

FINANCIAL REVIEW



The Group delivered robust financial performance against challenging market conditions. Together with strong cash generation and disciplined capital allocation, it supports continued investment in both organic and inorganic growth while maintaining a robust balance sheet.”

Simon Gibbins
Group Finance Director

Revenue and orders

Group sales of £443.3m were 5% higher than last year (both CER and reported) (FY 2024/25: £422.9m). Two acquisitions last financial year (Burstler and Hivolt) and one this year (Storm) added 4% to revenue while the disposal of the Santon solar business completed last year reduced sales by 1%. Organic sales increased by 2% following an 18-month period of widespread customer destocking.

Revenue (£m)	FY 2025/26	FY 2024/25	%
Organic sales	427.3	419.4	+2%
Acquisitions	16.0		+4%
Disposals		3.9	-1%
Sales at CER	443.3	423.3	+5%
FX translation		(0.4)	
Reported sales	443.3	422.9	+5%

Orders for the year were £447.8m, 9% higher at CER than last year and on a reported basis (FY 2024/25: £411.9m) giving a rising book-to-bill ratio of 1.01 (H2: 1.03; H1: 0.99 and 0.97 in the second half last year). Orders in the year increased by 5% organically (H2: +10%; H1: +0.5%).

The order book at the year-end of £165m was strong, 5% higher than at 30 September 2025 and 2% higher than last year. At c.4.5 months of annualised second half sales, the order book provides good visibility for the first half of the new financial year.

Group operating profit and margin

Group adjusted operating profit for the year was £61.0m, a 1% increase on last year both at CER and on a reported basis (FY 2024/25: £60.5m) with an adjusted operating margin of 13.8%. This was 0.4ppts lower at CER than last year following investment in operations to fund future growth. Together with high margin acquisitions in the last 6 months, the annualised adjusted operating margin is ahead of last year and we remain on track to reach our target for FY 2029/30 of 17%.

Group reported operating profit for the year (including acquisition and disposal-related expenses as discussed below within adjusting items) was £45.2m, 7% higher than last year (FY 2024/25: £42.4m).

£m	FY 2025/26			FY 2024/25		
	Operating profit	Finance Cost	Profit before tax	Operating profit	Finance Cost	Profit before tax
Adjusted	61.0	(9.1)	51.9	60.5	(10.4)	50.1
Adjusting items						
Amortisation of acquired intangibles	(16.3)	–	(16.3)	(16.2)	–	(16.2)
Acquisition & disposal credit/ (expenses)	0.5	–	0.5	(1.9)	–	(1.9)
Reported	45.2	(9.1)	36.1	42.4	(10.4)	32.0

As shown below, adjusted operating profit growth has mainly been achieved through organic growth in sales and accretive acquisitions made this year and last year, partially offset by operational investment in future growth.

£m	Adjusted Operating Profit
FY 2024/25	60.5
Gross profit on organic sales increase	3.4
Organic gross margin impact	0.9
Sales mix impact on gross margin	(1.4)
Organic operational investment	(4.4)
Organic profit reduction	(1.5)
Profit from acquired companies	2.2
CER growth in operating profits	0.7
Foreign exchange impact	(0.2)
Net growth in operating profits	0.5
FY 2025/26	61.0

Various manufacturing and operating initiatives continued this year helping lift individual business gross margins by 0.2ppts on average which was offset by the mix effect of stronger sales growth in our lower margin businesses (0.3ppts impact). We have invested in new sales and engineering resource and additional operating capacity (Thailand this year with India being completed during the first half next year, both on schedule and on budget) to aid future growth, with organic operating costs increasing by 3.5%. Operating profits of £2.2m were earned this year by last year's two acquisitions (Hivolt acquired in August 2024 and Burster acquired in January 2025) during their first year of ownership and by Storm (acquired in December 2025).

Adjusted tax rate

The adjusted effective tax rate ("ETR") for the year was 23.5%, 0.5ppts lower than last year (FY 2024/25: 24.0%) due to greater profits in lower tax territories.

The overall ETR of 19.7% was lower than last year's ETR (FY 2024/25: 23.1%) due to a low rate of tax on the net acquisition and disposal credit within adjusting items as shown in the table below.

£m	FY 2025/26		FY 2024/25	
	PBT	ETR	PBT	ETR
Adjusted	51.9	23.5%	50.1	24.0%
<u>Adjusted items</u>				
Amortisation of acquired intangibles	(16.3)		(16.2)	
Acquisition & disposal credits/(expenses)	0.5		(1.9)	
Reported	36.1	19.7%	32.0	23.1%

Sterling was 5% stronger this year versus 12 months ago, compared with the US Dollar but 3% weaker against the Euro and 5% weaker on average against Nordic currencies, giving rise to a net reduction in adjusted operating profits on translation of £0.2m for the year.

Adjusting items

Adjusting items for the year totalled £15.8m (FY 2024/25: £18.1m) comprising the amortisation of acquired intangibles of £16.3m (FY 2024/25: £16.2m), broadly in line with last year, less net acquisition and disposal credits of £0.5m (FY 2024/25: a net expense of £1.9m).

The net acquisition and disposal credits of £0.5m comprises a net reduction in the fair value of contingent consideration payable on past acquisitions of £5.8m less £1.3m fair value adjustments on acquired inventory, £3.2m of costs associated with acquisitions, £0.4m of acquisition integration costs and £0.4m of GMP equalisation payments in respect of the Group's legacy pension scheme.

Financing costs

Net finance costs for the year were £9.1m (FY 2024/25: £10.4m) and include a £1.3m charge for leased assets under IFRS 16 (FY 2024/25: £1.0m) and a £0.6m charge for amortised upfront facility costs (FY 2024/25: £0.6m). Excluding these, net finance costs related to our banking facilities were £7.2m (FY 2024/25: £8.8m), a reduction of 20%, due to lower average net debt balances during the year and lower base rates for our main borrowing currencies (Sterling, US Dollars and Euros), all of which reduced during the year. The Sterling base rate and US Dollar Federal rate both reduced by 0.75ppts to 3.75%, while the ECB lending rate reduced by 0.5ppts to 2.15%.

FINANCIAL REVIEW CONTINUED

Profit before tax and EPS

Following the reduction in net finance costs, adjusted profit before tax for the year of £51.9m was £1.8m higher (+4%) than last year (FY 2024/25: £50.1m) with adjusted EPS for the year increasing by 4% to 40.3p (FY 2024/25: 38.7p).

£m	FY 2025/26		FY 2024/25	
	PBT	EPS	PBT	EPS
Adjusted	51.9	40.3p	50.1	38.7p
<i>Adjusting items</i>				
Amortisation of acquired intangibles	(16.3)		(16.2)	
Acquisition & disposal credit/(expenses)	0.5		(1.9)	
Reported	36.1	29.4p	32.0	25.0p

After adjusting items, reported profit before tax was £36.1m, 13% higher than last year (FY 2024/25: £32.0m) with reported fully diluted earnings per share of 29.4p, 18% ahead of last year (FY 2024/25: 25.0p).

Working capital and asset returns ratios

Working capital at 31 March 2026 was £81.8m (FY 2024/25: £79.0m) with a £2.4m increase from acquisitions and £1.3m of working capital investment offset by a £0.9m reduction from foreign exchange translation. This is equivalent to 16.6% of final quarter annualised sales at CER, a 0.6ppts improvement on last year (FY 2024/25: 17.2%).

Working capital KPIs have remained robust during the year with debtor days of 47 (1 day higher than last year), creditor days of 74 (6 days lower than last year) and stock turns of 3.2 (0.1 turns higher than last year).

ROCE for the year of 15.2% was above our 15.0% target although slightly below last year (FY 2024/25: 15.8%) due to the impact of acquisitions and operational investment this year.

Return on Tangible Capital Employed ("ROTCE") for the year, which excludes goodwill, intangible assets and non-operational assets, was 45.1%. This illustrates both the strong returns being generated by the Group's operational assets, and our capital-light requirements with capital expenditure of only 1.5% of sales (FY 2024/25: 1.4%). ROTCE was 7.0ppts lower than last year (FY 2024/25: 52.1%) due to £13m of additional right-of-use assets, capitalised under IFRS16.

Cash flow

Net debt at 31 March 2026, excluding IFRS16 leases, was £80.5m, compared with £94.3m at 31 March 2025 with the reduction in the year of £13.8m driven by strong free cash generation partly offset by the acquisition of Storm, payment of earn-outs and last year's final dividend.

£m	FY 2025/26	FY 2024/25
Opening net debt	(94.3)	(104.0)
Free cash flow (see table below)	36.6	40.4
Dividends	(12.2)	(11.7)
Acquisitions & disposals	(9.5)	(19.8)
Equity issuance	0.1	-
Amortisation of debt fees	(0.6)	(0.6)
Foreign exchange impact	(0.6)	1.4
Net debt at 31 March	(80.5)	(94.3)

Acquisitions and disposals cash outflow of £9.5m in the year comprised £4.3m for the acquisition of Storm, £2.8m payment of earnouts related to Hivolt and CPI, £1.1m of acquisition expenses, £0.7m of integration expenses and £0.6m of acquisition & disposal completion payments.

Dividends of £12.2m were paid during the year, an increase of 4% over the prior year.

The impact of movements in Sterling in the year led to an FX loss of £0.6m compared with an FX gain last year of £1.4m. The Group's policy is to hold net debt in currencies aligned to the currency of its cash flows in order to protect the gearing of the Group.

Adjusted operating cash flow and free cash flow for the year (see definitions in note 6 to the Group consolidated Financial Statements) compared with last year are shown below:

£m	FY 2025/26	FY 2024/25
Adjusted profit before tax	51.9	50.1
Net finance costs	9.1	10.4
Non-cash items	14.5	15.1
IFRS 16 - lease payments	(7.9)	(7.5)
Adjusted EBITDA	67.6	68.1
Changes in working capital	(5.5)	0.3
Capital expenditure	(6.6)	(6.1)
Adjusted operating cash flow	55.5	62.3
Finance costs	(7.2)	(9.0)
Taxation	(10.7)	(10.6)
Legacy pension	(1.0)	(2.3)
Free cash flow	36.6	40.4

Adjusted EBITDA of £67.6m was £0.5m lower than last year (FY 2024/25: £68.1m) due to lower non-cash items, principally being a lower share-based payment charge.

During the year, the Group invested £5.5m in working capital supporting strong sales and orders in the final quarter. This compares with a small inflow last year of £0.3m.

Capital expenditure of £6.6m was invested during the year, being 1.5% of sales, similar to last year (FY 2024/25: £6.1m at 1.4% of sales). This included investment in our expanded Thailand facility and our new Indian facility (due to complete in August 2026) together with various new production line extensions.

Capital expenditure levels are expected to increase to c.£9m for next year with the completion of the Indian facility and a new facility in Norway.

£55.5m of adjusted operating cash flow was generated in the year (FY 2024/25: £62.3m) being 91% of adjusted operating profit, comfortably ahead of our 85% target (FY 2024/25: 103%). This conversion rate is lower than last year due to investments in working capital to support growth.

Finance cash costs of £7.2m were £1.8m below last year due to lower net debt balances during the year and lower base rates for our main borrowing currencies (Sterling, US Dollars and Euros), all of which reduced during the year. Corporate income tax payments of £10.7m were broadly in line with last year (FY 2024/25: £10.6m).

Free cash flow (being cash flow before dividends and acquisitions) of £36.6m was generated in the year (FY 2024/25: £40.4m) at a free cash conversion rate of 92% of adjusted earnings, again ahead of our 85% target (FY 2024/25: 106%). Over the past decade, the Group has consistently achieved high levels of adjusted operating cash and free cash conversion, both averaging around 100%.

Banking facilities

The Group has a £240m syndicated banking facility which, in November 2025, was extended to May 2030 with extension options to May 2032. In addition, the Group has an £80m accordion facility which it can use to extend the total facility up to £320m, subject to bank approval. The syndicated facility is available both for acquisitions and for working capital purposes and comprises seven lending banks. As part of the renewal, our gearing covenant was increased from 3.0x to 3.5x which provides us with additional flexibility to operate temporarily above the upper end of our target gearing range of 2.0x to optimise execution of our acquisition pipeline.

With net debt (excluding IFRS 16 leases in accordance with our banking covenants) at 31 March 2026 of £80.5m, the Group's gearing ratio at the end of the year (being net debt excluding IFRS 16 leases divided by Adjusted EBITDA as annualised for acquisitions) was 1.2x.

With the acquisition of Trival completed in April 2026 and the recently announced acquisition of 3C, proforma gearing at 31 March 2026 was 2.2x which is forecast to reduce to 1.8x by the end of this new financial year, comfortably within our target range.

Defined benefit pension scheme

In January 2025, the Group completed the buy-in of its legacy UK defined benefit pension scheme with Just Retirement Limited for a premium of £29.1m, funded primarily from existing scheme assets. The buy-in delivers greater security for scheme members, whilst substantially removing the Group's exposure to defined benefit liabilities and investment, longevity, interest rate and inflation risks in respect of the scheme.

Balance sheet

Net assets of £328.6m at 31 March 2026 were £20.6m higher than at the end of the last financial year (31 March 2025: £308.0m). The increase primarily relates to net profit after tax for the year of £29.0m being partly offset by dividends paid during the year of £12.2m. The movement in net assets is summarised below.

£m	FY 2025/26
Net assets at 31 March 2025	308.0
Net profit after tax	29.0
Dividend paid	(12.2)
Currency net assets – translation impact	2.1
Gain on defined benefit scheme	0.2
Issue of shares	0.2
Share based payments (inc tax)	1.3
Net assets at 31 March 2026	328.6

Risks and uncertainties

The principal risks faced by the Group, which are set out in further detail on pages 79 to 84, comprise: the economic environment, particularly linked to the geopolitical issues arising from the ongoing conflicts in the Middle East and Ukraine; the imposition of US trade tariffs and counter tariffs; the performance of acquired companies; climate-related risks; loss of major customers or suppliers; technological changes; major business disruption; cyber security; loss of key personnel; control risk; product liability; liquidity and debt covenants; exposure to adverse foreign currency movements; and non-compliance with legal and regulatory requirements.

The Board reviewed the Group's principal risks and the mitigating actions and processes in place during the financial year. The Board's view is that risks associated with the macroeconomic environment, including the impact from US tariffs and cyber attacks have increased during the financial year with no material change to the relative importance or quantum of the Group's other principal risks.

The risk assessment and review are an ongoing process, and the Board will continue to monitor risks and the mitigating actions in place. The Group's risk management processes cover identification, impact assessment, likely occurrence and mitigation actions where practicable. Some level of risk, however, will always be present. The Group is well positioned to manage such risks and uncertainties, if they arise, given its strong balance sheet, committed banking facility of £240m and the adaptability we have as an organisation.

Simon Gibbins

Group Finance Director