust demand in our downstream oil and gas business, partially offsetting a reduction in sales from one of our operating businesses to our upstream oil and gas customers due to a lower share of this very competitive business.

Adjusted operating profit decreased by £1.1m compared to prior period as a result of lower sales. Nevertheless, operational efficiencies, lower costs and favourable product mix helped increase margins by 30 basis points to 11.0% (2023 –10.7%).

Outlook

We expect Flexonics performance in 2025 to be broadly similar to 2024.

In land vehicles, the ramp up of programmes recently won means we expect our 2025 performance to be broadly similar to 2024, despite some softness in North America and Germany. In power and energy, activity levels are expected to be similar to 2024.

FINANCIAL REVIEW

Group revenue

Group revenue was £977.1m (2023 – £963.5m). Excluding the adverse exchange rate impact of £25.5m, Group revenue increased by £39.1m (4.2%) with growth in the Aerospace Division and an anticipated reduction in the Flexonics Division.

Operating profit

Adjusted operating profit increased by £0.7m (1.5%) to £46.5m (2023 – £45.8m). Excluding the adverse exchange rate impact of £1.6m, adjusted operating profit increased by £2.3m (5.2%) on a constant currency basis. After accounting for £1.6m amortisation of intangible assets from acquisitions (2023 – £2.2m), £3.5m site relocation costs (2023 – £0.1m), £1.1m US class action lawsuit (2023 – £nil) and £nil net restructuring costs (2023 – £5.6m), reported operating profit was £40.3m (2023 – £37.9m).

The Group's adjusted operating margin of 4.8% increased by 10 basis points on a constant currency basis, with increases in both Aerospace and Flexonics divisions. Adjusted operating margin in Aerospace benefited from price increases and higher volumes. Operational efficiencies, lower costs and favourable product mix helped Flexonics more than offset the impact of lower volumes.

Finance costs and income

Finance costs, net of finance income and before fair value changes in acquisition consideration increased to £13.5m (2023 – £7.5m) and comprise IFRS 16 interest charge on lease liabilities of £3.4m (2023 – £2.9m), net finance income on retirement benefits of £2.0m (2023 – £2.1m) and net interest charge of £12.1m (2023 – £10.2m). Also in 2023, interest unwind on uncertain tax positions of £3.5m was included, as described further below in the tax section. The £1.9m increase in net interest charge was driven by higher underlying interest rates on variable rate debt and higher levels of indebtedness in 2024 versus the prior year.

Before fair value changes in acquisition consideration, gross finance costs were £21.9m (2023 – £17.6m) and gross finance income was £8.4m (2023 – £10.1m including £3.5m benefit of interest unwind on uncertain tax positions). The change in fair value on acquisition consideration was net income of £2.2m (2023 - £2.9m interest unwind), comprising £3.6m income, relating to the 2025 earnout target no longer expected to be payable, as a result of the impact of the well publicised 737 MAX subdued volumes, partly offset by £1.4m interest unwind.

Profit before tax

Adjusted profit before tax decreased by 14% to £33.0m (2023 - £38.3m) reflecting higher net interest costs including the non-repeat of £3.5m prior year benefit of interest unwind on uncertain tax positions. Reported profit before tax increased by 22% to £27.8m (2023 - £22.8m) mainly due to operating profit and corporate undertakings favourable movements partly offset by non-repeat prior year interest unwind benefit. The reconciling items between adjusted profit and reported profit before tax are shown in Note 4.

Tax charge/credit

The adjusted tax rate for the year was 10.0% charge (2023 – 11.0% credit), being a tax charge of £3.3m (2023 – £4.2m credit) on adjusted profit before tax of £33.0m (2023 – £38.3m). The adjusted tax rate benefitted from the recognition of a £2.2m deferred tax asset in respect of historical tax losses, enhanced R&D deductions in the US and the geographical mix of taxable profits. In 2023, the adjusted tax rate also benefitted from a release of £7.0m of provision for uncertain tax positions. This release and associated interest release of £3.5m followed a series of steps to simplify the legal ownership of the Group's Americas legal entity holding structure.

The reported tax rate was 6.8% charge, being a tax charge of £1.9m on reported profit before tax of £27.8m. This included £1.4m net tax credit against items excluded from adjusted profit before tax, of which £0.4m credit related to amortisation of intangible assets from acquisitions, £1.0m credit related to site relocation costs, £0.3m credit related to US class action lawsuit and £0.3m charge related to corporate undertakings in the year.

The 2023 reported tax rate was 36.4% credit, being a tax credit of £8.3m on reported profit before tax of £22.8m. This included £7.0m credit related to the release of provision for uncertain tax positions as described above and £4.1m net tax credit against items excluded from adjusted profit before tax, of which £0.6m credit related to amortisation of intangible assets from acquisitions, £1.5m credit related to net restructuring costs, £0.1m credit related to site relocation costs and £1.9m credit related to corporate undertakings in the year.

Cash tax paid was £7.4m (2023 – £5.6m) and is stated net of refunds received of £1.2m (2023 – £2.8m) in respect of UK R&D expenditure credit payments and tax paid in prior periods.

Earnings per share

The weighted average number of shares, for the purposes of calculating undiluted earnings per share, increased to 414.3 million (2023 – 413.3 million). The increase arose principally due to shares released from the employee benefit trust to satisfy the vesting of certain share-based payments during 2024, partly offset by the purchase of shares held by the trust. The adjusted earnings per share was 7.17 pence (2023 – 10.28 pence, which included a benefit of 2.54 pence from the release of the provision for uncertain tax positions as described above).

Basic earnings per share was 6.25 pence (2023 – 7.52 pence). See Note 7 for details of the basis of these calculations.

Return on capital employed (“ROCE”)

ROCE, a key performance indicator for the Group as defined in the Notes to the Financial Headlines, decreased by 30 basis points to 6.8% (2023 – 7.1%). The decrease in ROCE was mainly a result of higher inventory and investment in growth not yet fully offset by the growth in profit, which was impacted by near-term temporary customer led headwinds.

Cash flow

The Group generated operating cash flow of £39.3m (2023 – £34.0m), a cash conversion of 85% of adjusted operating profit. Free cash flow was £17.3m in 2024 (2023 – £15.5m) as set out in the following table:

	2024 £m	2023 £m
Operating profit	40.3	37.9
Amortisation of intangible assets from acquisitions	1.6	2.2
Site relocation costs	3.5	0.1
US class action lawsuit	1.1	–
Net restructuring costs	–	5.6
Adjusted operating profit	46.5	45.8
Depreciation (including amortisation of software)	49.0	49.5
Working capital and provisions movement, net of restructuring items	(17.0)	(27.6)
Pension contributions	(0.8)	(1.4)
Pension service and running costs	1.9	1.3
Other items ⁽¹⁾	2.8	1.6
Capital expenditure	(43.2)	(35.9)
Sale of property, plant and equipment	0.1	0.7
Operating cash flow	39.3	34.0
Interest paid, net	(14.6)	(12.9)
Income tax paid, net	(7.4)	(5.6)
Free cash flow	17.3	15.5
Site relocation costs paid	(1.6)	–
Net restructuring costs paid	(0.5)	(2.1)
US pension settlement	–	(0.9)
Corporate undertakings	(13.0)	(25.8)
Dividends paid	(10.1)	(6.6)
Dividends from Joint Venture	3.0	–
Purchase of shares held by employee benefit trust net of repayments	(4.9)	(5.6)
Net cash flow	(9.8)	(25.5)
Effect of foreign exchange rate changes	(3.1)	8.5
IFRS 16 non-cash additions and modifications including acquisition	(12.9)	(7.9)
Change in net debt	(25.8)	(24.9)
Opening net debt	(203.8)	(178.9)
Closing net debt	(229.6)	(203.8)

⁽¹⁾ Other items comprises £4.5m share-based payment charges (2023 – £4.1m), £(1.3m) profit on share of joint venture (2023 – £(1.0m)), £(0.4m) working capital and provision currency movements (2023 – £(1.3m)) and £nil profit on sale of fixed assets (2023 – £(0.2m)).

Capital expenditure

Gross capital expenditure of £43.2m (2023 – £35.9m) was 1.1 times depreciation excluding the impact of IFRS 16 (2023 – 0.9 times). The disposal of property, plant and equipment raised £0.1m (2023 – £0.7m). 2025 capital investment is expected to be above depreciation (excluding the impact of IFRS 16), the majority of which is investment on growth projects where contracts have been secured, with the rest on important replacement equipment for current production and sustainability related items.

Working capital

Working capital increased by £18.1m in 2024 to £179.0m as at 31 December 2024 (31 December 2023 – £160.9m), of which £1.9m increase related to foreign currency movements. Inventory was higher particularly in Aerospace with planned investment to enable us to meet the strong increase in demand from our customers and was also as a result of 737 MAX production being lower than initially resourced for, exacerbated by the Boeing employee strike in the Puget sound area, coupled with schedule changes in Q4 from a customer who is an Airbus tier one supplier. Receivables were higher as a result of revenue growth. In 2024, working capital increased as a percentage of sales by 160 basis points to 18.3% (2023 – 16.7%). We are likely to see an increase in working capital over the coming year to support the growth anticipated in Aerospace, however working capital as a percentage of sales is expected to reduce towards the 17% level.

Retirement benefit schemes

The retirement benefit surplus in respect of the Group's UK defined benefit pension plan ("the UK Plan") decreased by £5.0m to £43.5m (31 December 2023 – £48.5m) due to £6.0m net actuarial losses and £1.2m running costs partly offset by £2.2m net interest income. Retirement benefit deficits in respect of the US and other territories decreased by £1.2m to £6.8m (31 December 2023 – £8.0m).

The latest triennial actuarial valuation of the UK Plan as at 5 April 2022 showed a surplus of £24.5m (5 April 2019 – deficit of £10.2m). The Group's deficit reduction cash contributions, including administration costs, to the UK Plan ceased on 30 June 2022.

The estimated cash contributions expected to be paid during 2025 in the US funded plans is £0.4m (£0.4m was paid in 2024).

Net debt

Net debt which includes IFRS 16 lease liabilities increased by £25.8m to £229.6m at 31 December 2024 (31 December 2023 – £203.8m). As noted in the cash flow above, the Group generated net cash outflow of £9.8m (as defined in Note 12), before £3.1m adverse foreign currency movements and £12.9m non-cash changes in lease liabilities due to additions and modifications.

Net debt excluding IFRS 16 lease liabilities of £76.2m (31 December 2023 – £71.8m) increased by £21.4m to £153.4m at 31 December 2024 (31 December 2023 – £132.0m), due to free cash inflow of £17.3m and £3.0m dividend received from the Joint Venture being more than offset by £15.0m outflow for dividends and net purchase of shares, £13.0m cash outflow in respect of corporate undertakings, £10.0m capital repayment of leases, £2.1m net cash outflows for site relocation and restructuring and £1.6m adverse foreign currency movements.

Funding and Liquidity

As at 31 December 2024, the Group's gross borrowings excluding leases and transaction costs directly attributable to borrowings were £200.0m (31 December 2023 – £181.0m), with 64% of the Group's gross borrowings denominated in US Dollars (31 December 2021 – 61%). Cash and bank balances were £45.5m (31 December 2023 – £47.6m).

The maturity of these borrowings, together with the maturity of the Group's committed facilities, can be analysed as follows:

	Gross borrowings ⁽²⁾ £m	Committed facilities £m
Within one year	75.0	75.0
In the second year	9.5	34.8
In years three to five	75.5	162.1
After five years	40.0	40.0
	200.0	311.9

⁽²⁾ Gross borrowings include other loans and committed facilities, but exclude leases of £76.2m and transaction costs directly attributable to borrowings of £(1.1)m.

At the year-end, the Group had committed facilities of £311.9m comprising private placement debt of £162.1m and revolving credit facilities of £149.8m. The Group is in a strong funding position, with headroom at 31 December 2024 of £158.5m in cash and undrawn facilities.

In the first half, the US RCF of \$50m was extended by a year and will now mature in June 2026. New private placement loan notes of \$40m (£32m) were issued and drawn down in February 2025, carrying an interest rate of 5.46% and are due for repayment in February 2029. These new loan notes have refinanced the maturing £27m private placement loan notes that were repaid in January 2025. The weighted average maturity of the Group's committed facilities at 31 December 2024 was 2.5 years.

The Group has £nil (2023 – £1.8m) of uncommitted borrowings which are repayable on demand.

The Group has two covenants for committed borrowing facilities, which are tested at June and December: the Group's net debt to EBITDA (defined in the Notes to the Financial Headlines) must not exceed 3.0x and interest cover, the ratio of EBITDA to interest must be higher than 3.5x. At 31 December 2024, the Group's net debt to EBITDA was 1.8x and interest cover was 7.0x, both comfortably within covenant limits.

Going concern and viability

In accordance with provisions 30 and 31 of the 2018 UK Corporate Governance Code, the Directors have concluded that there is a reasonable expectation as to the Group's longer-term viability and have continued to adopt the going concern basis in preparing the Financial Statements. The full viability statement can be found on page 68 of the Annual Report & Accounts 2024.

In assessing going concern, taking into account the level of cash and available committed facilities the Directors concluded that the Group has sufficient funds, and is forecast to be in compliance with debt covenants at all measurement dates, to allow it to operate for the foreseeable future (a period of at least 12 months from the date of approval of the Financial Statements), even in a severe but plausible downside scenario.

In forming their conclusion, the Board has undertaken a rigorous assessment of the financial forecasts, key uncertainties, sensitivities, and has reviewed a severe but plausible downside scenario, which reflects the probability weighted and cumulative estimated effects of the Group's principal risks and uncertainties as disclosed on pages 54 to 59 of the Annual Report & Accounts 2024.

Risks and uncertainties

The principal risks and uncertainties faced by the Group are set out in detail on pages 54 to 59 of the Annual Report & Accounts 2024.

Responsibility statement of the Directors in respect of the Annual Report & Accounts 2024

We confirm that to the best of our knowledge:

1. the Financial Statements, as included in the Annual Report & Accounts 2024, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
2. the Strategic Report, set out in the Annual Report & Accounts 2024, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By Order of the Board

David Squires
Group Chief Executive Officer

28 February 2025

Bindi Foyle
Group Finance Director

28 February 2025

Consolidated Income Statement

For the year ended 31 December 2024

		Year ended 2024	Year ended 2023
	Notes	£m	£m
Revenue	3	977.1	963.5
Trading profit		39.0	36.9
Share of joint venture profit	9	1.3	1.0
Operating profit ⁽¹⁾	3	40.3	37.9
Finance income		10.6	10.1
Finance costs		(21.9)	(20.5)
Corporate undertakings	4	(1.2)	(4.7)
Profit before tax ⁽²⁾		27.8	22.8
Tax (charge)/credit	5	(1.9)	8.3
Profit for the period		25.9	31.1
Attributable to:			
Equity holders of the parent		25.9	31.1
Earnings per share			
Basic ⁽³⁾	7	6.25p	7.52p
Diluted ⁽⁴⁾	7	6.12p	7.32p
⁽¹⁾ Adjusted operating profit	4	46.5	45.8
⁽²⁾ Adjusted profit before tax	4	33.0	38.3
⁽³⁾ Adjusted earnings per share	7	7.17p	10.28p
⁽⁴⁾ Adjusted and diluted earnings per share	7	7.01p	10.00p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Year ended 2024	Year ended 2023
	£m	£m
Profit for the period	25.9	31.1
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
(Losses)/gains on foreign exchange contracts - cash flow hedges during the period	(2.8)	2.7
Reclassification adjustments for losses included in profit	(0.1)	0.9
(Losses)/gains on foreign exchange contracts - cash flow hedges	(2.9)	3.6
Exchange differences on translation of overseas operations	4.0	(16.9)
Tax relating to items that may be reclassified	0.8	(0.9)
	1.9	(14.2)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial losses on defined benefit pension schemes	(4.8)	(2.6)
Tax relating to items that will not be reclassified	1.1	0.6
	(3.7)	(2.0)
Other comprehensive income for the period, net of tax	(1.8)	(16.2)
Total comprehensive income for the period	24.1	14.9
Attributable to:		
Equity holders of the parent	24.1	14.9

Consolidated Balance Sheet

As at 31 December 2024

		Year ended 2024	Year ended 2023
	Notes	£m	£m
Non-current assets			
Goodwill	8	195.4	193.3
Other intangible assets		32.1	33.1
Investment in joint venture	9	3.3	5.1
Property, plant and equipment	10	292.1	284.7
Deferred tax assets		27.5	20.7
Retirement benefits	13	43.5	48.5
Trade and other receivables		0.4	0.8
Total non-current assets		<u>594.3</u>	<u>586.2</u>
Current assets			
Inventories		236.0	207.5
Current tax receivables		2.8	2.3
Trade and other receivables		137.2	141.7
Cash and bank balances	12c)	45.5	47.6
Total current assets		<u>421.5</u>	<u>399.1</u>
Total assets		<u><u>1,015.8</u></u>	<u><u>985.3</u></u>
Current liabilities			
Trade and other payables		196.9	188.4
Current tax liabilities		8.0	10.0
Lease liabilities		13.6	12.4
Bank overdrafts and loans	12c)	75.0	1.8
Provisions		11.3	10.5
Contingent consideration		13.0	10.5
Total current liabilities		<u>317.8</u>	<u>233.6</u>
Non-current liabilities			
Bank and other loans	12c)	123.9	177.8
Retirement benefits	13	6.8	8.0
Deferred tax liabilities		8.2	7.0
Lease liabilities		62.6	59.4
Provisions		14.6	15.0
Contingent consideration		3.5	18.5
Others		8.5	8.9
Total non-current liabilities		<u>228.1</u>	<u>294.6</u>
Total liabilities		<u><u>545.9</u></u>	<u><u>528.2</u></u>
Net assets		<u><u>469.9</u></u>	<u><u>457.1</u></u>
Equity			
Issued share capital	11	41.9	41.9
Share premium account		14.8	14.8
Equity reserve		7.8	7.9
Hedging and translation reserve		39.2	37.3
Retained earnings		376.7	368.0
Own shares		(10.5)	(12.8)
Equity attributable to equity holders of the parent		<u>469.9</u>	<u>457.1</u>
Total equity		<u><u>469.9</u></u>	<u><u>457.1</u></u>

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

All equity is attributable to equity holders of the parent

	Issued share capital	Share premium account	Equity reserve	Hedging reserve	Trans- -lation reserve	Retained earnings	Own shares	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2023	41.9	14.8	6.4	(38.8)	90.3	346.5	(11.7)	449.4
Profit for the period	-	-	-	-	-	31.1	-	31.1
Gains on foreign exchange contracts- cash flow hedges	-	-	-	3.6	-	-	-	3.6
Exchange differences on translation of overseas operations	-	-	-	-	(16.9)	-	-	(16.9)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(2.6)	-	(2.6)
Tax relating to components of other comprehensive income	-	-	-	(0.9)	-	0.6	-	(0.3)
Total comprehensive income/(expense) for the period	-	-	-	2.7	(16.9)	29.1	-	14.9
Share-based payment charge	-	-	4.1	-	-	-	-	4.1
Tax relating to share-based payments	-	-	-	-	-	0.9	-	0.9
Purchase of shares held by employee benefit trust	-	-	-	-	-	-	(5.6)	(5.6)
Use of shares held by employee benefit trust	-	-	-	-	-	(4.5)	4.5	-
Transfer to retained earnings	-	-	(2.6)	-	-	2.6	-	-
Dividends paid	-	-	-	-	-	(6.6)	-	(6.6)
Balance at 31 December 2023	41.9	14.8	7.9	(36.1)	73.4	368.0	(12.8)	457.1
Profit for the period	-	-	-	-	-	25.9	-	25.9
Gain on foreign exchange contracts- cash flow hedges	-	-	-	(2.9)	-	-	-	(2.9)
Exchange differences on translation of overseas operations	-	-	-	-	4.0	-	-	4.0
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(4.8)	-	(4.8)
Tax relating to components of other comprehensive income	-	-	-	0.8	-	1.1	-	1.9
Total comprehensive (expense)/income for the period	-	-	-	(2.1)	4.0	22.2	-	24.1
Share-based payment charge	-	-	4.5	-	-	-	-	4.5
Tax relating to share-based payments	-	-	-	-	-	(0.8)	-	(0.8)
Purchase of shares held by employee benefit trust net of repayments	-	-	-	-	-	2.1	(7.0)	(4.9)
Use of shares held by employee benefit trust	-	-	-	-	-	(9.3)	9.3	-
Transfer to retained earnings	-	-	(4.6)	-	-	4.6	-	-
Dividends paid	-	-	-	-	-	(10.1)	-	(10.1)
Balance at 31 December 2024	41.9	14.8	7.8	(38.2)	77.4	376.7	(10.5)	469.9

Consolidated Cash Flow Statement

For the year ended 31 December 2024

	Notes	Year ended 2024 £m	Year ended 2023 £m
Net cash from operating activities	12a)	49.4	41.4
Investing activities			
Interest received		6.6	4.3
Proceeds on disposal of property, plant and equipment		0.1	0.7
Purchases of property, plant and equipment		(41.5)	(33.7)
Purchases of intangible assets		(1.7)	(2.2)
Dividend from joint venture		3.0	-
Acquisition of Spencer	14	(10.7)	(23.9)
Net cash used in investing activities		(44.2)	(54.8)
Financing activities			
Dividends paid		(10.1)	(6.6)
New loans		152.2	136.2
Repayment of borrowings		(132.0)	(96.2)
Purchase of shares held by employee benefit trust		(6.3)	(5.6)
Repayments from employee benefit trust		1.4	-
Repayment of lease liabilities		(10.0)	(10.2)
Net cash (used)/generated in financing activities		(4.8)	17.6
Net increase in cash and cash equivalents		0.4	4.2
Cash and cash equivalents at beginning of period		45.8	42.7
Effect of foreign exchange rate changes		(0.7)	(1.1)
Cash and cash equivalents at end of period	12c)	45.5	45.8

Notes to the above Financial Statements

For the year ended 31 December 2024

1. General information

These results for the year ended 31 December 2024 are an excerpt from the Annual Report & Accounts 2024 and do not constitute the Group's statutory accounts for 2024 or 2023. Statutory accounts for 2023 have been delivered to the Registrar of Companies, and those for 2024 will be delivered following the Company's Annual General Meeting. The Auditor has reported on both those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under Sections 498(2) or (3) of the Companies Act 2006 or equivalent preceding legislation.

2. Significant accounting policies

Whilst the financial information included in this Annual Results Release has been prepared in accordance with UK-adopted international accounting standards, this announcement does not itself contain sufficient information to comply with UK-adopted international accounting standards. Full Financial Statements that comply with UK-adopted international accounting standards are included in the Annual Report & Accounts 2024 which is available online at www.seniorplc.com. Printed copies will be distributed on or soon after 14 March 2025.

At the date of authorisation of the Group's Financial Statements, there are no relevant and material new standards, amendments to standards or interpretations which are effective for the year ended 31 December 2024.

3. Segmental information

The Group reports its segment information as two operating divisions according to the market segments they serve, Aerospace and Flexonics, which is consistent with the oversight employed by the Executive Committee. The chief operating decision maker, as defined by IFRS 8, is the Executive Committee. The Group is managed on the same basis, as two operating divisions.

Business Segments

Segment information for revenue and operating profit and a reconciliation to the Group profit after tax is presented below:

	Eliminations / central costs				Eliminations / central costs			
	Aerospace	Flexonics		Total	Aerospace	Flexonics		Total
	Year ended 2024	Year ended 2024	Year ended 2024	Year ended 2024	Year ended 2023	Year ended 2023	Year ended 2023	Year ended 2023
	£m	£m	£m	£m	£m	£m	£m	£m
External revenue	659.7	317.4	-	977.1	615.7	347.8	-	963.5
Inter-segment revenue	1.1	0.3	(1.4)	-	0.8	0.2	(1.0)	-
Total revenue	660.8	317.7	(1.4)	977.1	616.5	348.0	(1.0)	963.5
Adjusted trading profit	30.4	35.1	(20.3)	45.2	27.0	37.5	(19.7)	44.8
Share of joint venture profit	-	1.3	-	1.3	-	1.0	-	1.0
Adjusted operating profit (note 4)	30.4	36.4	(20.3)	46.5	27.0	38.5	(19.7)	45.8
Amortisation of intangible assets from acquisitions	(1.6)	-	-	(1.6)	(2.2)	-	-	(2.2)
Site relocation costs	(3.0)	(0.5)	-	(3.5)	-	(0.1)	-	(0.1)
US class action lawsuit	(1.1)	-	-	(1.1)	-	-	-	-
Net restructuring costs (note 4)	-	-	-	-	(3.6)	(2.0)	-	(5.6)
Operating profit	24.7	35.9	(20.3)	40.3	21.2	36.4	(19.7)	37.9
Finance income				10.6				10.1
Finance costs				(21.9)				(20.5)
Corporate undertakings				(1.2)				(4.7)
Profit before tax				27.8				22.8
Tax (Note 5)				(1.9)				8.3
Profit after tax				25.9				31.1

Trading profit and adjusted trading profit is operating profit and adjusted operating profit respectively before share of joint venture profit. See Note 4 for the derivation of adjusted operating profit.

3. Segmental analysis (continued)

Segment information for assets and liabilities is presented below.

Assets	Year ended 2024 £m	Year ended 2023 £m
Aerospace	679.6	646.5
Flexonics	213.0	215.4
Segment assets for reportable segments	<u>892.6</u>	<u>861.9</u>
Unallocated		
Central	3.7	4.0
Cash	45.5	47.6
Deferred and current tax	30.3	23.0
Retirement benefits	43.5	48.5
Others	0.2	0.3
Total assets per Consolidated Balance Sheet	<u><u>1,015.8</u></u>	<u><u>985.3</u></u>
Liabilities	Year ended 2024 £m	Year ended 2023 £m
Aerospace	202.8	183.1
Flexonics	77.7	79.9
Segment liabilities for reportable segments	<u>280.5</u>	<u>263.0</u>
Unallocated		
Central	17.3	22.2
Loans and Overdrafts	198.9	179.6
Deferred and current tax	16.2	17.0
Retirement benefits	6.8	8.0
Contingent consideration	16.5	29.0
Others	9.7	9.4
Total liabilities per Consolidated Balance Sheet	<u><u>545.9</u></u>	<u><u>528.2</u></u>

3. Segmental analysis (continued)

Total revenue is disaggregated by market sectors as follows:

	Year ended 2024 £m	Year ended 2023 £m
Civil Aerospace	447.7	410.5
Defence	130.6	132.6
Other	82.5	73.4
Aerospace	660.8	616.5
Land Vehicles	187.6	201.7
Power & Energy	130.1	146.3
Flexonics	317.7	348.0
Eliminations	(1.4)	(1.0)
Total revenue	977.1	963.5

Other Aerospace comprises space and non-military helicopters and other markets, principally including semiconductor, medical, and industrial applications.

4. Adjusted operating profit and adjusted profit before tax

The presentation of adjusted operating profit and adjusted profit before tax measures, derived in accordance with the table below, has been included to identify the performance of the Group prior to the impact of amortisation of intangible assets from acquisitions, net restructuring costs, site relocation costs, US class action lawsuit and costs associated with corporate undertakings. The Board has a policy, which was clarified in 2023, to separately disclose items it considers are outside the normal course of management oversight and control on a day-to-day basis and are not reflective of in-year trading performance. Indicative criteria such as period to which the item relates and external driven factors that are outside of the control of the Group in combination with the magnitude and consistency of application are also considered.

The amortisation charge relates to the acquisition of Spencer Aerospace. It is charged on a straight-line basis and reflects a non-cash item for the reported year. Site relocation costs relate to transfer of business activities into new or existing cost competitive facilities to support the Group's strategic initiatives. The US class action lawsuit relates to an historic legal matter. The Group implemented a restructuring programme in 2019, which had residual activity in 2023 in response to further specific end market conditions. Corporate undertakings relate to business acquisition and disposal activities. None of these charges are reflective of in-year performance. Therefore, they are excluded by the Board and Executive Committee when measuring the operating performance of the businesses.

	Year ended 2024 £m	Year ended 2023 £m
Operating profit	40.3	37.9
Amortisation of intangible assets from acquisitions	1.6	2.2
Site relocation costs	3.5	0.1
US class action lawsuit	1.1	-
Net restructuring costs	-	5.6
Adjusted operating profit	46.5	45.8
Profit before tax	27.8	22.8
Adjustments to profit before tax as above	6.2	7.9
Corporate undertakings	1.2	4.7
Corporate undertakings – change in fair value on acquisition consideration	(2.2)	2.9
Total Corporate undertakings	(1.0)	7.6
Adjusted profit before tax	33.0	38.3

Site relocation costs

In 2024, £3.5m of site relocation costs were incurred (2023 - £0.1m) of which £0.5m (2023 - £0.1m) related to the transfer of our Senior Flexonics Crumlin business to a nearby high-tech facility in Wales to better showcase its design, development, test and qualification capabilities in support of the Group's strategic initiatives. The Group also recognised an impairment of £1.9m of property, plant and equipment and costs of £1.1m related to the transfer of existing business to other cost competitive facilities.

US class action lawsuit

In June 2022 a wage and hour class action lawsuit was filed against one business based in California, USA. This lawsuit alleged violations of state regulations concerning meal and rest breaks and related penalties covering the period 2021 through the first half of 2024. Mediation took place in April 2024, resulting in a Company agreed settlement and related costs of £1.1m, of which no payments have been made as at 31 December 2024. Court approval and payment is expected by the end of the first half of 2025.

Net restructuring costs

In 2024 no restructuring costs were incurred in the Consolidated Income Statement. In 2023, £5.6m was incurred, of which £2.4m related to consultancy and other costs, £2.0m related to inventory impairment where customer demand had decreased and £1.2m related to impairment of property, plant and equipment to cover the risk where there were no alternative uses.

Net restructuring cash outflow was £0.5m (2023 - £2.1m).

4. Adjusted operating profit and adjusted profit before tax (continued)

Corporate undertakings

Net income associated with corporate undertakings was £1.0m (2023 - £7.6m costs), of which £0.8m acquisition costs (2023 - £1.5m) and £2.2m income from fair value changes in contingent consideration (2023 - £2.9m costs) related to the acquisition of Spencer Aerospace in November 2022 and £0.4m costs are associated with potential disposal and other corporate activities (2023 - £3.2m). See Note 14 for further details on the financial impact of the acquisition in 2024.

5. Tax charge

	Year ended 2024 £m	Year ended 2023 £m
Current tax:		
Current year	8.4	10.7
Adjustments in respect of prior periods- Americas uncertain tax positions	-	(7.0)
Adjustments in respect of prior periods- other	(2.6)	(4.3)
	<u>5.8</u>	<u>(0.6)</u>
Deferred tax:		
Current year	(5.0)	(5.8)
Adjustments in respect of prior periods	1.1	(1.9)
	<u>(3.9)</u>	<u>(7.7)</u>
Total tax charge/(credit)	<u>1.9</u>	<u>(8.3)</u>

The adjusted tax rate for the year was 10.0% charge (2023 – 11.0% credit), being a tax charge of £3.3m (2023 – £4.2m credit) on adjusted profit before tax of £33.0m (2023 – £38.3m profit). The adjusted tax charge benefits from the recognition of a deferred tax asset of £2.2m in respect of historical UK tax losses, net uncertain tax provision releases in the year totalling £1.8m as well as enhanced R&D expenditure deductions in the US.

The UK tax rate of 25% has been applied to the UK profits for the period (2023: 23.5%, being an effective tax rate as a result of the change in the UK tax rate from 19% to 25% with effect from 1 April 2023). Deferred tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the Balance Sheet date. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The OECD Pillar II Globe Rules introduce a global minimum corporate tax rate, initially at 15%, applicable to multinational enterprise (MNE) groups with global revenue over €750m. All participating OECD members are required to incorporate these rules into national legislation. On 20th June 2023 the UK substantially enacted legislation to apply Pillar Two Globe rules into UK law which will first apply to the Group from 1 January 2024. The Group has provided £0.1m in the current year in respect of this liability.

The reported tax rate was 6.8% charge, being a tax charge of £1.9m on reported profit before tax of £27.8m. This included £1.4m net tax credit on items excluded from adjusted profit before tax. The 2023 reported tax rate was 36.4% credit, being a tax credit of £8.3m on reported profit before tax of £22.8m.

Cash tax paid was £7.4m (2023 – £5.6m) and is stated net of refunds received in the UK of £1.2m (2023 – £2.8m in the US) of R&D tax incentives and tax paid in prior periods, arising from the offset of tax losses against taxable profits of prior periods.

6. Dividends

	Year ended 2024 £m	Year ended 2023 £m
Amounts recognised as distribution to equity holders in the period:		
Final dividend for the year ended 31 December 2023 of 1.70p per share (2022 - 1.00p)	7.0	4.1
Interim dividend for the year ending 31 December 2024 of 0.75p per share (2023 - 0.60p)	3.1	2.5
	<hr/> 10.1 <hr/>	<hr/> 6.6 <hr/>
Proposed final dividend for the year ended 31 December 2024 of 1.65p per share (2023 – 1.70p)	6.8	7.0

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 2024 million	Year ended 2023 million
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	414.3	413.3
Effect of dilutive potential ordinary shares:		
Share options	9.2	11.7
Weighted average number of ordinary shares for the purposes of diluted earnings per share	423.5	425.0

Earnings and earnings per share	Year ended 2024		Year ended 2023	
	Earnings	EPS	Earnings	EPS
	£m	pence	£m	pence
Profit for the period	25.9	6.25	31.1	7.52
Adjust:				
Amortisation of intangible assets from acquisitions net of tax credit of £0.4m (2023 - £0.6m credit)	1.2	0.29	1.6	0.39
Site relocation costs net of tax credit of £1.0m (2023 - £0.1m credit)	2.5	0.60	-	-
US class action lawsuit net of tax credit of £0.3m (2023 - £nil)	0.8	0.20	-	-
Net restructuring costs net of tax of £nil (2023 - £1.5m credit)	-	-	4.1	0.99
Corporate undertakings net of tax charge of £0.3m (2023 - £1.9m credit)	(0.7)	(0.17)	5.7	1.38
Adjusted earnings after tax	29.7	7.17	42.5	10.28
Earnings per share				
- basic		6.25p		7.52p
- diluted		6.12p		7.32p
- adjusted		7.17p		10.28p
- adjusted and diluted		7.01p		10.00p

The denominators used for all basic, diluted and adjusted earnings per share are as detailed in the table above. The presentation of adjusted earnings per share, derived in accordance with the table above, has been included to identify the performance of the Group prior to the impact of amortisation of intangible assets from acquisitions, site relocation costs, US class action lawsuit, net restructuring costs and costs associated with corporate undertakings. The Board has a policy, which was clarified in 2023, to separately disclose items it considers are outside the normal course of management oversight and control on a day-to-day basis and are not reflective of in-year trading performance. Indicative criteria such as period to which the item relates and external driven factors that are outside of the control of the Group in combination with the magnitude and consistency of application are also considered. See Note 4 for further details.

8. Goodwill

Goodwill increased by £2.1m during the year to £195.4m (2023 - £193.3m) due to net foreign exchange differences.

9. Investment in joint venture

The Group has a 49% interest in Senior Flexonics Technologies (Wuhan) Limited, a jointly controlled entity incorporated in China which was set up in 2012. The Group's investment of £3.3m represents the Group's share of the joint venture's net assets as at 31 December 2024 (2023 - £5.1m). The movement of £1.8m in the Group's investment during the year comprises of £1.3m Group's Share of profit more than offset by £3.0m dividend received and £0.1m exchange difference.

10. Property, plant and equipment

During the period, the Group spent £41.5m (2023 - £33.7m) on the acquisition of property, plant and equipment. The Group also disposed of property, plant and equipment with a carrying value of £0.1m (2023 - £0.5m) for proceeds of £0.1m (2023 - £0.7m). At 31 December 2024, right-of-use assets were £65.5m (2023 - £64.4m).

11. Share capital

Share capital as at 31 December 2024 amounted to £41.9m. No shares were issued during 2023 and 2024.

12. Notes to the Cash Flow Statement

a) Reconciliation of operating profit to net cash from operating activities

	Year ended 2024 £m	Year ended 2023 £m
Operating profit	40.3	37.9
Adjustments for:		
Depreciation of property, plant and equipment	47.3	48.0
Amortisation of intangible assets	3.3	3.7
Profit on sale of fixed assets	-	(0.2)
Share-based payment charges	4.5	4.1
Pension contributions	(0.8)	(1.4)
Pension service and running costs	1.9	1.3
Corporate undertaking costs	(2.3)	(1.9)
Share of joint venture	(1.3)	(1.0)
Increase in inventories	(26.6)	(21.7)
Decrease/(increase) in receivables	4.0	(20.4)
Increase in payables and provisions	5.1	16.8
Restructuring impairment of property, plant and equipment and software	-	1.2
US pension settlement	-	(0.9)
US class action lawsuit	1.1	-
Site relocation costs	1.9	-
Working capital and provisions currency movements	(0.4)	(1.3)
Cash generated by operations	78.0	64.2
Income taxes paid	(7.4)	(5.6)
Interest paid	(21.2)	(17.2)
Net cash from operating activities	49.4	41.4

12. Notes to the Cash Flow Statement (continued)

b) Free cash flow

Free cash flow, a non-statutory item, enhances the reporting of the cash-generating ability of the Group prior to corporate activity such as acquisitions, restructuring, disposal activities, financing and transactions with shareholders. It is used as a performance measure by the Board and Executive Committee and is derived as follows:

	Year ended 2024	Year ended 2023
	£m	£m
Net cash from operating activities	49.4	41.4
Corporate undertaking costs	2.3	1.9
Net Restructuring cash paid	0.5	2.1
Site relocation costs	1.6	0.1
US pension settlement cash paid	-	0.9
Interest received	6.6	4.3
Proceeds on disposal of property, plant and equipment	0.1	0.7
Purchases of property, plant and equipment	(41.5)	(33.7)
Purchase of intangible assets	(1.7)	(2.2)
Free cash flow	17.3	15.5

c) Analysis of net debt

	At 1 January 2024	Net Cash flow	Non Cash	Exchange movement	Other Lease movements	At 31 December 2024
	£m	£m	£m	£m	£m	£m
Cash and bank balances	47.6	(1.4)	-	(0.7)	-	45.5
Overdrafts	(1.8)	1.8	-	-	-	-
Cash and cash equivalents	45.8	0.4	-	(0.7)	-	45.5
Debt due within one year	-	-	(75.0)	-	-	(75.0)
Debt due after one year	(177.8)	(20.2)	75.0	(0.9)	-	(123.9)
Lease liabilities ⁽¹⁾	(71.8)	10.0	-	(1.5)	(12.9)	(76.2)
Liabilities arising from financing activities	(249.6)	(10.2)	-	(2.4)	(12.9)	(275.1)
Total	(203.8)	(9.8)	-	(3.1)	(12.9)	(229.6)

⁽¹⁾ The change in lease liabilities in the year ended 31 December 2024 includes lease rental payments of £13.4m (£3.4m of these payments relates to lease interest), £1.5m exchange movement and £12.9m other movements which are related to lease additions and modifications.

12. Notes to the Cash Flow Statement (continued)

c) Analysis of net debt (continued)

	Year ended 2024	Year ended 2023
	£m	£m
Cash and Cash equivalents comprise:		
Cash and bank balances	45.5	47.6
Overdrafts	-	(1.8)
Total	<u>45.5</u>	<u>45.8</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the Consolidated Balance Sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

d) Analysis of working capital and provisions

Working capital comprises the following:

	Year ended 2024	Year ended 2023
	£m	£m
Inventories	236.0	207.5
Trade and other receivables	137.2	141.7
Trade and other payables	(196.9)	(188.4)
Working capital, including derivatives	<u>176.3</u>	<u>160.8</u>
Items excluded:		
Foreign exchange contracts	2.7	0.1
Total	<u>179.0</u>	<u>160.9</u>

Working capital and provisions movement, net of restructuring items, a non-statutory cash flow item, is derived as follows:

	Year ended 2024	Year ended 2023
	£m	£m
Increase in inventories	(26.6)	(21.7)
Decrease/(increase) in receivables	4.0	(20.4)
Increase in payables and provisions	5.1	16.8
Working capital and provisions movement, excluding currency effects	<u>(17.5)</u>	<u>(25.3)</u>
Items excluded:		
Increase in restructuring related inventory impairment	-	(2.0)
Decrease/(increase) in net restructuring provision and other receivables	0.5	(0.3)
Total	<u>(17.0)</u>	<u>(27.6)</u>

13. Retirement benefit schemes

At 31 December 2024, aggregate retirement benefit liabilities of £6.8m (2023 - £8.0m) comprise the Group's US defined benefit pension funded schemes with a total deficit of £1.4m (2023 - £2.8m) and other unfunded schemes, with a deficit of £5.4m (2023 - £5.2m). The retirement benefit surplus of £43.5m (2023 - £48.5m) comprises the Group's UK defined benefit pension funded scheme.

The liability and asset values of the funded schemes have been assessed by independent actuaries using current market values and discount rates.

14. Acquisition and other corporate activities

Acquisition of Spencer Aerospace Manufacturing, LLC.

On 25 November 2022, the Group acquired substantially all of the assets of Spencer Aerospace Manufacturing, LLC, a leading manufacturer of highly engineered, high-pressure hydraulic fluid fittings for use in commercial and military aerospace applications, located in Valencia, California, USA.

At 31 December 2024, there is a maximum contingent consideration remaining of \$26.6m (£21.2m) potentially payable, in milestone amounts, dependent on the financial performance of Spencer Aerospace for the period from 1 January 2024 to 31 December 2026. The most likely range of this remaining contingent element is estimated between \$21.6m and \$26.6m. The fair value of \$20.6m (£16.5m), which includes discounting, has been recognised at 31 December 2024. The fair value of contingent consideration assumes continuing to expand the relationship with Spencer's established customers and leveraging Senior's strong relationships with OEMs, Tier 1 integrators and after market customers around the world to exploit opportunities for Spencer Aerospace. In 2024, the fair value change relates to a release of £3.6m for the 2025 earnout target not expected to be payable as a result of the impact of the well publicised 737 MAX subdued volumes, partly offset by £1.4m interest unwind (2023 - £2.9m interest unwind). In 2023, \$26.6m (£23.9m) deferred consideration net of working capital adjustment was paid. In 2024, £0.8m costs (2023 - £1.5m) were incurred related to the acquisition.

The movement of deferred and contingent consideration payable and working capital receivable since acquisition date is shown below:

	Year ended 2024 £m	Year ended 2023 £m
Balance at 1 January	29.0	52.0
Cash paid net of working capital adjustment	(10.7)	(23.9)
Change in fair value on acquisition consideration	(2.2)	2.9
Effects of movements in exchange rates	0.4	(2.0)
Balance at 31 December	<u>16.5</u>	<u>29.0</u>
Amounts falling due within one year	13.0	10.5
Amounts falling due after one year	3.5	18.5
Contingent consideration balance at 31 December	<u>16.5</u>	<u>29.0</u>

Also in 2024, £0.4m costs associated with potential disposal and other corporate activities were incurred (2023 - £3.2m).

15. Provisions

Provisions include warranty costs of £19.2m (2023 - £17.9m), restructuring of £nil (2023 - £0.5m), and other provisions including contractual matters, claims and legal costs that arise in the ordinary course of business of £6.7m (2023 - £7.1m). The warranty costs include a provision of £11.8m (2023 - £11.0m) related to one specific disputed commercial matter. The range of reasonably possible outcomes considered by the Board is £6m, which reflects a reasonably possible increase of £4m or decrease of £2m. No further details on the matter are disclosed to avoid prejudicing the contractual position.

16. Contingent liabilities

The Group is subject to various claims which arise from time to time in the course of its business including, for example, in relation to commercial matters, product quality or liability, and tax audits. Where the Board has assessed there to be a more likely than not outflow of economic benefits, provision has been made for the best estimate as at 31 December 2024 (see Note 15). For all other matters, the Board has concluded that it is not more likely than not that there will be an economic outflow of benefits. While the outcome of some of these matters cannot be predicted with any certainty, the Directors do not expect any of these arrangements, legal actions or claims, after allowing for provisions already made where appropriate, to result in significant loss to the Group.

17. Related party transaction

Barbara Jeremiah, Senior Independent Non-Executive Director and Chair of the Remuneration Committee was appointed a non-executive director of Johnson Matthey Plc with effect from 1 July 2023. Johnson Matthey Plc, a related party of the Group, has been renting excess car parking space from one of the Group's operating businesses on a rolling monthly basis. The lease contract was in place prior to the acquisition of Thermal Engineering in 2013 by the Group. In 2024, £0.07m car park rental was received (2023: £0.06m). There are no outstanding amounts at 31 December 2024 (31 December 2023: £nil).

The Group has also related party relationships with a number of pension schemes and with Directors and Senior Managers of the Group.