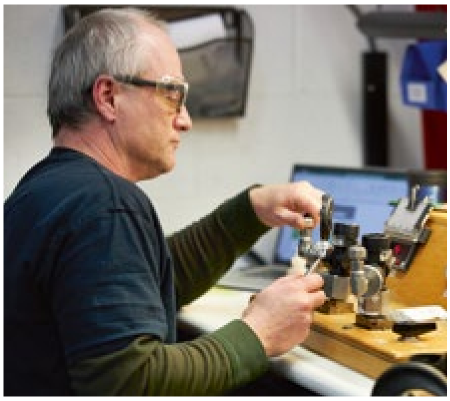





# DELIVERING A CULTURE OF CONTINUOUS IMPROVEMENT






**AVON TECHNOLOGIES PLC**

ANNUAL REPORT AND ACCOUNTS 2024

# PROTECTING LIVES, EVERY DAY

**WE ARE AN ORGANISATION OF OVER 900 PEOPLE WITH ONE SHARED PURPOSE:**
Protecting Lives. It's why we come to work – and it's what motivates us, every day, to do the best work we can.

**OUR VISION:** is for heroes to survive and thrive – whatever their mission. In other words, we want to keep pushing ourselves to create solutions that are more effective, easier to use and easier to get into the hands of the people who need them.

**OUR MISSION:** is to provide unparalleled protection for those who protect us, giving them the confidence to tackle challenging situations and helping them get home safe.

## OUR VALUES:

Our core beliefs are the things that are most important to us as a business and as individuals: the behaviours we want to encourage, the standards we hold ourselves to and the characteristics we display when we're at our best.

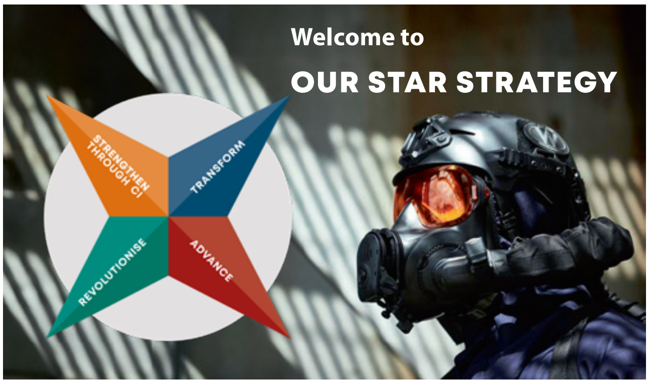
Our values spell **FIERCE**, a mnemonic that sums up how passionate we all feel about the outcome of our work.

| | |
|---|---|
| **Fearlessness** | We seize opportunities and take calculated risks. |
| **Integrity** | We do what's right, using good judgement to ensure we always do things we can be proud of. |
| **Excellence** | We passionately strive to protect life through innovative solutions, people and processes. |
| **Resilience** | No matter the circumstances, we exhibit a will to live. |
| **Collaboration** | We believe in the power of teams, across the business and with our customers, to become stronger. |
| **Execution** | We have fun, are high impact and are empowered to make a difference. |

We are
**#FIERCE**
about Protecting Lives

## OUR STRATEGY:

STAR sets out our strategic priorities to deliver sustainable and profitable growth:




**STRENGTHEN THROUGH CONTINUOUS IMPROVEMENT**
to always deliver quality products on time while using capital efficiently and improving productivity

Read more on page 13

**TRANSFORM** the cost base to increase margins through a programmatic approach to transformation

Read more on page 14

**ADVANCE** organically by growing the core and scaling up emerging opportunities

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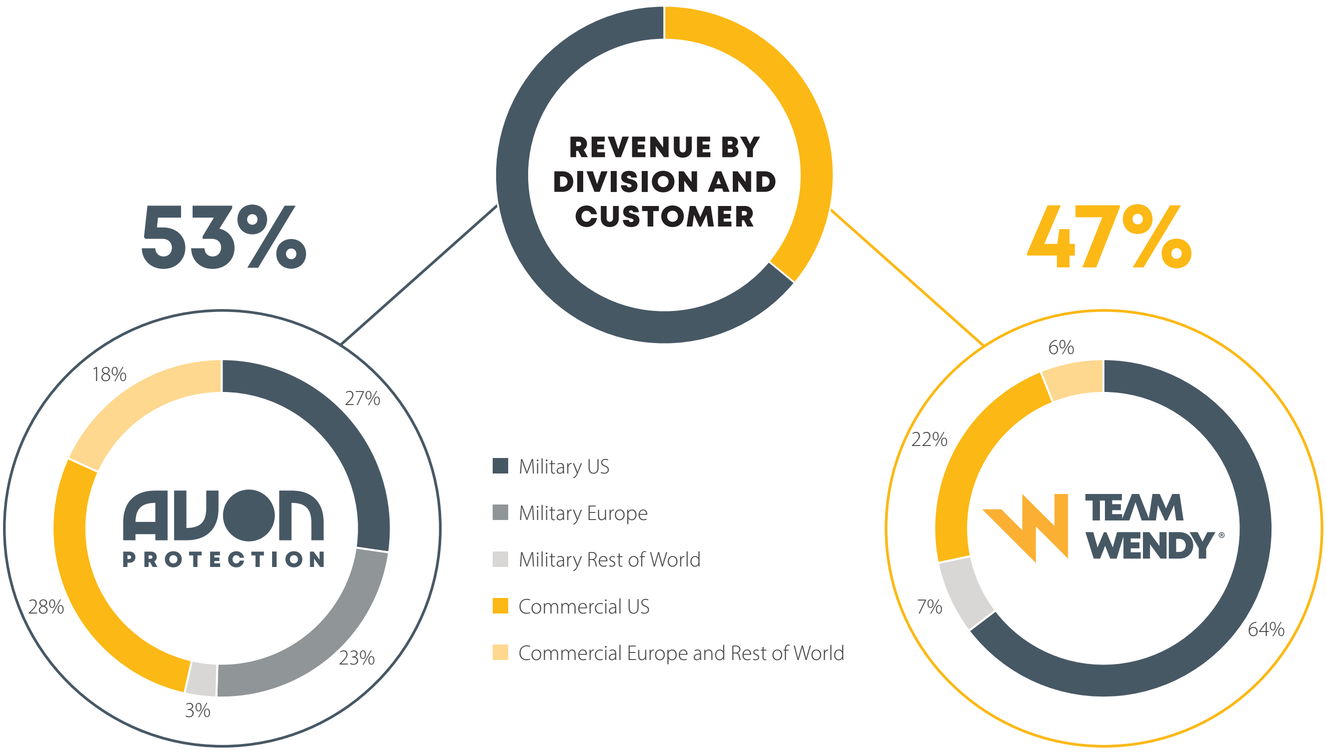
**REVOLUTIONISE** by developing the next generation of products to drive long-term growth

Read more on page 18

## OUR END MARKETS:




## OUR TOP CUSTOMERS:

US Department of Defense

NATO Support and Procurement Agency

Joint Program Executive Office CBRN

UK Ministry of Defence

# 2025 STRATEGIC PRIORITIES


### STRENGTHEN THROUGH CONTINUOUS IMPROVEMENT

1) **Processes –** improving safety, quality, on-time delivery, inventory turns and productivity by moving from batch to flow manufacturing and removing waste from our processes.

2) **People –** an empowered, engaged workforce which has the capability to improve our processes and build competitive advantage.

### TRANSFORM

3) **Programme management –** footprint optimisation and functional excellence projects completed on time and to budget.

### ADVANCE

4) **Execution –** excellent delivery, successfully ramping up production of new products.

### REVOLUTIONISE

5) **Innovation –** ensuring the long-term future of the Group by developing new and enhanced products to deliver growth through increased internal and externally funded research and development (R&D) programmes.

Read more about our STAR strategy on page 13

# MEDIUM-TERM FINANCIAL GOALS

As a result of the progress made during the year, we see the potential to reach our medium-term margin and ROIC guidance target ranges a year early, in 2026. These would be delivered against an expected backdrop of revenue growth exceeding 5% per annum and continued strong cash generation.

**We aim to deliver strong returns over the medium term, driven by above-market growth, execution and transformation.**

| | Growth | Adjusted operating profit margin | ROIC | Cash conversion | Leverage |
|---|---|---|---|---|---|
| **Medium term (by 2027)** | **At least 5%** | **14–16%** | **Above 17%** | **80–100%** | **1–2x net debt/ EBITDA** |

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### Forward-looking statement
This Annual Report contains certain forward-looking statements with respect to the operations, strategy, performance, financial condition and growth opportunities of the Group. By their nature, these statements involve uncertainty and are based on assumptions and involve risks, uncertainties and other factors that could cause actual results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and, other than in accordance with its legal and regulatory obligations, the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

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# STRATEGIC REPORT

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Highlights

# ACCELERATING PERFORMANCE

“It is now 18 months since we launched the STAR strategy and we are making good progress. This is demonstrated by our much stronger financial performance, improving operating metrics and a fast-growing order book.

**Jos Sclater**
Chief Executive Officer

Read more on page 12

## PERFORMANCE HIGHLIGHTS:

**$364.4m**
Orders received
(2023: $258.7m)

**$225.2m**
Closing order book
(2023: $135.8m)

**$275.0m**
Revenue
(2023: $243.8m)

**$31.6m**
Adjusted operating profit
(2023: $21.2m)

**$25.3m**
Adjusted profit before tax
(2023: $14.0m)

**$10.7m**
Operating profit from continuing operations
(2023: $(12.6)m)

**$43.5m**
Net debt excluding leases
(2023: $64.5m)

**23.3c**
Dividend per share
(2023: 29.6c)

Read more on page 36

## OPERATIONAL HIGHLIGHTS:

**Continuous improvement (CI) delivering**
- All factories now implementing CI programmes
- Significant operational KPI improvements
  - 21% productivity improvement vs FY23
  - 54% reduction in scrap across all functions vs FY23
  - Group inventory turns increased 7% to 3.1x (FY23: 2.9x)

**Order book and pipeline expanding**
- Record order book of $225m gives confidence for FY25 and beyond
  - Up to £38m UK MOD General Service Respirator and filter contract win
  - New respirator contract win for Australian Defence Force
  - US DOD delivery orders totalling $34m for Advanced Combat Helmet (ACH) GEN II
  - $42m Next Generation Integrated Head Protection System (NG IHPS) delivery order from US Army
  - New Zealand and German Navy rebreather orders
- Three new ‘Programs of Record’ with US DOD for Hood Mask Interface (HMI) development programme

**Transformation getting bolder**
- Consolidation of helmet manufacturing sites on track
- Additional CI opportunities with strong payback potential identified
- Transformation operational expenditure expected to be self-funded through CI

**Faster progress towards medium-term goals**
- Expect continued growth and consistent returns in FY25 as we implement our footprint and manufacturing optimisation programmes
- Potential to reach medium-term operating margin and ROIC target ranges in FY26 (previously FY27)
- Confidence in delivering further sustained growth and improved returns over the long term

Read more on page 12

# OUR AIM IS FOR HEROES TO SURVIVE AND THRIVE – NO MATTER THE MISSION


## WHAT WE DO

**Avon Protection is a leading provider of innovative protective solutions, specialising in the design, development, testing and manufacturing of integrated protective systems.**

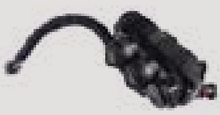
With a rich history in delivering advanced respiratory protection, we possess deep expertise in meeting the needs of our customers. Our offerings include respirators, rebreathers, powered and supplied air systems, chemical, biological, radiological and nuclear (CBRN) protective wear, filters, spares and accessories, ensuring complete protection for a wide range of operational requirements.

### Competitive advantages

- User-centric design
- Moulding and materials knowledge
- Leading quality processes
- Vertically integrated supply chain
- Field-proven pedigree
- Leading market certifications
- Underpinned by long-term patents and contracts

### Product portfolio


Respirators and accessories


Powered and supplied air


CBRN protective wear


Rebreathers

Read more on page 26

**$191m**
+3% CAGR
2024 target addressable market

**£145.6m**
Reported sales for the year ended 30 September 2024

**101.1%**
Closing order book growth

**£26.6m**
Adjusted operating profit

**18.3%**
Adjusted operating profit margin

**450+**
Employees


## WHAT WE DO

**Team Wendy provides exceptional superior helmet systems for those who risk their lives every day.**

We leverage our advanced expertise in composite material science, precision moulding and the bio-mechanics of traumatic brain injury to engineer cutting-edge ballistic and impact protection helmets. Our technical proficiency extends to designing innovative helmet liners and retention systems, providing advanced protection and performance.

### Competitive advantages

- Leader in composite material processing for ballistic protection
- Long-term relationship with US DOD and technology partners
- Agile design, prototyping and testing resources
- In-house tool and process equipment machining
- Innovative design solutions and integration
- Novel shell forming and moulding processes

### Product portfolio


Ballistic helmets


Bump helmets


Liner and retention systems

Read more on page 26

**$234m**
+4% CAGR
2024 target addressable market

**£129.4m**
Reported sales for the year ended 30 September 2024

**53.2%**
Closing order book growth

**£5.0m**
Adjusted operating profit

**3.9%**
Adjusted operating profit margin

**450+**
Employees

# AVON IS WELL POSITIONED TO DELIVER EXCEPTIONAL VALUE TO SHAREHOLDERS

1

**Superb execution through our STAR business system driving returns and cash flow**

- An empowered workforce which can apply a continuous improvement culture to build competitive advantage
- Transformation plan to deliver mid-teen margins, improved ROIC and high cash flow in progress

2

**Growing addressable markets, driven by global threats**

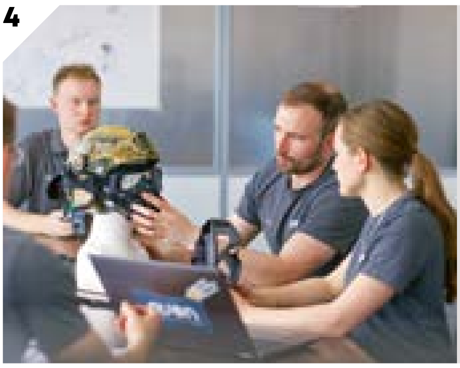
- Growing markets at 2–4% CAGR
- Global instability and current conflicts driving demand and emphasising the importance of soldier and first responder protection

3

**Stable revenue base and well-underpinned growth**

- High visibility of future growth with valuable recurring revenue base and stable after-market revenue
- Sole sourced or primary sourced on key Programs of Record
- Long history of partnering with customers on break-through technology

4



**Strong competitive moat driving above market growth**

- World-leading, innovative technology
- Deep material science, product design and manufacturing capability, aligned to customer priorities and future threats
- Decades of experience protecting the lives of NATO militaries and first responders
- Brands represent trust and reliability

## MID-TERM (BY 2027) OPERATIONAL GOALS

**>60%**
Scrap reduction

**35%**
Productivity increase

**>5**
Inventory turns

## MID-TERM (BY 2027) FINANCIAL GOALS

**≥5%**
Revenue CAGR

**14–16%**
Operating profit margin

**80–100%**
Cash conversion

**>17%**
ROIC

**1–2x**
Net debt/EBITDA

**CASE STUDY**

# MOVING CLEVELAND FROM BATCH TO FLOW MANUFACTURING

**Commercial shell finishing**

Cleveland's Ballistic Manufacturing Plant is a batch manufacturing facility that does not support pull or single piece flow, adequate inventory management, standardised work, or area readiness and organisation. Machines and processes are co-mingled with one another, and work areas are crammed and disorganised, with inadequate information and material flow.

> **The growth and expansion of Team Wendy in Cleveland is significant and exciting. The cultural empowerment to make change, facilitate growth, learn, adapt and share with leadership and peers alike is addictive. New lighting, new floors, new offices, new products and growth have all been introduced and accepted and are the new norm. The bar is high and the Cleveland team will succeed.**
>
> **Andy Hosey**
> Head of Continuous Improvement at Team Wendy

Focused on exponential growth in 2025 and 2026 with the inclusion of the US DOD programme and commercial growth, the Cleveland leadership team set out to transform the Ballistic Manufacturing Plant into a flow state with 4M (man, method, material and machine) support by product and value streams. 'Project Osprey', the official name of the Cleveland transformation project, leveraged a 'Yes If' mentality as the plant underwent rigorous planning and course of action development with an ideal state designed to assimilate Ballistic and Soft Goods Manufacturing and office staff in a single Team Wendy campus.

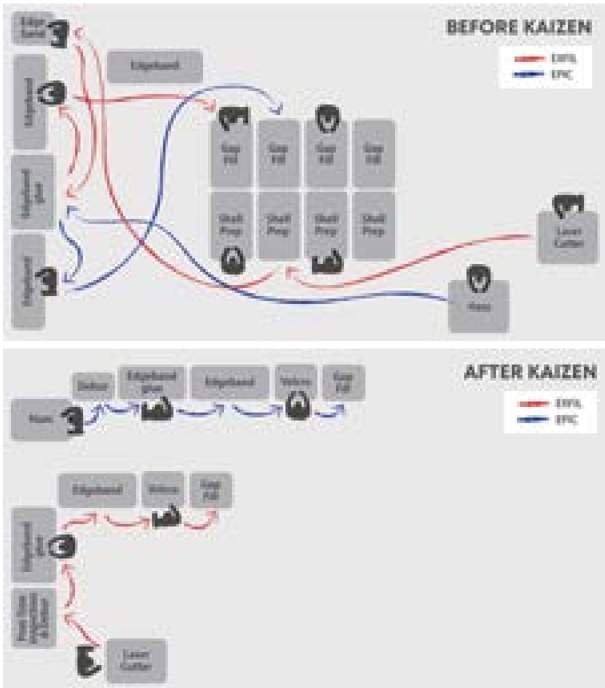
The ideal state is designed to be fully implemented in 2026 and supported by process flow, kanban and supermarkets/stores, with operational value stream support and metrics that will support a significant forecast ramp-up in DOD and commercial ballistic/non-ballistic helmet sales.

**Current state:**

Cleveland's Ballistic Manufacturing Plant has undergone extensive change since Q3 2024, focused primarily on the layout and design of the shop floor, ACH GEN II and NG IHPS production introduction, implementation of standardised work, lean manufacturing principles and a suite of operational metrics to fully support the tactical and strategic growth of the business.

The team, supported by CI experts, has systematically focused on Kaizen activities to support the Project Osprey transformation. These activities have included:

1. A cutting machine process Kaizen designed to improve overall equipment effectiveness from 52% to 74%. Kaizen delivered a production schedule, area organisation, 5S (Sort, Set, Shine, Standardise, Sustain) and material handler standard work to ensure adequate and timely material flow. The cutting machines and material racking were consolidated, rotated and moved to be closer to the Kitting and Forming area to reduce transportation waste.
2. A Kitting and Forming Kaizen designed to promote flow within the cell by focusing on feed rates and consumption of processes.




3. The ACH GEN II automated paint line is an under-utilised capability that is critical for full rate production. The automated paint line overall footprint was reduced in size by approximately 30%, and rotated so the product entry point is closest to the ACH GEN II production line and exit is nearest to assembly.
4. ACH GEN II and NG IHPS shell finishing lines have been redesigned and laid out in accordance with DOD policy. These lines are the most advanced in the facility, being supported with real-time data displays.
5. EPIC, EXFIL and SL shell finishing lines were previously a single cell that was congested, disorganised and without flow or directions, causing a 14-day lead time and over 1k parts in work in progress (WIP) valued at more than $1.4m. Shift production targets averaged at 40 shells per shift with over nine operators in the cell. The cells were laid out in a L-shaped pattern, shift crew size was reduced to three operators each and shift delivery targets were increased to 56% (28% increase). Multiple processes were redesigned or removed completely. As a result there was a 23% improvement on overall cycle time. The inclusion of a standardised work 'playbook' enables flexibility within the cell as evidenced by a 101% improvement in productivity since January 2024.

Chair's Statement

# A RECIPE FOR SUCCESS

Our 2024 results clearly demonstrate the substantial value created by our STAR strategy and the shift towards a continuous improvement culture. This impact is evident not only in financial terms, with an increase of more than 70% in adjusted basic earnings per share, but also operationally, as we have achieved significant milestones in our transformation programmes, operational KPIs and strategic priorities.

Over the past year, we have been working to embed our new vision, mission and FIERCE values throughout the organisation. This year, we also introduced our STAR business system (see page 20), which we consider our recipe for success and the way we will win as a business. Together with our talented people and strong leadership, this positions us well for future growth.

**"I am very pleased with the considerable progress made during the year. Our STAR strategy is delivering a more resilient, capable and innovative organisation which is delivering value for all our stakeholders.**

**Bruce Thompson**
Chair

**1. A clear and compelling strategy**

We have developed a clear and compelling strategy that ensures we prioritise the right initiatives that enable us to win in the market. This year has seen considerable progress for our Group, with the focus on strengthening the fundamentals of our business. Having fixed these fundamentals, we are evolving the 'Strengthen' pillar of our STAR strategy to focus on 'Strengthen through continuous improvement', enabling us to continue building on the operational and financial improvements already made.

**2. Effective everyday actions**

Effectively translating strategy into achievable but stretching goals and actions is an area in which few businesses excel. I have been impressed with the way that the Executive team has used the objective and key results (OKR) framework to shape its Strategic Business Unit (SBU) strategies and measure progress against key objectives - the transparency of the process has been especially useful for the Board.

We have also applied this methodology to our corporate social responsibility (CSR) strategy which was reframed to focus more on our employees and align with the STAR strategy and business system this year (see pages 50 to 63.) We recognise that delivering a purposeful, well-aligned CSR strategy offers substantial benefits to all our stakeholders.

**3. Talented and motivated people**

I am very proud of the inclusive, collaborative and non-hierarchical culture that is being developed at Avon. Our new continuous improvement culture empowers everyone to be involved in improving our business every day, demonstrating that the best ideas come from all levels of our business. The engagement I have seen with this cultural shift and the energy around our Kaizen events – exceeding 300 this year – has been particularly pleasing.

To support our new cultural change, we have implemented a new KPI framework across all manufacturing sites focusing on Safety, Quality, Delivery, Inventory and Productivity (SQDIP). During the Board visits this year we saw how this new focus is motivating our teams and equipping our newly appointed Value Stream Managers with a clear, consistent way to track daily progress.

Our employee engagement score declined this year by 7%, which, though disappointing, was anticipated and reflects the significant changes we have implemented over the last year. Meeting with our employees, it is clear we are developing a unique culture and I believe that our unifying purpose, improving results and commitment to continuous improvement, will help us boost employee satisfaction and engagement in the coming year.

On behalf of the Board I would like to thank all our employees for their contribution to delivering our strong performance this year.

### 4. Continually improving process

Our commitment to continuous improvement is focused on making every process 100% value-adding to ensure we avoid tasks that do not create value for our stakeholders. This continuous improvement mindset is evident not just in our large transformation programmes but also in the processes we complete every day across all functions. I have been impressed by how this has touched every part of the organisation, not just on the shop floor, and how effectively this has supported the delivery of our transformation.

### Outlook

The past two years have brought substantial change for the Group and there is still much to do as we work to further enhance our processes and facilities. FY25 will be a year of execution, particularly in Team Wendy where the site consolidation programme is expected to complete and generate significant financial and operational benefits. I am encouraged by how quickly our cultural change has taken place and our people have embraced a new business structure, way of working and leadership style and the benefits are being seen earlier than we were originally expecting.

**Bruce Thompson**
Chair
19 November 2024


CASE STUDY

## WHAT IS CONTINUOUS IMPROVEMENT AND WHY IS IT SO IMPORTANT TO US?

The whole aim of continuous improvement is to move things from batch to **flow** and from push to **pull**.

Batch to **flow** means that once one of our products comes out of the moulding machines, it does not stop moving until it is packed and in the boxes for the customer.

Push to **pull** is for assembly to set the 'beat' for the production line. The 'beat' is what the customer actually needs, so that we only make products once there is an order from a customer. We call this takt time. If the takt time is set to what the customer wants, then the assembly line (which is at the end of the process) can pull from the upstream processes, rather than the upstream processes trying to push material that the downstream cannot use.

This, of course, is going to cut down the lead times for the customer and improve customer satisfaction. This will give us more work, which will enable us to grow and create more jobs. At Avon, we really believe that continuous improvement is the key to a virtuous circle of success!

We seek to set ambitious goals which we achieve through lots of small steps, which we learn from as we go. So, although the six-month ambition is big, a week's ambition is actually small. We want people to take small steps every single week, and as we take steps we get visibility on what the next step should be.

There are skills that we can teach and there are tools that help improve processes, but the main thing is for people to learn by doing. Each 'Kaizen' event is a form of experimentation. We are giving people the power to experiment with improving their business.

What matters is that people learn by experimentation. It is curiosity that will take this business forward and we believe that everyone in this business can help improve our processes.

Through continuous improvement we are all making our business stronger for the future.

Strategic Update

# CEO REVIEW

We have built a culture where improving processes is becoming the Avon way of life, we have much more capable people and the pace of change is accelerating.

**I am most excited by the ability of the organisation to change and translate strategy into action.**

**Jos Sclater**
Chief Executive Officer

## FINANCIAL SUMMARY

We closed the year with a record $225.2m order book, a 64.3% increase vs last year, reflecting the benefits of our new operating structure, strategy and excellent demand for Avon Protection and Team Wendy's market-leading products. This strong order intake was predominantly driven by growth in Team Wendy Next Generation Integrated Head Protection System (NG IHPS) and second generation Advanced Combat Helmet (ACH GEN II) orders from the US DOD and accessory sales. We also saw the order book at Avon Protection double this year (up 101.1%) with UK GSR (General Service Respirator) MOD orders, US DOD M50 and accessory orders, FM54 order from Australia and demand from Germany and New Zealand for rebreathers. In addition, we continue to see excellent visibility of orders from our recurring and aftermarket revenue base.

The current geopolitical situation continues to support demand for both masks and helmets. We are seeing evidence of higher numbers of on-the-ground personnel, higher personal equipment specifications and a rise in perceived threat levels including chemical, biological, radiological and nuclear (CBRN) attacks, along with continued equipment modernisation programmes, all driving budget requests within NATO countries. In the US first responder market, the prevalence of both guns and drugs supports demand for ballistic helmets and respiratory protection. We are also seeing West Coast police forces re-capitalising in preparation for the FIFA World Cup and the Olympics.

Group revenue, at constant currency, grew 12.2% to $275.0m (FY23: $243.8m). This was driven by a 48.9% increase in Team Wendy, partially offset by the expected 7.2% decline in Avon Protection due to timing of filter orders from the US DOD.

Adjusted operating profit increased by 53.4% at constant currency, resulting in operating profit margin increasing to 11.5% (FY23: 8.7%). Avon Protection experienced a slight decline in operating margin to 18.3% (FY23: 18.7%) with the significant manufacturing efficiency improvements made within the year, positive product sales mix and a more disciplined approach to pricing offset by lower revenue. Team Wendy delivered an increase in operating margin to 3.9%, reflecting improved operating leverage as the division grows, which is pleasing to see ahead of the consolidation of our facilities in the US in 2025.

Adjusted basic EPS increased by 80.2% at constant currency, reflecting the growth in operating profit and a reduction in finance charges due to lower net debt through the period. Adjusted earnings also benefited approximately 4 cents per share from a lower than forecast effective tax rate driven by one-off items which are not expected to recur in 2025.

We delivered a year of very strong cash generation, with cash flows from operations of $63.7m (FY23: $3.4m), mainly due to improved receivables and an increase in average working capital turns to 4.52x (FY23: 3.71x). We ended the year with a significant decrease in our bank leverage ratio to 0.91 times net debt leverage (FY23: 1.94 times).

Return on invested capital increased to 13.7% (FY23: 8.7%), reflecting higher operating profit and the reduction in working capital.

## OPERATIONAL SUMMARY – EXECUTING OUR STAR STRATEGY

Our STAR strategy was launched in 2023 and set out the strategic priorities required to achieve our medium-term goals of at least 5% revenue CAGR, adjusted operating profit margins of 14–16%, ROIC of more than 17% and cash conversion of 80–100%. As a result of progress made during the year, we now see the potential to reach our operating margin and ROIC target ranges a year early, in 2026. We are increasingly confident in the benefits and payback of our transformation and continuous improvement programmes. As a reminder, our STAR strategy comprises four focus areas:

**STRENGTHEN THROUGH CONTINUOUS IMPROVEMENT** to always deliver quality products on time while using capital efficiently and improving productivity.

**TRANSFORM** the cost base to increase margins through a programmatic approach to transformation.

**ADVANCE** organically by growing the core and scaling up emerging opportunities.

**REVOLUTIONISE** by developing the next generation of products to drive long-term growth.

### 1. STRENGTHEN THROUGH CONTINUOUS IMPROVEMENT

Now we've fixed the foundations of the business, we're evolving our 'Strengthen' pillar to become 'Strengthen through continuous improvement', reflecting the value we see in continuous improvement and a desire to see it as a central part of our strategy.

#### We believe that CI will:

- increase employee happiness and motivation;
- free up cash to invest into the business, funding our transformation programmes and R&D;
- improve productivity, which generates wealth; and
- help grow the business by enabling us to reliably deliver quality products with short lead times.

#### How are we doing it?

On the shop floor we aim to dramatically improve our production processes to:

- achieve one piece flow;
- make product to customer demand ('takt time');
- connect our customers to the shop floor through a pull system;
- establish standard work; and
- remove waste from the processes and sustain gains.

Off the shop floor we aim to:

- remove waste in the product development process; and
- identify waste in the office-based processes and remove it through Kaizen.

#### Progress so far:

All our sites have a long history of batch manufacturing and our previous structure on our manufacturing floors was based around equipment type. We needed to break up these functional silos and move to a structure based around value-adding activities. We have now changed most of our DOD helmet lines, commercial helmet lines and mask manufacturing lines from traditional batch manufacturing to flow, improving inventory turns, quality, lead times and productivity.

We have reorganised every major factory into value streams and every line now has visible metrics showing progress by the hour to reduce inefficiencies, cut down on waste and ensure each step adds value. We now also have digital data on our most important lines showing productivity, scrap and rework real time.

We have recently developed a new process called the "Plant Preparation Process" that we are using to transform three of our facilities. This process creates the plan for the whole plant, which is then implemented through Kaizen. We carried out over 350 Kaizen activities last year. By involving everyone from operators to senior leaders, we're making sure these improvements are sustainable and benefit the entire operation.

#### Operational KPIs improving:

- **Safety –** Making our workplace a safer place to work, measured as our lost time incident rate
- **Quality –** Reducing scrap and rework and further improving customer confidence
- **Delivery –** Radically reducing lead times and improving on-time delivery
- **Inventory –** Growing while freeing up significant cash from inventory
- **Productivity –** Reducing costs and increasing capacity for further growth by improving efficiency.

We set targets of a 25% productivity increase, a 60% scrap reduction and inventory turns of more than 5 in the medium term.

We have made such good progress that we have stretched our productivity and scrap targets from where they were at the Capital Markets Day in February 2024 to a 35% productivity increase and a >60% scrap reduction.

Versus FY23, at a Group level:

- productivity has improved by 21%;
- scrap has reduced by 54%; and
- inventory turns have improved by 7%.

This is pleasing progress but we still have a significant number of improvement projects in the pipeline, including training the new employees hired in Cleveland ahead of full rate production, and solving some material-related scrap issues in the first batch of ACH made in Cleveland which will significantly reduce scrap rates at that facility.

The improvement in inventory turns has freed up $19m of cash since the middle of 2023. We now believe this inventory release will largely generate enough cash to pay for the transformation project's total operational expenditure.

## OPERATIONAL SUMMARY – EXECUTING OUR STAR STRATEGY CONTINUED

### 2. TRANSFORM

Our transformation projects remain focused on reducing costs to improve margins and free up resources to invest into growth. Our existing transformation programmes remain on track with a total investment in FY24 of $13m (FY23: $2.9m) and $1.7m of capital expenditure.

| Workstream | Goal | Progress in 2024 |
|---|---|---|
| **Footprint optimisation** | **50%** improvement in revenue/sq ft<br><br>**10ppt** improvement in Team Wendy gross margin | Our largest transformation project is the consolidation of our helmet manufacturing sites which includes:<br>• moving IHPS moulding to Salem and IHPS finishing to Cleveland and closing Irvine, while also improving immature processes in parallel;<br>• increasing production of ACH from 0 to a run rate of over 60,000 helmets a year;<br>• stabilising and shortening lead times on the commercial helmets, particularly EPIC and EXFIL; and<br>• moving both Salem and Cleveland from batch to flow and from end of line testing to in line testing, significantly reducing WIP and improving productivity at the same time.<br><br>This project remains on track and we are making good progress in obtaining approval from the US DOD to finish the IHPS helmet and make the ACH GEN II helmet in Cleveland. We still expect to close the plant by the middle of the 2025 calendar year and we expect to start seeing the financial benefit of this programme in FY26.<br><br>With a goal to improve productivity and reduce inventory and footprint, our UK site has also started a transformation to move from batch to flow manufacturing which is progressing rapidly. Since the beginning of 2024 we have already reduced our footprint by over 25% through Kaizen activities which have started to flow each production line. |
| **Operational excellence (plant transformations)** | **35%** productivity improvement<br><br>**>60%** scrap improvement<br><br>**>5** inventory turns | We are now part way through major plant transformations at three factories: Cleveland, Salem and our UK site.<br><br>All our manufacturing sites have moved to a value stream model, where Value Stream Managers are responsible for product families and delivering against our operational targets. We have now appointed the Value Stream Managers and are embedding the new structure and culture.<br><br>We have moved all our DOD helmet lines, commercial helmet lines and mask manufacturing from traditional batch manufacturing to flow, improving inventory turns, quality, lead times and productivity. We have ambitious plans to flow more lines this year, including our rebreather line and the new MITR (Modular Integrated Tactical Respirator) line.<br><br>We are also investing in new technology to make manufacturing more efficient and improve quality and reliability in our Cleveland site. This includes better moulding, tooling, kitting and painting equipment. This investment will not only improve consistency but also support our strategic objective to deliver the higher production output needed as we ramp up production in the coming 12 months. |
| **Functional excellence** | Roll-out of SBU functions | **Finance excellence –** The restructure of this function is now complete, generating savings of c.$1m p.a. We are also currently planning the removal of SAP from our Salem plant, which could save over $1m a year.<br><br>**HR excellence –** New dedicated HR teams are now in place at SBU level and a Global HR Director has been appointed to lead the restructure of this function, set strategic direction and support our move to a continuous improvement culture.<br><br>**Programme management –** Over 100 employees have now been trained on our newly created programme management approach and process. We have appointed programme leaders to drive our US footprint optimisation project, who will also lead other programmes of significance including the new product introduction process as the footprint optimisation project completes in FY26. We have, however, won a lot of DOD Programs of Record and have two new helmets to design and ramp up in Team Wendy, so will need even more to strengthen our programme management capability.<br><br>**Sales excellence –** During 2025 we have more to do to strengthen both the processes and organisation of our sales teams, although we have now established an operating model for our North American commercial sales team and international sales team. |
| **Commercial optimisation** | Complete screening of product portfolio, identifying potential improvements | We have reviewed the product portfolio and have addressed pricing opportunities where appropriate. Work has begun to improve the pipeline management with our US and International sales teams and understanding of how we can partner with customers to better predict orders and delivery expectations. We have also standardised common bid and programme management processes and rolled out professional sales and negotiation training in Team Wendy and are focused on building out our sales team to focus more on delivering international and new market growth in both SBUs.<br><br>We continue to strengthen our e-commerce platform. We have also taken a more market-based approach to pricing, which contributed to the 370 basis point improvement in gross margin year on year. |

We have several additional opportunities currently in the appraisal and planning stages of our transformation funnel and anticipate that FY25 transformation spend will be at similar levels to FY24. Transformation costs are still expected to fall sharply in 2026 as the programmes end. The expected payback on our portfolio of projects and progress achieved to date means that we have the potential to realise our medium-term operating margin and ROIC goals a year earlier than originally expected.

**CASE STUDY**

# UK GSR KAIZEN

GSR is the General Service Respirator, built in the UK and supplied to the UK MOD. The GSR has been built at our UK site for the past five years using a batch build method, with a high inventory of in-house moulded parts and bought in plastic components.

**Current state:**
The GSR was built in batch, with in-house moulded components (valves, nose cups, face blanks and visor bonding) processed in separate cells before final assembly in the GSR cell.

At each point, the parts were passed through quality checks before being held in the store with no min./max. quantities. When we started the Kaizen we were not in full production, and yet still held $220k+ in inventory. Additionally, the production team had a large amount of travel around the site to collect various parts – this was measured at approx. 1,900 metres of travel per unit produced.

The total number of operators involved in the GSR mask was 18, spread across the various cells and sub-assembly areas.

**Kaizen activity:**
The Kaizen team was formed from across different functions, with senior leadership and members from operations departments.

The team began by drawing a current state spaghetti diagram (as per image) where it was clear that there was a huge amount of travel for people and parts; it was also clear that quality inspections were creating a bottleneck and that nearly the whole site was utilised to build the GSR.

It was also clear that the site was laid out by process type rather than product type, a common occurrence in manufacturing sites but also a large contributor to the excessive inventory cost.

The Kaizen team looked at introducing one piece flow to the assembly cell – currently the operators built one mask completely from start to finish and with three heads they would bottleneck around the test station. Applying the process balancing method that was simulated during training, the team timed all the individual workstations using standard work combination sheets and plotted these against takt time. Takt time had been calculated previously by the team by understanding customer demand and timeframe – ensuring that we only build what the customer requires when they require it.

Arranging the processes to one piece flow took several attempts, and using the PDCA (Plan, Do, Check & Act) method the team would analyse the times, try by doing, check the balance and then either rework, or, once balanced, create standard work for the operators to follow. A further benefit from this process was that it identified that the overall assembly time of the mask could be reduced; with alignment of the product family some of the assembly work could be done during 'dead time' in the upstream process, ultimately reducing the cycle time by 104 seconds.

A future state map was designed (as per image) where the moulding presses and visor bonding were brought into the assembly area. After some trials and a lot of marking out on the floor, it was realised that the whole GSR process could be accommodated in the area previously used just for assembly.

The store's moulded component inventory could be eliminated, quality controls could be brought into processes, removal of batch manufacture could be realised though introduction of flow and standard work in progress (SWIP), footprint could be drastically reduced and, finally, productivity could be increased due to fewer touch points.

**Improvements:**
Overall, the benefits realised from moving from batch to flow production for the GSR were significant, with some new and additional benefits realised by the team in the form of easier management due to fewer leaders needing control, fewer booking inputs and quicker reaction to quality concerns.

The team also managed some fantastic results:

**43%**
reduction in operational footprint

**c.£200k**
WIP/inventory reduction

**70%**
reduction in inventory

**91 min**
lead time
(reduced from approx. 4 weeks)

**21%**
productivity improvement

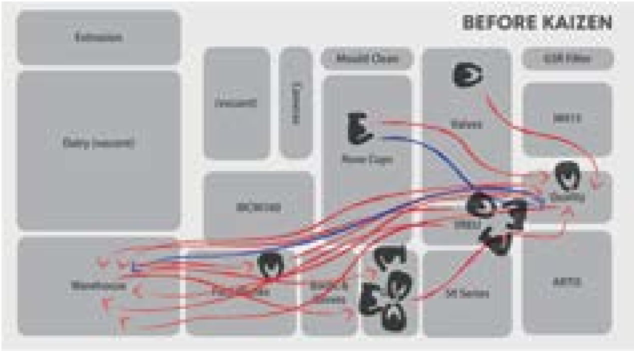
**10m**
travel
(reduced from 1,855m)

**12**
operators
(reduced from 16)

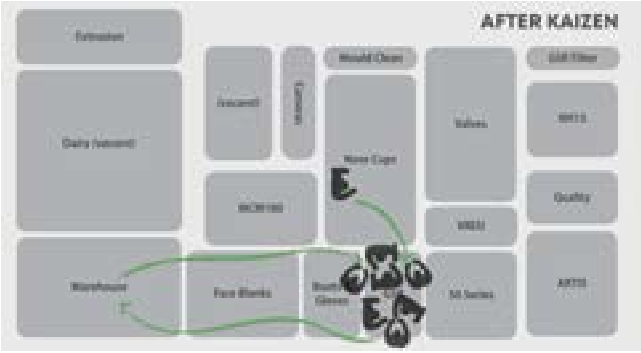
**104 second**
decrease in cycle time

This model and method for the Flow Kaizen have been carried across into other cells in our UK manufacturing facility where results were similar or exceeding those of the GSR.

GSR before




GSR after



## OPERATIONAL SUMMARY – EXECUTING OUR STAR STRATEGY CONTINUED

### 3. ADVANCE

Our Advance pillar is about delivering innovative products in the short and medium term, driving increased sales, orders and pipeline.

#### Avon Protection

We have strong demand for masks from NATO countries and excellent demand for both rebreathers and supplied air products.

During the year we won several strategic contracts within Avon Protection:

- UK MOD – £38m four-year contract for General Service Respirator;
- a seven-year Swedish police C50 contract;
- one-year extension to the M53A1 US DOD contract
- a five-year DRSKO contract for Self-Contained Breathing Apparatus;
- FM54 contract win with Australian Defence Force; and
- rebreather contracts in Germany and New Zealand.

We saw winning the GSR contract as important to defending our commanding position as the respirator provider of choice across NATO and the Five Eyes, so we were pleased to win this long-term contract with the MOD.

Our position as the market leader in CBRN protection was further strengthened by winning the contract to supply the Australian Defence Force. This is a three-year deployment contract with follow-on replenishment. We now supply the Australian military with both masks and helmets and see this win against a long-established incumbent as cementing our position as the mask supplier of choice to the Five Eyes.

As mentioned at the half-year, demand for masks from the DOD has picked up slightly. We have strengthened our relationship with our DOD programme office during the year and continue to work on improving forecast demand.

Our rebreather continues to be the system of choice across NATO. We have further rebreather opportunities in the pipeline and remain of the view that we have a technological advantage over our competitors which improves diver safety and mission effectiveness. The US Navy cancelled its procurement for rebreathers but we have good current demand and still see considerable opportunity with both US Special Forces and the US Navy. We are working with both and believe we are well positioned for any future prospects.

We are planning to launch the MITR-M1 Half Mask this financial year with a groundbreaking goggle set and adaptable helmet integration clips to be released by the end of 2025. We are also starting to get some traction in chemically resistant suits and earlier this year we introduced the EXOSKIN-S1 suit, offering advanced protection against chemical warfare agents for up to 24 hours. We have made our first sales of EXOSKIN; whilst modest, they demonstrate the customer need for the integrated CBRN protection packages that we can now offer.

#### Team Wendy

During the year we announced two DOD orders for ACH GEN II of $19.5m and $14.2m and orders for NG IHPS totalling $42m. We have now successfully delivered seven lots of ACH GEN II to the DOD and continue at run rate on our NG IHPS with no lot failures. Our focus now is on meeting ACH GEN II customer demand for 2025 of over 50,000 helmets per year. We are also making good progress on our discussions with the DOD to extend our NG IHPS programme into sustainment post-2028 and an extension has been indicated for the ACH GEN II helmet programme.

We have continued our strong partnership with the US Navy supplying our EXFIL LTP bump helmets to US Naval Air Systems Command (NAVAIR) with a $6.7m order this year. Our EPIC helmet, ideal for first responders, has also been popular with US police forces, but sales in 2024 were hindered by long lead times caused by raw material shortages. We are making progress with our suppliers to solve this issue.

In pads, we had good success with the DOD, which has chosen our Cloudline pad system as an accessory to the NG IHPS helmet.

We plan to increase US commercial sales by offering faster lead times and expanding our growing EPIC customer base, launch a new rifle rated helmet to meet customers' needs in the US commercial and international markets, refresh our EXFIL range and develop a new bump helmet.

#### CASE STUDY

## BUILDING B2C SUCCESS: ONE YEAR OF E-COMMERCE

**We are approaching the first-year anniversary of the launch of the Avon Protection e-commerce platform, through which we sell a selection of market-leading respirators direct to consumers in the US.**

Avon Protection's first direct-to-consumer sales began in July 2023 with the C50 and FM50 on the Team Wendy online store. Following this successful roll-out and healthy uptake from the market, the Avon Protection-branded e-commerce site was launched within the US ahead of Black Friday 2023.

This is a growing market adjacent to Avon Protection's key military and first responder markets, with demand driven by a global interest in high-end CBRN protection among civilian groups. According to a Finders report $11 billion a year is currently spent on emergency preparedness across the US and Europe, with respiratory protection solutions, emergency food supplies and survival kits all numbering among the most in-demand items for customers in this user base.

The development and deployment of the e-commerce platform reflects Avon Protection's pivot toward sprint processes under the STAR strategy. A key part of agile and scrum methodologies, sprint processes help our teams deliver high-quality work faster and more efficiently. With the benefit of these changes, the e-commerce platform was launched in just eight weeks, from conception to the opening of online sales.

The launch of the platform also highlights Avon Protection's drive to adapt strategy to support user groups through their individual marketing, acquisition and support journeys. We have put significant emphasis on understanding how this pathway differs from that of our traditional user groups and have adapted our strategies to ensure each end user experiences the high level of customer satisfaction we are known for across the government, military and first responder markets. These continuous improvement efforts have played a significant role in the success of our products in this B2C market segment and give us confidence in adapting further as we roll-out into new markets.

With the success of the first-year sales into the B2C market in the US, our focus for 2025 is on expanding this offering to new international markets. We anticipate new launches in the Spring of 2025 and look forward to expanding the number of end-users who can access our world-leading CBRN protection products.

CONTINUOUS IMPROVEMENT 改善 KAIZEN

CASE STUDY

## KAIZEN EVENT ON FILTER LINE MATERIAL HANDLING

Explore how a team in Cadillac implemented Kaizen principles when it focused on introducing standardised work within the filter value stream.


### Current situation

A Kaizen event took place to address inefficiencies in material handling at a filter line in Cadillac, where operators frequently left their workstations to manage material-related issues due to the lack of standardised work.

The objective was to establish a standardised process for material replenishment at the workstation, ensuring that the necessary elements – such as time, sequence and standard quantities of tools and materials – were in place.

### Analysis

The team began by observing a material handler during a routine cycle, which allowed them to generate a spaghetti diagram that revealed significant excess movement within the process. They looked at the maximum level of inventory the workstations could hold, which indicated what needed to be replenished depending on the daily run rate.

### Decreased material movement, dedicated floor space and time saved

As a result, material movement was significantly reduced, eliminating the need for forklift use to restock the workstation and saving an estimated 56 hours of material handler time annually.

Additionally, 20 racking spaces were physically eliminated, further contributing to a more efficient and organised workspace.

The team was also able to decrease material movement by dedicating floor spaces near the workstation in which the material is consumed. Some immediate impacts of implementing these dedicated locations can save upwards of three minutes when replenishing one workstation.

### Recommendations

The team's recommendations created a framework for standardised work.

- Creating dedicated material spaces to create a standard amount of inventory and location. This reduces walking distance and around 56 hours of forklift movement a year.
- Standardising workstation box quantities reduces the material variability found in the current state and creates a standard amount of inventory in the system and time for which that inventory will be consumed.
- Lastly, an additional Kaizen event was born, showing CI never stops. It was found that the material replenishment process needed to be optimised to ensure the filter value stream always has what it needs on hand, when it is needed.

**Here are some key takeaways shared by the team from their Kaizen experience...**

> **The Kaizen tools used provided a common way to view problems, regardless of your familiarity with the operations being observed. It's great to be able to contribute to make a process better even when it's not in my area of expertise.**

> **There is always room for improvement. We look to improve the process, not blame the people.**

> **I never realized how much product was on the floor all at once. We don't need it all!**

> **Standardized work will give us an immediate understanding of the current state and speed up our ability to do Kaizen.**

## OPERATIONAL SUMMARY – EXECUTING OUR STAR STRATEGY CONTINUED

### 4. REVOLUTIONISE

Revolutionise is about driving long-term growth by using our powerful customer relationships to increase co-funding and develop innovative products for the future. We are continuing to invest in long-term research and development (R&D) with $11.4m invested in R&D (FY23: $10.2m).

We made further progress on several US DOD programmes and are expanding our portfolio of co-funded new product programmes, these include:

- three new DOD development programmes for a new Hood Mask Interface programme;
- DOD-funded programmes to deliver next generation filters that enhance user protection;
- development of a new diving mask with funding from the Defence, Science and Technology Laboratory;
- expansion of helmet performance capabilities and pad systems while minimising weight and maximising protection; and
- integration of head and respiratory protection, which we are currently seeking funding for.

## RISKS AND OPPORTUNITIES

We aim to reduce our risks through excellent programme management and improved people capability but the current main risks, as we see them, are:

1. The ramp-up of the IHPS programme and the ramp-up of ACH and EPIC following the closure of Irvine will be challenging. We will need to work hard to control scrap and rework and to ensure we have the raw materials we need.
2. Recruiting and retaining good operators remains a challenge, though we are making progress here.
3. We do not currently have an order for filters from the DOD. We remain hopeful that this will come, but for now DOD filter demand is very low.
4. We have recently seen increases in US healthcare costs and Employer National Insurance contributions in the UK. These are real costs for us and will impact margins if we cannot offset them through our CI initiatives.

There are, however, several additional opportunities which are not currently factored into our strategic plan, which include:

1. accelerated international growth, particularly in commercial markets;
2. increased US DOD demand in both SBUs; and
3. additional unplanned cost reductions and operational efficiencies through continuous improvement.

## SUMMARY AND OUTLOOK

We have made excellent progress creating a high-quality growing business and this year demonstrated:

- We have developed a recipe for success that is driving growth, margin, cash generation and ROIC.
- Our transformation programme remains on schedule, and the progress made to date can already be seen in our strategic and financial KPIs.
- We have a record closing order book which gives us excellent visibility.
- We have a stable recurring revenue base, which will grow further as we deploy rebreathers, masks into Australia and helmets into the US police and SWAT teams.
- Our leading technology and long-term contracts provide us with a strong competitive moat which we continue to believe will support strong margins and returns on capital.

We therefore remain confident that Avon is well positioned to deliver exceptional shareholder value:

- Our focus on CI is already delivering results, with the total cash costs of transformation operational expenditure now expected to be covered through lower working capital.
- Further transformation activities are in the planning and execution stage, driving acceleration of operational and financial returns.

We expect continued growth in FY25, alongside consistent returns as we implement the key actions in footprint and manufacturing optimisation programmes.

**These factors give us increased confidence and we now see the potential to reach our medium-term operating profit margin and ROIC targets earlier, in 2026, a year earlier than expected. These would be delivered against a backdrop of revenue growth exceeding 5% per annum and continued strong cash generation.**

**Jos Sclater**
Chief Executive Officer
19 November 2024

**CASE STUDY**

## KAIZEN EVENT ON NH15 HOOD PRODUCTION PROCESS

A team at our Melksham facility undertook a Kaizen event to optimise inventory management, reduce WIP and enhance productivity. The event served as an opportunity to introduce team members to the Kaizen principles, particularly focusing on the concepts of batch vs flow production, inventory reduction benefits and process balancing. During the week-long Kaizen, the team reviewed each step of the NH15 hood production process, timing both manual and automatic operations to gain a comprehensive understanding of the time required to build one unit. This analysis helped identify bottlenecks, such as instances where a short process was followed by a significantly longer one, disrupting the production flow.

Armed with this data, the team designed a future state that supported one piece flow, aiming to streamline the process and reduce inefficiencies. By reorganising some offline processes and creating a flow within the production line, the team successfully established a single piece flow sub-cell. This cell could integrate into the existing production line, leading to significant improvements.

The Kaizen event resulted in a 43% reduction in floor space, a 20% boost in productivity, and a 32% decrease in inventory and WIP, demonstrating the effectiveness of the improvements and the value of continuous process optimisation.

CONTINUOUS IMPROVEMENT 改善 KAIZEN

**Here are some key takeaways shared by the team from their Kaizen experience…**

> **I was surprised by how much we were able to do in such little time. Outside of a Kaizen event I could see this taking months to complete. However, with a small team fully focused for a whole week, we have made significant progress and have hopefully improved the line significantly for the foreseeable future.**

> **My highlight was at the end of the first day when we made a small change that brought the final packing back into the cell, it previously having been set aside as an offline process. Putting product into the customer packaging, ready to ship, in the cell is a real step forward.**

> **My biggest surprise was how much things migrate away from the original intention over time. It was commented that several 'changes' we made were putting the cell back to how it was originally set up. None of the team were around when the cell was set up over 15 years ago, but it just shows how our thinking was aligned with the original set-up.**




# STAR BUSINESS SYSTEM

Our STAR business system is the way that we win as a business.

There are only four elements to it:

1. First, it is about having a strategy that ensures we focus on the right things that enable us to win in the market.
2. It is about translating that strategy into concrete actions and actually doing what we say we are going to do.
3. To deliver those actions we need amazing people. That means we need to attract and retain great people. Most importantly, we need to develop our own people to be brilliant. We believe in empowering our people to decide on the actions that they need to carry out to deliver on the strategy.
4. Finally, it is about continuously improving our processes with the aim that they are 100% value-add so we do not spend time doing things that the customer does not value.

One of the great things about Avon Technologies is that it has a very important purpose of protecting people's lives, and the business system gives us the strength to enable us to do that.

If we do these four things well, then this is a business that will win.

**And if it wins, we will save people's lives.**

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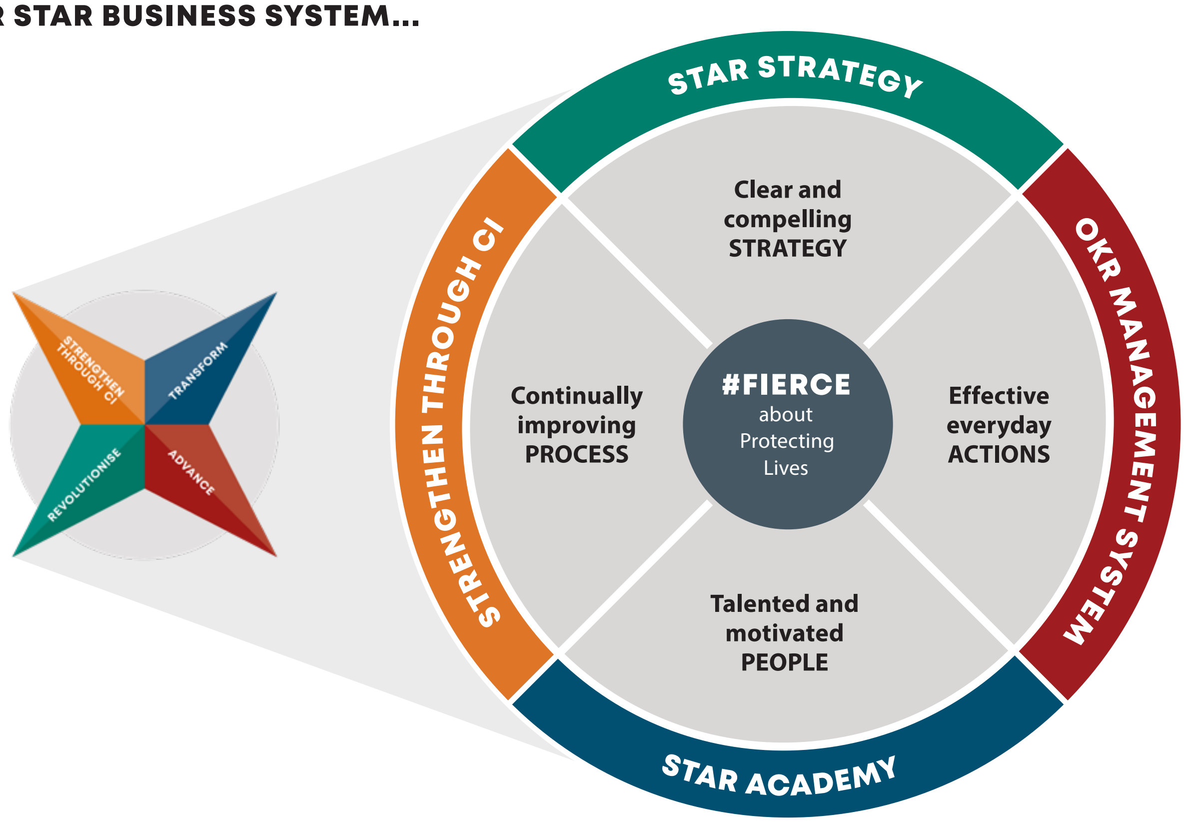
## OUR STAR BUSINESS SYSTEM...




**...TRANSLATES STRATEGY INTO ACTION**

## STRATEGY

The way we do strategy is we actually teach people how to think strategically. This contrasts to other organisations, which typically impose the strategy top down.

We boil down all the available best practice relating to strategy development and embed it in the strategy process we follow. We then take about 30 or 40 people in each SBU through that strategy process and work across the business to develop the strategic priorities for the next five years. We then refine that every year, and we give it a bit of a nudge on the tiller every three months when we do the quarterly business reviews, because if things aren't working or need to speed up, then we will react at that point in time.

The way we want people to think strategically is in three horizons: a near-term horizon, a medium-term horizon and a long-term horizon. Then, on top of that, there is a foundational level of activities that can enable us to grow over those time horizons.

We've called the furthest horizon the 'Revolutionise' part of the strategy. The foundational part we've actually split into the continuous improvement activities, which we've called Strengthen, and the big projects that are big step changes we've called the Transform part of the strategy.

Strategy is all about the choices that we need to make as a business. We choose our strategic priorities, and each one of those has a priority owner. Then, each strategic priority will be made up of a number of initiatives.

We then expect each function and each individual to look at the strategic priorities and initiatives that are relevant to them and set their own strategic initiatives that they can focus on in the year ahead, so that everybody has clarity on what they need to be working on to help deliver our strategy.

## ACTION

We think our real strength is coming up with a good strategy and then delivering on it brilliantly. It's the delivery that really matters; we need to translate our strategic priorities into action, which is where most businesses fail.

Making things happen on the shop floor, in the functions and across our teams is the most difficult element of strategy. To help ensure that we do that successfully, we've implemented what we call the OKR process, or objectives and key results. This is an important process because it requires each business to define their objectives for the year ahead and also define the outcomes that they're expecting to get. We then fully empower our businesses to work on those objectives and to carry out the actions necessary to achieve them.

Then, at every quarter we look at how we are getting on. If we need to, we course correct a bit. The philosophy behind quarterly reviews is really continuous improvement.

We regard each quarter as an experiment and plan what we are going to do for the quarter. We set ourselves some measurable key results and at the end of the quarter we look back on what we achieved and what we expected to achieve. If we didn't achieve what wanted, then we learn. If we did, what does that mean for the next quarter? In light of that learning, we set the objectives and the key results for the following quarter.

## PEOPLE

There are lots of skills that we can teach people about how to improve a business and we're going to do that through an academy called the STAR Academy. We're going to teach people how to improve processes and how to experiment, and we're going to train people on how to develop strategy and drive action.

We absolutely know that not everything will work out. In fact, if things are not failing, then we're not experimenting enough. So we want people to try new things and learn.

What we need to do is harness all 900 people across the organisation. We need everybody to be a leader and decide how they can help improve this business and translate that into action. We believe in empowering our people. We want our people to create their own actions and their own initiatives to make this business great.

## PROCESS

At its simplest a business is all about people and processes, and we want those processes to create as much value as possible. We don't want our employees taking time on things that don't really add value.

We can use continuous improvement to look at our processes through fresh eyes. As our people learn to see in a new way, they find the waste in our processes. By taking that waste out, we can focus more on the things that really matter.

Curiosity is a very important part of continuous improvement. We want people to be curious about what happens if they do something to try and make the business better. We want our people to keep experimenting. We want them to go back to that fundamental human instinct of experimenting all the time and seeing what will happen, because that's how we learn as human beings.

Kaizen literally means make things better, and that's really what continuous improvement is all about; it is trying to make our processes better. At the start of the Kaizen, you have a hypothesis or a charter of what you're trying to achieve. Then you go straight into doing and you actually try and put into practice your idea, and then you see whether your idea had the effect you wanted it to have.

If it works, then fantastic, you go on to another step, and if it doesn't work, you still learn something new. Kaizen is not just about what was done and achieved, it's also about the learnings we get out of it.

It's that experimentation and learning we really need to embed in the organisation. It is great to see teams coming together and people really collaborating on how we improve business processes, because it's the people doing the work that will have the best ideas.

We're seeing real capability being built amongst our employees through Kaizen. People are learning new things. Like all skills, the more you do it, the better you are at it and that's one reason why we're so keen for there to be so many Kaizens. Our goal is one Kaizen per week, per plant across all of the business. If we can get that pace of learning, then we are going to be a great business.

# OUR BUSINESS MODEL

Our business model demonstrates how our STAR strategy and business system deliver value for all our stakeholders.

The extra resources generated through our continuous improvement activities fund our transformation plans which directly increase our profit margins. This allows us to invest more cash into our technology, people and functions, delivering growth, ROIC and margin improvements.


## DELIVERING FOR OUR STAKEHOLDERS

### STRENGTHEN

by continuously improving:

- Safety
- Quality
- Delivery
- Inventory
- Productivity

### CASH

### TRANSFORM

through key programmes

### INVESTMENT

- Technology
- Sales and marketing
- People capability
- Disruptive technology

Customer satisfaction through quality and delivery → Growth

Capital efficiency through lower inventory → ROIC

Lower cost base by improving productivity and reducing scrap and rework → Margin

### WINNING AS A BUSINESS

**Happy customers, employees and shareholders**

**CASE STUDY**

## REVOLUTIONISE: THE FUTURE OF INTEGRATED HEAD PROTECTION

The US DOD military's integrated head protection strategy has evolved significantly with the introduction of the Next Generation Integrated Head Protection System (NG IHPS).

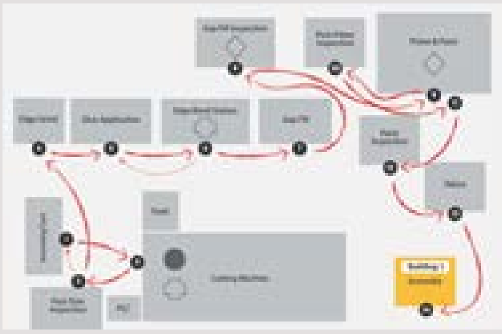
This advanced helmet system is designed to provide enhanced ballistic and fragmentation protection while being 40% lighter than its predecessors. The system also includes a novel retention and suspension system, a helmet cover, and a night vision bracket that integrates with other protective gear like mandible protectors and hearing protection. This comprehensive approach ensures that soldiers are better protected against modern battlefield threats while maintaining mobility and comfort.

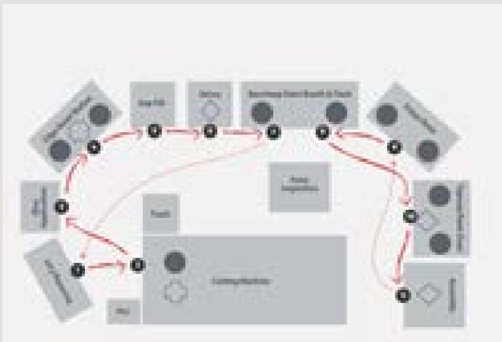
**CASE STUDY**

## TRANSFORMING EXFIL HELMET FINISHING LINE WITH KAIZEN

A team in Cleveland undertook a Kaizen on the EXFIL helmet finishing line, having identified inefficiencies within the EXFIL helmet production line, including poor process flow, imbalanced workloads and overproduction.

CONTINUOUS IMPROVEMENT 改善 KAIZEN





The current state of the EXFIL finishing was captured to understand cycle times, inventories and lead times. In this current state, there were 1,970 helmets in work in progress (WIP) with a 20-day lead time and 12 operators on the line.

During the Kaizen, the team rearranged the EXFIL helmet line, moving workstations and equipment that had been in their original place for over five years to achieve a single piece flow and decrease transportation distance.

In the planned ideal state, work in progress can be reduced by 99% to 9 helmets, and the number of operators reduced from 12 to 6 with a 16-minute lead time.

**99%**
WIP reduction

**99%**
lead time reduction

Market Overview

# OUR CORE MARKETS

1

## US DOD

The US defence budget growth is predicted to be high due to inflation, the Ukraine war and the Israel-Palestine conflict and with equipment procurement growing fast with an aggregate 2024–2028 CAGR across helmets and respirators estimated at 4%. Market drivers include:

1. **Number of personnel**
   Increasing threat environment, particularly in Central Eastern Europe after the invasion of Ukraine and due to the Israel-Palestine conflict has seen the number of personnel increase.
2. **Higher personal equipment specifications**
   There is an increasing need for replacements of the latest specification products with higher protection levels. The US defence market is entering the next investment cycle, with a focus on upgrading legacy conventional warfare equipment.
3. **Rise in perceived threat levels including CBRN**
   There is a rise in significant terror attacks and conventional military threats, with more frequent geopolitical disputes. The Chemical and Biological Defense Program (CBDP) is a department of the DOD that protects US forces from chemical and biological threats. It emphasises the need for modernised chemical and biological defences due to the increasingly complex threat environment and sophistication of chem-bio weapons, as well as increased competition with major foreign powers. The overall CBDP budget has grown in recent years, including on the procurement and research, development, test and evaluation of protective ensembles, but the FY23 request was cut by Congress by ~$135m. There is growing pressure for the CBDP budget to be significantly increased.

2

## COMMERCIAL AMERICA

The aggregate 2024–2028 CAGR across helmets and respirators for US law enforcement markets is estimated at between 3 and 4%. Drivers include:

1. **Number of personnel**
   The number of law enforcement officers in the US rose by 4% between 2016 and 2020, with the majority employed at the local level. Federal law enforcement officers comprise around 16% of the total in the US, and often focus on more premium offerings.
2. **Rise in perceived threat levels**
   Gun violence in the US nearly doubled between 2014 and 2021, increasing the need for ballistic protection for law enforcement and other first responders. Events such as the US election, FIFA World Cup and Olympics will also drive further need to replace and increase protection equipment for law enforcement.

3

## UK & INTERNATIONAL

There is also significant growth in non-US and NATO markets for military helmets and respirators with markets expected to grow from c.$345m (2019–2023) to c.$380m (2024–2028).

In the commercial markets, demand for helmets and respirators is expected to grow from c.$134m (2019–2023) to $159m (2024–2028). Drivers include:

1. **Increasing total defence budgets with a notable global uplift across most regions (esp. in Europe and Asia)**
   Global defence budgets are expected to grow at ~3% p.a. over 2023–2028, driven by geopolitical disputes, NATO pledges and modernisation programmes. Central and Eastern European nations in particular are continuing to scale up personnel numbers given the perceived threat from Russia. In light of increasing global threats, defence spending in non-US markets is expected to outstrip inflation over the next five years.
2. **Continued equipment modernisation programmes**
   In particular, NATO countries are seeking to catch up, given the historical underinvestment.
3. **Commercial Rest of World**
   Further elevations in perceived CBRN, terror and armed threat levels, both domestically and abroad, drive greater demand for protective products. For example, as part of a UK Government manifesto commitment, the Police Uplift Programme recruited 20,000 new police officers by March 2023 from a baseline of 128,500.

**CASE STUDY**

# AVON PROTECTION TO LAUNCH NEW MITR-M1 HALF MASK IN 2025

Avon Protection is getting ready to launch the newest addition to its portfolio of market-leading personal protective equipment in 2025. The MITR-M1 half mask has been designed to protect special operation, law enforcement and first responder personnel operating in low to mid-level threat environments.

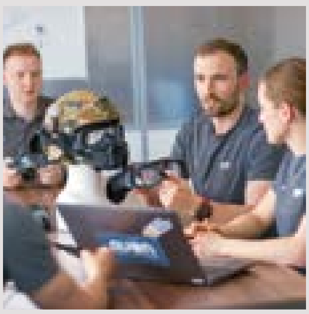
MITR-M1 has been designed to fill a critical capability gap between standard N95 masks and traditional full-face respirators. It gives operators a low burden, ever-ready solution that can be always carried on their person and quickly donned in tactical and fast-evolving situations where respiratory threats may be present. With a lightweight and low profile half-face design, MITR-M1 can be carried in cargo pockets or gear pouches, and quickly clipped onto the user's helmet rail in seconds, giving the wearer scalable protection against a variety of respiratory hazards.

MITR-M1 is the first phase of a new tactical ensemble (or MITR system) that will grow in 2025 to include innovative, adaptable helmet integration clips and a power-sealed goggle apparatus to allow users to scale their protection as required.


**"With the launch of MITR, Avon Protection reinforces its position as world leader in respiratory protection for users across the full law enforcement, military and first responder spectrum. In addition to our range of high threat CBRN full-face respirators, we can now offer a much-needed solution for those needing always-ready protection in fast-developing environments where seconds count.**

**MITR embodies the integration-led design ethos of our range of personal protective equipment, fitting seamlessly into existing tactical gear ensembles, allowing the wearer to get on with the job in comfort and get home safely every time.**

**Steve Elwell**
President, Avon Protection



Our Strategic Business Units

# OUR STRATEGIC BUSINESS UNITS

Our two Strategic Business Units, Avon Protection and Team Wendy, supply our respiratory and head protection portfolio to customers across the globe from our manufacturing sites in the UK and North America.

AVON PROTECTION

Our leading range of CBRN and respiratory protection includes respirators, powered and supplied air systems, filters, spares and accessories, as well as underwater systems and CBRN protective wear.

**Respirators:** Avon Protection's range of respirators are built on advanced, leading technologies that provide CBRN and non-CBRN protection for diverse global customer needs. The 50 Series, including the M50 and FM50, offers military-grade comfort, usability and maximum CBRN protection. The GSR is designed to the UK MOD's precise specification and ensures high performance filtration for UK service personnel.

**Powered and supplied air systems:** Designed for specialised applications, the complementary subsystems extend operational capability. The range of Powered Air Purifying Respirators (PAPR), Self-Contained Breathing Apparatus (SCBA) or a combination of the two (CS-PAPR) can be deployed with our respirators to provide clean, breathable air.

**Underwater systems:** The MCM100 (Mine Counter Measures) is a fully closed circuit, electronically controlled, mixed gas rebreather suitable for a range of specialist military or tactical diving disciplines, such as mine clearance or explosives disposal.

**CBRN protective wear:** Avon Protection's EXOSKIN range includes the CBRN suit, boots and gloves to provide a low burden, lightweight, integrated defence solution against vapour, liquid and particulate chemical warfare agents, toxic industrial chemicals and biological threats.

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TEAM WENDY®

Our head protection portfolio is focused on next generation ballistic and bump protection helmets, as well as helmet liner and retention systems.

**Ballistic helmets:** Team Wendy's ballistic helmets feature a high strength shell that safeguards against ballistic threats while ensuring comfort and stability during intense operations. Ballistic helmets include the EXFIL Ballistic, EXFIL Ballistic SL, NG IHPS, ACH GEN II and EPIC range of helmets.

**Bump helmets:** Team Wendy's bump helmets provide impact protection and a stable, comfortable platform for mounting accessories. The range includes the EXFIL LTP, EXFIL Carbon, SAR Backcountry, SAR Tactical and Adventurer helmets.

**Liner and retention systems:** Team Wendy's range of liner systems are designed to provide protection against impact and provide maximum comfort, whilst the retention systems stabilise the weight of the helmet by distributing light, even pressure around the head. Liner and retention systems include the CAM FIT Retention System, the Zorbium Action Pad (ZAP) 7-Pad NSN Liner System, the EPIC Air Liner System and the EXFIL Maritime Liner System.

Group Product Portfolio

# SPECIALISED RESPIRATORY AND HEAD PROTECTION FOR A GLOBAL CLIENT BASE

Our customers carry out vital work in life-threatening situations – often to protect the wider community. They can safely perform with confidence knowing that we protect with our products and services.

In the following section, we provide a breakdown of a selection of key products designed and manufactured by each SBU, organised by the user types they serve.

Please see our glossary on page 182 for detail on acronyms used on the following pages.

## 1 COMMERCIAL/FIRST RESPONDERS

Leveraging our military experience, we provide proven protection solutions to first responders worldwide. Our ability to evolve protection capability to meet the complex needs of the tactical operator has positioned Avon Protection as the market leader for law enforcement, SWAT and firefighters, and Team Wendy as a leading supplier to police forces with the best protective headborne systems available.

Read more on page 28

## 2 MILITARY

Our deep understanding of the unique requirements of the modern warfighter and tactical operator means our products are designed to protect users in the most extreme environments. Avon Protection has been supplying protection solutions to the UK MOD and other allies since the 1920s and has been a primary supplier of integrated protective equipment to NATO and the US DOD for over a decade. Team Wendy has been supplying the United States Army and Marine Corps with proven liner systems for their standard issue helmets and is now the leading provider to the US DOD for ballistic helmets.

Read more on page 29

## 3 SPECIALIST USERS

We provide protective solutions across both Avon Protection and Team Wendy for a number of different specialist users. These solutions are developed specifically for applications where the user needs to respond to ever-changing operational conditions. This includes our MCM100 rebreather, used for a range of specialist military or tactical diving disciplines; our lightweight, high performance helmets; and our low burden respiratory systems.

Read more on page 30

## 4 SPARES AND ACCESSORIES

Avon Protection offers service support to global customers through replacement filters, spares, accessories and communication systems, providing through-life support to our products. Through the line of combat helmet liner and retention systems, Team Wendy offers a host of options for accessorising helmets to ensure the helmet is purpose built for every mission.

Read more on page 31

# 1 COMMERCIAL/FIRST RESPONDERS

Leveraging our military experience, we provide proven protection solutions to first responders worldwide.

**EPIC Protector**
Designed for field operators, the EPIC Protector is lighter than the ACH GEN II helmet with CAM FIT BOA retention and EPIC Air liner.

**EXFIL LTP**
Trusted by the US Navy and Coast Guard, the EXFIL LTP bump helmet offers superior impact protection and accessory mounting capability.

**EPIC Specialist**
A specialist helmet that delivers high performance for tactical operators, offering superior comfort with an NVG shroud, CAM FIT BOA retention and EPIC Air liner.

**Adventurer**
The Adventurer helmet is for true adventurers, featuring a glass-reinforced polycarbonate shroud with mounting capabilities.

**SAR Backcountry**
This helmet features a glass-reinforced polycarbonate shroud.

**SAR Tactical**
Team Wendy SAR helmets are purpose built for search and rescue, meeting key standards.

**C50**
The C50 is ideal for battlefield, first responders, corrections and counterterrorism.

**PC50**
The PC50 is the mask of choice for correctional officers, riot control and non-CBRN use.

**FM54**
The FM54 provides specialist operators with protection against CBRN threats.

**HMK150**
The HMK150 is a helmet-mask system for CBRN and riot control, integrating the HM50 respirator with the Schuberth P100N helmet.

**ST54**
The ST54 Tactical Operator SCBA, optimised for demanding tactical operators, is a state-of-the-art, multi-mission respiratory protection system.

**NH15**
The NH15 CBRN escape hood is the most compact NIOSH and CE-approved CBRN protection.

**MI-TIC S**
This high performance firefighting thermal imaging camera offers clear image in extremely high temperatures.

# 2 MILITARY

Our deep understanding of the unique requirements of the modern warfighter and tactical operator means our products are designed to protect users in the most extreme environments.

### FM50
The FM50 is a CBRN full-face mask engineered for NATO forces, against modern war, anti-terrorism and peacekeeping threats.

### M50
The M50, selected by the US DOD, offers exceptional protection with twin conformal filters.

### GSR
The standard issue mask for UK Army, Navy and RAF, chosen by the UK MOD.

### EXFIL Ballistic
The EXFIL Ballistic is the general issue helmet for the Australian Defence Force.

### ACH GEN II
The Advanced Combat Helmet Generation II (ACH GEN II) is a new lighter weight version of the US military's general issue ballistic helmet, making it more comfortable for the user to wear.

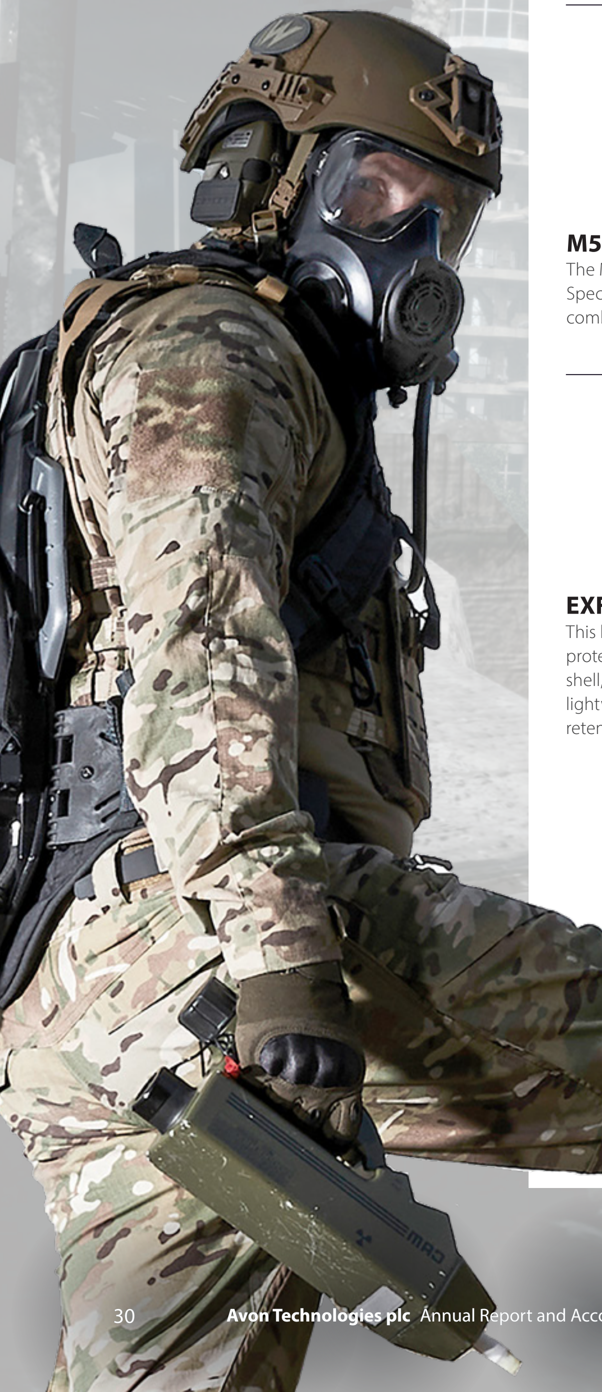
### NG IHPS
The Next Generation Integrated Head Protection System (NG IHPS) is one of four major components of the US Army's Soldier Protection System. The NG IHPS provides lightweight and high performance head protection to US soldiers.

### EXOSKIN
The EXOSKIN range includes the CBRN suit, boots and gloves to provide a low burden, lightweight, integrated defence solution.

### MI-TIC 320
This lightweight firefighter thermal imaging camera features a 2.7" screen and five-year warranty.

# 3 SPECIALIST USERS

We provide protective solutions across both Avon Protection and Team Wendy for a number of different specialist users that are developed specifically for applications where the user needs to respond to ever-changing operational conditions.



**CS-PAPR**
The CS-PAPR integrates with the FM53 and ST53 SCBA, allowing the user to switch between APR, PAPR and SCBA modes dependent on the threat.

**ST54**
The ST54 Tactical Operator SCBA is a state-of-the-art, multi-mission respiratory protection system and is optimised for demanding tactical operators.

**C50**
The C50 is ideal for battlefield, first responders, corrections and counterterrorism.

**FM53**
The FM53 mask, based on the US M50/JSGPM, was designed for specialist operators.

**M53A1**
The M53A1 is designed for Special Mission Units and combination systems.

**FM54**
The FM54 Air Purifying Respirator provides specialist operators with protection against CBRN threats.

**EXFIL Ballistic**
The EXFIL Ballistic features a hybrid composite shell with unique geometry for optimal fix, offering complete stability.

**EXFIL Ballistic SL**
This helmet offers NIJ III-A protection with a 15% lighter shell, improved accessory rails, lightweight NVG shroud, CAM FIT retention and Zorbium foam liner.

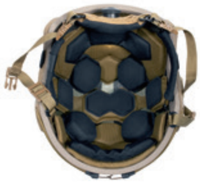

**MCM100**
The MCM100 rebreather provides over four hours of operation at extreme work rates and depths. It features advanced electronics, easy breathing, operational flexibility and stealth technology, making it ideal for various military diving disciplines. CE tested to 100m.

**CORE INTELLIGENCE UNDERSUIT**
The Core Intelligence Undersuit is a heated garment designed to prevent non-freezing cold injuries in air, land and sea environments.

**EXOSKIN**
The EXOSKIN range includes the CBRN suit, boots and gloves to provide a low burden, lightweight, integrated defence solution.

# 4 SPARES AND ACCESSORIES

Avon Protection offers service support to global customers through replacement filters, spares, accessories and communication systems, providing through-life support to our products. Through the line of combat helmet liner and retention systems, Team Wendy offers a host of options for accessorising helmets to ensure the helmet is purpose built for every mission.



### The Team Wendy Cloudline System

Utilises our softest Zorbium foam, which is used in strategically placed hexagon-shaped comfort pads designed to prevent hot spots while maintaining ultimate protection.

### The ZAP 7-Pad NSN Liner System

The ZAP 7-Pad is the standard issue system authorised for use in all US Marine Corps and US Navy ground combat helmets.

### The CAM FIT Retention System

Utilises lock sliders for one-handed adjustment and secure fit. The BOA Fit System stabilises the weight of the helmet by distributing a light, even pressure around the head.

### The Maritime Liner System

Uses sealed pads to resist water exposure, is quick dry to reduce weight, features Zorbium foam for superior impact protection and comfort, and includes a fit adjustment pack.

### Filters

A range of CBRN and non-CBRN filters, ensuring optimal performance and reliability. Our products are designed to enhance the functionality of filtration systems, providing essential support for safety and protection in hazardous environments.

### Outserts

Outserts provide impact and scratch resistance and there are options for UV light protection, laser protection and improved weapon sighting.

### Communications

For enhanced communications, an optional Voice Projection Unit with internal microphone is easily connected to the respirator.

# AVON PROTECTION – SBU REVIEW

**Where we are today is substantially more stable as a baseline from where we were a year ago. That stability undoubtedly now drives our ability to create, implement and invest in an exciting growth strategy.**

**Steve Elwell**
President, Avon Protection

Avon Protection is an innovative capability provider specialising in the design, development, testing and manufacture of integrated protective systems.

**52.9%**
of Group revenue

## FINANCIAL SUMMARY

| | FY24 ($m) | FY23 ($m) | % change |
|---|---|---|---|
| Orders received | 181.8 | 132.4 | 37.3% |
| Closing order book | 72.0 | 35.8 | 101.1% |
| Revenue | 145.6 | 156.9 | (7.2%) |
| Adjusted operating profit | 26.6 | 29.3 | (9.2%) |
| Adjusted operating profit margin | 18.3% | 18.7% | (2.1%) |

## ORDER BOOK

- Record 101.1% increase in order book to $72m (FY23: $35.8m)
- Exceptionally strong order intake of $175.7m during the year, including UK GSR, US DOD M50 orders, Australian FM54 and rebreather orders
- Continuing to see excellent visibility of orders from our recurring and aftermarket revenue base

## FY24 PERFORMANCE SUMMARY

- Exceptionally strong order intake with our closing order book doubling, including key strategic wins with UK GSR, Australian FM54, DRSKO and Germany MCM100
- Revenue slightly down due to timing of US DOD filter and accessories sales
- Slight margin decline with significant manufacturing efficiency improvements and positive pricing increases offset by lower revenue
- Business restabilised leading to more predictable performance and a platform for growth
- Improvements in our gross margin as we stabilised a number of major contracts and delivered value-based pricing
- Further strengthening our competitive moat as we secured the HMI programme with the US DOD and accelerated our strategy to be the CBRN integration and ensemble lead
- New SBU structure is driving accountability, with aligned objectives in place
- Further efficiency improvements planned in FY25 and a growing confidence in our underlying base business

## FY25 STRATEGIC FOCUS AREAS

- **Operational excellence –** Optimise our site space, reduce scrap and inventory, and improve productivity
- **Commercial excellence –** Improve our gross margin by streamlining the distribution network, increasing US commercial sales whilst maintaining high forecast accuracy
- **Functional excellence –** Generate supply chain savings by a reduction of material held, with increased on time to promise
- **Retain #1 global market lead –** Launch MITR half mask, secure key programmes and introduce enhanced communication systems with zero commercial losses
- **Build a leading rebreather business –** Secure major contracts across multiple countries with intentions to grow sales in heated suit offerings and achieve success in key UK selection processes
- **Grow through adjacent markets –** Deliver US DOD projects, expand civilian market sales, win international contracts and improve e-commerce performance

**CASE STUDY**

## GSR WIN

We were delighted to announce that Avon Protection had secured a significant contract with the UK Ministry of Defence for the ongoing supply of the General Service Respirator (GSR) and associated in-service support.

This contract, valued at up to £38m over four years, included the possibility of five additional 12-month extension periods.

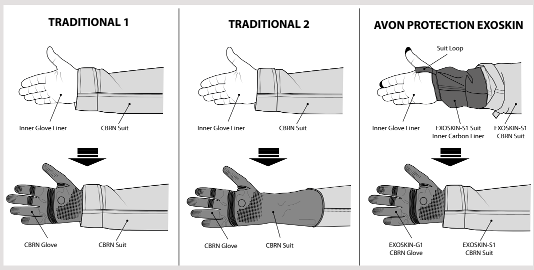
The GSR is a vital piece of equipment for all UK service personnel in the British Army, Royal Air Force and Royal Navy, providing essential protection in CBRN environments. Designed and manufactured to meet the UK MOD's stringent specifications, the GSR ensured high performance protection for its users.

Since first being awarded the contract in 2018, Avon Protection had delivered over 90,000 GSRs to UK MOD personnel from our UK site. This new contract continued to support numerous highly skilled jobs and sustained the UK-based supply chain.

**CASE STUDY**

## EXOSKIN-S1: THE FINAL PIECE OF THE CBRN ENSEMBLE

With the launch of the EXOSKIN-S1 CBRN suit in February 2024, Avon Protection has become the first global provider to offer full-body CBRN protection as an integrated ensemble, including the suit, the EXOSKIN boots and gloves, and a range of respirators. It is the first time a single company has taken responsibility for the entire CBRN protection ecosystem, taking control of the design, integration and performance of all components needed to keep military and first responder personnel safe in complex CBRN threat environments.




Avon Protection has taken this innovative approach in order to solve an identified gap in the market: the challenge faced by users being forced to rely on equipment that is designed and manufactured by a range of suppliers. In this case, the onus is on the end user to ensure that all systems integrate effectively without risking liquid/vapour/aerosol leaks at the point where different systems meet, such as at the wrist where the glove meets the suit sleeve, or where the suit hood meets the respirator. In these instances, no matter how advanced the technology of each individual piece is, the overall ensemble will not function the way its users need it to.

In building a family of systems designed to integrate seamlessly with each other, Avon Protection is freeing its customers from the hassle and expense of ensuring all systems work together – and setting new standards for the safety of those operating in complex CBRN environments.

Integration has been built into every aspect of the EXOSKIN-S1's design. It is engineered with a cotton poly outer layer and activated carbon inner lining, and features an integrated hood with a double elasticated aperture for a secure seal around the wearer's respirator. Hook and loop adjustable tabs on the lower legs and an inner leg gaiter with stirrup prevent ingress at the ankle, and a unique smart layer design with a thumb loop prevents ingress at the wrist. The suit also features two jacket zip designs with hook and loop fastening for improved integration with body armour.

As the same focus on integration has been taken throughout the design of the whole EXOSKIN family, users can rely on a whole body ensemble that will allow them to complete the mission safely, every time.

Avon Protection will draw on its expertise in integration as part of its work on the US DOD's Advanced System for Protection and Integrated Reduction of Encumbrances Hood Mask Interface (ASPIRE HMI) programme.

# TEAM WENDY – SBU REVIEW

> As we go into 2025, I'm excited by the fact we have a large order book, we have the people in place and we can now focus on delivery, execution and creating capacity for commercial growth over the next 12 months.

**James Wilcox**
President, Team Wendy

Team Wendy develops leading-edge products that serve to protect against serious and potentially life-threatening impact-related injuries. With Team Wendy's commitment to thoughtful design from the inside out, its products allow the wearer to focus on their mission, not their helmet – whether that be combat, rescue or adventure.

**47.1%**
of Group revenue

## FINANCIAL SUMMARY

| | FY24 ($m) | FY23 ($m) | % change |
|---|---|---|---|
| Orders received | 182.6 | 126.3 | 44.6% |
| Closing order book | 153.2 | 100.0 | 53.2% |
| Revenue | 129.4 | 86.9 | 48.9% |
| Adjusted operating profit | 5.0 | (8.1) | - |
| Adjusted operating profit margin | 3.9% | (9.3%) | - |

## ORDER BOOK

- Record order book includes $58m of NG IHPS orders and $58m of ACH GEN II orders
- Growing pipeline for international markets with revised structure and strategies implemented

## FY24 PERFORMANCE SUMMARY

- Strong DOD orders, maintained NG IHPS deliveries and ACH GEN II ramp-up
- Significant profitability improvement through continuous improvement and cost-cutting measures:
  - Rapid reduction in scrap and margin improvements
  - Value streams now implemented and single piece flow embedded
- Enhanced SBU structure, improve=d talent acquisition, OKR discipline and stable management foundation for the future
- New product launches planned in FY25 with accelerated product expansion
- Programme management capability embedded

## FY25 STRATEGIC FOCUS AREAS

- **Footprint optimisation –** Successful transition to two world-class, high volume manufacturing sites by FY26
- **Commercial excellence –** Build the Team Wendy brand to deliver market segment growth, supported by customer experience improvements
- **Functional excellence –** Ensure successful product launches and ramp-up in manufacture, with world-class programme management and innovation
- **Maximise and extend the DOD process –** Seamless delivery of our DOD contracts along with reduction in scrap and embedding lean manufacturing
- **Become leading US commercial brand –** Become helmet of choice for first responders seeking ballistic protection and specialist users seeking rifle protection. Launch leading bump helmet range
- **International expansion –** Expand international product portfolio and optimise international sales team and channel partnerships

### CASE STUDY

## EPIC BALLISTIC HELMET RANGE

The EPIC ballistic helmet range has gained tremendous market penetration in 2024.

This new product offering has provided great stability to our leading ballistic helmet portfolio, allowing us to compete for new opportunities. The EPIC helmet range has accounted for approximately 40% of the commercial ballistic helmet unit sales and 15% of the commercial revenue. It leverages ballistic helmet technology that was developed to compete and win the US DOD ACH GEN II programme.

The new helmet series features lightweight high-performance material paired with the Team Wendy liner systems for premium comfort. Multiple shell cuts are available for each of the helmet models for ultimate flexibility. All EPIC models feature the best-in-class performance to weight ratio.


### CASE STUDY

## US SITE CONSOLIDATION PROJECT

Project Unity refers to Team Wendy's transformation programme to optimise the manufacturing footprint, consolidate production and turn our Cleveland, OH, site into a world-class, lean manufacturing facility, and as an approved place of performance for US DOD deliveries. This includes standing up capabilities for: i) ACH GEN II helmet moulding and finishing expansion; ii) NG IHPS helmet finishing; and iii) EPIC and EXFIL helmet moulding (commercial) and finishing. It also includes standing up NG IHPS helmet moulding production at our Salem, NH, site, to allow for the restoration and exit of the Irvine, CA, site.

In addition to this project we have also commenced a project to incorporate the outputs of the Kaizen events hosted in Cleveland which aim to transform existing plant manufacturing in Cleveland to a continuous improvement model. This will establish a pull manufacturing system and includes work to takt time, creates standard work and builds quality into the process along with one piece flow. This will set up Building 5 in Cleveland to deliver 200,000+ helmets per annum (ACH GEN II, NG IHPS, EPIC, EXFIL LTP and SAR) while minimising inventory. This improved flow is expected to generate additional manufacturing labour savings as well as working capital improvements.

The improved layout includes setting up dedicated lines for each product. Production will no longer be done in batches and will instead move to single-piece flow. In addition to the anticipated labour savings and inventory reduction, this is also expected to improve production agility and responsiveness to demand, while ensuring that there is no overproduction as operators' efforts will be linked to customer demand takt time. Lastly, this will improve the quality of the product as it is embedded in the process via standard work.

The team has successfully delivered a number of key milestones, including standing up ACH GEN II finishing capabilities in Cleveland and submitting First Article Test (FAT) for ACH GEN II moulding expansion capabilities. In Cleveland, we continue to set up Building 5 and have installed new offices, lighting and a great deal of proprietary process equipment in anticipation of our volume increase and strong order book. Meanwhile in Salem, we successfully optimised our layout and installed a new press and laminate cutting machine. We have made great progress across all workstreams and remain on track to deliver significant benefits to the business by FY26. We continue to look for additional opportunities to improve and have held Kaizen events across all three sites in support of our continuous improvement efforts.

Financial Review

# SIGNIFICANT GROWTH OPPORTUNITY

> Our focus on continuous improvement is already delivering results, with the total cash costs of transformation now expected to be covered through lower working capital.

**Rich Cashin**
Chief Financial Officer

We delivered a very strong financial performance with significant growth in revenue, margin, ROIC and free cash flow. This, combined with good operational progress through the year, has highlighted the potential to achieve our operating margin and ROIC target ranges in 2026, a year earlier than expected.

It has been a strong year for us with order intake up more than 40% compared to 2023, and a record closing order book of $225.2m, an increase of over 64%. Revenue increased by 12.2% on a constant currency basis to $275.0m (2023: $243.8m) with a full-year run rate of NG IHPS helmets and initial deliveries against the ACH GEN II contract. Adjusted operating profit increased by 53.4% on a constant currency basis to $31.6m (2023: $21.2m), with the operational gearing effects of increased revenue within Team Wendy more than offsetting a small decline in Avon Protection. Adjusted operating profit margin improved to 11.5% (2023: 8.7%).

Order intake for the Group of $364.4m (2023: $258.7m) was up 40.9% (40.1% constant currency), with strong growth in both businesses. Avon Protection order intake was up 37.3% with strong wins for our underwater rebreather, an increase in international orders, and higher US DOD orders following a weak prior year comparator. Team Wendy order intake was up 44.6%, with continued orders under our two primary US DOD contracts including $42m of NG IHPS orders and $34m against the ACH GEN II contract, combined with strong order intake for the associated pad systems.

The closing order book of $225.2m reflects an increase of 65.8% (64.3% constant currency) over the prior year. Team Wendy closed the year with $153.2m in the order book, an increase of 53.2%, which includes $58m of orders for NG IHPS and $58m for ACH GEN II. The Avon Protection closing order book of $72.0m reflects an increase of 101.1%, including $15m of rebreather orders.

Revenue for the Group totalled $275.0m, an increase of 12.8% (12.2% constant currency) compared to the prior year of $243.8m.

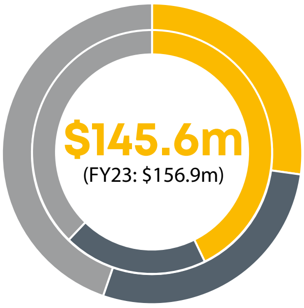
Avon Protection revenue totalled $145.6m, a decline of 7.2% compared to $156.9m in 2023. Sales to the US DOD saw a decline of 41.0%, predominantly driven by two years' worth of M61 filter demand being delivered in 2023. This was paired with a reduction in accessories and powered air revenue, partially offset with an increase in mask sales. Commercial Americas revenue grew by 34.1%, with an increase in mask and supplied air sales, whilst UK & International revenue increased by 9.8% primarily from growth in sales of our rebreathers and CBRN boots and gloves.

Team Wendy revenue totalled $129.4m, an increase of 48.9% over the prior year of $86.9m. US DOD revenue grew by 95.5%, with a full run rate of NG IHPS deliveries from the start of the year, and the commencement of deliveries under the ACH GEN II contract. Commercial Americas revenue grew by 11.9% with strong sales of the EPIC helmet range, which was partially offset by a 7.5% decline in UK & International revenue.

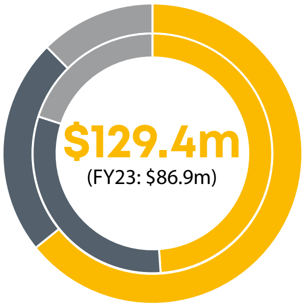
| | 30 September 2024 | 30 September 2023 | Change | Organic change (constant currency)[4] |
|---|---|---|---|---|
| **Continuing operations[1]** | | | | |
| Orders received | $364.4m | $258.7m | 40.9% | 40.1% |
| Closing order book | $225.2m | $135.8m | 65.8% | 64.3% |
| Revenue | $275.0m | $243.8m | 12.8% | 12.2% |
| Adjusted[2] operating profit | $31.6m | $21.2m | 49.1% | 53.4% |
| Adjusted[2] operating profit margin | 11.5% | 8.7% | 280bps | 310bps |
| Adjusted[2] net finance costs | $(6.3)m | $(7.2)m | (12.5)% | (12.5)% |
| Adjusted[2] profit before tax | $25.3m | $14.0m | 80.7% | 88.8% |
| Adjusted[2] taxation | $(4.4)m | $(1.9)m | | |
| Adjusted[2] profit after tax | $20.9m | $12.1m | | |
| Adjusted[2] basic earnings per share | 69.9c | 40.3c | 73.4% | 80.2% |
| Total dividend per share | 23.3c | 29.6c | (21.3)% | |
| Net debt excluding lease liabilities | $43.5m | $64.5m | (32.6)% | |
| Cash conversion | 157.8% | 7.0% | | |
| Return on invested capital[2] | 13.7% | 8.7% | | |
| **Statutory results** | | | | |
| Operating profit/(loss) from continuing operations[3] | $10.7m | $(12.6)m | | |
| Net finance costs | $(8.4)m | $(7.6)m | | |
| Profit/(loss) before tax from continuing operations | $2.3m | $(20.2)m | | |
| Taxation | $0.7m | $3.8m | | |
| Profit/(loss) after tax from continuing operations | $3.0m | $(16.4)m | | |
| Profit from discontinued operations | - | $2.0m | | |
| Profit/(loss) for the period | $3.0m | $(14.4)m | | |
| Basic profit/(loss) per share | 10.0c | (48.0)c | | |
| Net debt | $65.4m | $85.4m | | |

1. At 30 September 2023 Armour operations were fully closed. Armour was therefore classified as a discontinued operation in the prior period.
2. The Directors believe that adjusted measures provide a useful comparison of business trends and performance. Adjusted results exclude exceptional items and discontinued operations. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.
3. Reported operating profit includes $6.2m amortisation of acquired intangibles, transformational costs of $13.0m, and a $1.7m impairment of non-current assets. See the Adjusted Performance Measures section for a full breakdown of adjustments and comparatives.
4. Constant currency measures are provided in the Adjusted Performance Measures section.

**Avon Protection**
**Revenue by market**




**Team Wendy**
**Revenue by market**




US DOD  Commercial Americas  UK & International

Adjusted operating profit was $31.6m (2023: $21.2m). Revenue growth contributed $6.3m additional adjusted operating profit in the year, with a $10.9m improvement in Team Wendy partially offset by a $4.6m reduction in Avon Protection reflecting the 7.2% decline in revenue. Operational gearing within Team Wendy resulted in a further $6.4m improvement, while scrap was $4.1m lower as maturity of Next Generation IHPS production progressed. The right-sizing activities within Avon Protection at the beginning of the year resulted in a further $4.9m improvement. These were then partially offset by increased discretionary compensation payments of $7.0m following achievement of financial and operational targets at a group and SBU level, and lower capitalised R&D represented a further headwind of $3.9m. The overall increase in profitability resulted in an adjusted operating profit margin of 11.5% (2023: 8.7%), up 280bps (310bps constant currency).

Statutory operating profit from continuing operations of $10.7m (2023: loss of $12.6m) reflected exceptional items in the period which are summarised below.

The Adjusted Performance Measures section contains a full breakdown and explanation of adjustments.

| | 2024 $m | 2023 $m |
|---|---|---|
| Statutory operating profit/(loss) | 10.7 | (12.6) |
| Amortisation of acquired intangibles | 6.2 | 6.3 |
| Impairment of goodwill and other non-current assets | 1.7 | 24.6 |
| Transformational, restructuring and transition costs | 10.8 | 2.9 |
| Acceleration of depreciation and amortisation – transformational | 2.2 | - |
| **Adjusted operating profit** | 31.6 | 21.2 |

Adjusted net finance costs decreased to $6.3m (2023: $7.2m) mainly due to lower average net debt through the period.

After an adjusted tax charge of $4.4m (2023: $1.9m), the Group recorded an adjusted profit for the period after tax of $20.9m (2023: $12.1m).

Adjusted basic earnings per share increased to 69.9c (2023: 40.3c), reflecting the growth in operating profit and a reduction in finance charges due to lower net debt through the period. Adjusted earnings also benefited from a lower than forecast effective tax rate driven by one-off items which are not expected to recur in 2025. These one-off tax items increased adjusted basic earnings per share by approximately 4 cents per share.

Return on invested capital increased to 13.7% (2023: 8.7%), reflecting higher adjusted operating profit and lower invested capital.

Statutory net finance costs of $8.4m (2023: $7.6m) include $2.1m (2023: $0.4m) net interest expense on the UK defined benefit pension scheme liability.

Statutory profit before tax from continuing operations was $2.3m (2023: loss of $20.2m) and, after a tax credit of $0.7m (2023: credit of $3.8m), the profit for the period from continuing operations was $3.0m (2023: loss of $16.4m).

## Transformation costs

| | 2024 $m |
|---|---|
| Footprint optimisation[1] | 10.4 |
| Operational excellence | 1.3 |
| Commercial optimisation | 0.0 |
| Functional excellence | 1.0 |
| Programme management excellence | 0.3 |
| **Total transformation costs** | 13.0 |

1. Including $2.2m for acceleration of depreciation and amortisation charges related to legacy ERP systems and assets held in Irvine, California.

Spend within our transformation initiatives has been ahead of our originally communicated expectations, with an acceleration of investment relating to footprint optimisation following the site consolidation plans announced earlier in the year. Estimates for total investment related to the projects identified last year remain unchanged, and as a result we expect transformation costs in FY25 to be at a similar level to FY24.

## Segmental performance

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Avon Protection $m | Team Wendy $m | Total $m | Avon Protection $m | Team Wendy $m | Total $m |
| Orders received | 181.8 | 182.6 | 364.4 | 132.4 | 126.3 | 258.7 |
| Closing order book | 72.0 | 153.2 | 225.2 | 35.8 | 100.0 | 135.8 |
| Revenue | 145.6 | 129.4 | 275.0 | 156.9 | 86.9 | 243.8 |
| Adjusted operating profit | 26.6 | 5.0 | 31.6 | 29.3 | (8.1) | 21.2 |
| Adjusted operating profit margin | 18.3% | 3.9% | 11.5% | 18.7% | (9.3)% | 8.7% |

A 7.2% decline in revenue within the Avon Protection business resulted in a reduction in operating profit to $26.6m (2023: $29.3m), although margin decline was limited to only 40bps to 18.3% (2023: 18.7%) reflecting significant cost reduction activities undertaken at the start of the year.

Team Wendy profitability moved meaningfully forward this year, turning positive for the first time with an operating profit margin of 3.9%, compared to a loss of 9.3% in FY23. This was largely driven by the near 50% increase in revenue, and we are also starting to see the early benefits of our continuous improvement and operational efficiency initiatives. We continue to expect margins in the Team Wendy business to reach the target levels we have set, much of the improvement for which will come from the consolidation of our Irvine, California, facility into our other Team Wendy sites, which was announced earlier in the year.

## Research and development expenditure

Total investment in research and development (capitalised and expensed) was $11.4m (2023: $10.2m), in line with the prior period as a percentage of revenue. Excluding amortisation and impairment, we have seen an increase in costs expensed to the P&L and lower levels of capitalisation following completion of NG IHPS and ACH Gen II helmet development.

| | 2024 $m | 2023 $m |
|---|---|---|
| Total expenditure | 11.4 | 10.2 |
| Less customer funded | (1.6) | (1.2) |
| Group expenditure | 9.8 | 9.0 |
| Capitalised | - | (3.1) |
| Income statement impact | 9.8 | 5.9 |
| Amortisation and impairment of development expenditure | 4.3 | 4.3 |
| Total income statement impact | 14.1 | 10.2 |
| Revenue | 275.0 | 243.8 |
| R&D spend as a % of revenue | 4.1% | 4.2% |

Avon Protection expenditure has primarily focused on completing the development of the Modular Integrated Tactical Respirator (MITR), whilst Team Wendy expenditure has been focused on development of RifleTech, a new ballistic helmet model. Spend on these projects has been expensed following assessment of technical progress and evidence for commercial viability.

## Net debt and cash flow

| | 2024 $m | 2023 $m |
|---|---|---|
| **Adjusted continuing EBITDA** | 43.4 | 35.7 |
| Share-based payments and defined benefit pension scheme costs | 4.4 | 1.7 |
| Working capital | 20.7 | (34.9) |
| **Cash flows from continuing operations before exceptional items** | 68.5 | 2.5 |
| Transformational, restructuring and transition costs paid | (9.7) | (2.3) |
| **Cash flows from continuing operations** | 58.8 | 0.2 |
| **Cash flows from discontinued operations** | 4.9 | 3.2 |
| **Cash flows from operations** | 63.7 | 3.4 |
| Payments to pension plan | (9.1) | - |
| Net finance costs | (6.7) | (6.6) |
| Net repayment of leases | (3.3) | (3.0) |
| Tax received | (0.7) | 3.7 |
| Capital expenditure | (11.2) | (11.0) |
| Discontinued operation disposals, investing and financing cash flows | - | 6.6 |
| Purchase of own shares – Long Term Incentive Plan | (5.0) | - |
| Dividends to shareholders | (6.8) | (13.4) |
| Foreign exchange on cash | 0.1 | - |
| **Change in net debt** | 21.0 | (20.3) |
| **Opening net debt, excluding lease liabilities** | (64.5) | (44.2) |
| **Closing net debt, excluding lease liabilities** | (43.5) | (64.5) |

### **Net debt and cash flow** continued

Cash flows from continuing operations before exceptional items were $68.5m (2023: $2.5m) with the movement principally due to working capital inflows of $20.7m, compared to outflows of $34.9m in the prior year. Working capital inflows were driven by a $17.2m decrease in receivables due to sales phasing (2023: $26.2m increase in receivables).

Dividends were $6.8m (2023: $13.4m), with the change reflecting the rebased level of distribution under our capital allocation policy. Our first priorities remain organic investment into R&D and transformation followed by a progressive dividend targeting between 2.5x and 3x EPS cover through the cycle. We have amended our policy this year, in light of the significant reduction in net debt in FY24, such that excess cash will be deployed in an EPS enhancing way, either through M&A or alternative shareholder returns.

The purchase of own shares to satisfy future exercises of options granted to employees under the Long Term Incentive Plan was $5.0m (2023: $nil), hedging potential cash costs.

Net debt was $65.4m (2023: $85.4m), which includes lease liabilities of $21.9m (2023: $20.9m). Excluding lease liabilities, net debt was $43.5m (2023: $64.5m).

### Defined benefit pension scheme

The Group operated a contributory defined benefits plan to provide pension and death benefits for the employees of Avon Technologies plc and its Group undertakings in the UK employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately eleven years. The net pension liability for the scheme amounted to $17.2m as at 30 September 2024 (2023: $40.2m). The decrease was mainly due to deficit contributions of $9.1m, and a $13.4m favourable actuarial gain reflecting a change in accounting estimate to the use of detailed member-by-member calculations. The gain is included within 2024 actuarial experience adjustments.

In accordance with the deficit recovery plan agreed following the 31 March 2022 actuarial valuation, the Group will make payments in FY25 of £4.3m, FY26 of £4.7m and FY27 of £5.1m in respect of deficit recovery and scheme expenses.

### Foreign exchange risk management

The Group is exposed to translational foreign exchange risk arising when the results of sterling denominated companies are consolidated into the Group's presentational currency, US dollars. The Group's policy is not to hedge translational foreign exchange risk. Due to the translational effect, a 1c increase in the value of the US dollar against sterling would have decreased revenue by approximately $0.2m and increased operating profit by approximately $0.2m for FY24.

### Financing and interest rate risk management

On 14 May 2024, the Group signed a new $137m RCF, together with a $50m accordion replacing the previous facility. The new RCF was agreed with a syndicate of four lenders and is available until May 2027, with two further one-year extension options taking it out to May 2029.

RCF borrowings are floating rate priced using the US Secured Overnight Financing Rate (SOFR). The Group hedges interest rate exposure using swaps to fix a portion of SOFR floating rate interest. The notional value of active interest rate swaps at 30 September 2024 was $30.0m (2023: $30.0m), expiring on 8 September 2025. The Group also has additional interest rate swaps in place with a notional value of $20.0m starting on 8 September 2025 and expiring on 8 September 2026 (2023: $20.0m). The net financial value of interest rate swaps at 30 September 2024 was $nil (FY23: $0.9m).

**We expect continued growth in FY25, alongside consistent returns as we implement the key actions in footprint and manufacturing optimisation programmes.**

### Dividends

The Board has proposed a final dividend of 16.1c per share (2023: 15.3c). The final dividend will be paid in pounds sterling on 7 March 2025 to shareholders on the register at 7 February 2025. The final dividend will be converted into pounds sterling for payment at the prevailing exchange rate which will be announced prior to payment.

### 2025 financial guidance

We expect continued growth in FY25, alongside consistent returns, as we implement the key actions in our footprint and manufacturing optimisation programmes, albeit with a cost headwind due to increase US healthcare costs and Employers National Insurance contributions in the UK. As previously communicated, FY25 will be a year of transition, as we complete the execution of the facility moves within Team Wendy, and the manufacturing optimisation programme within Avon Protection. As such, we expect:

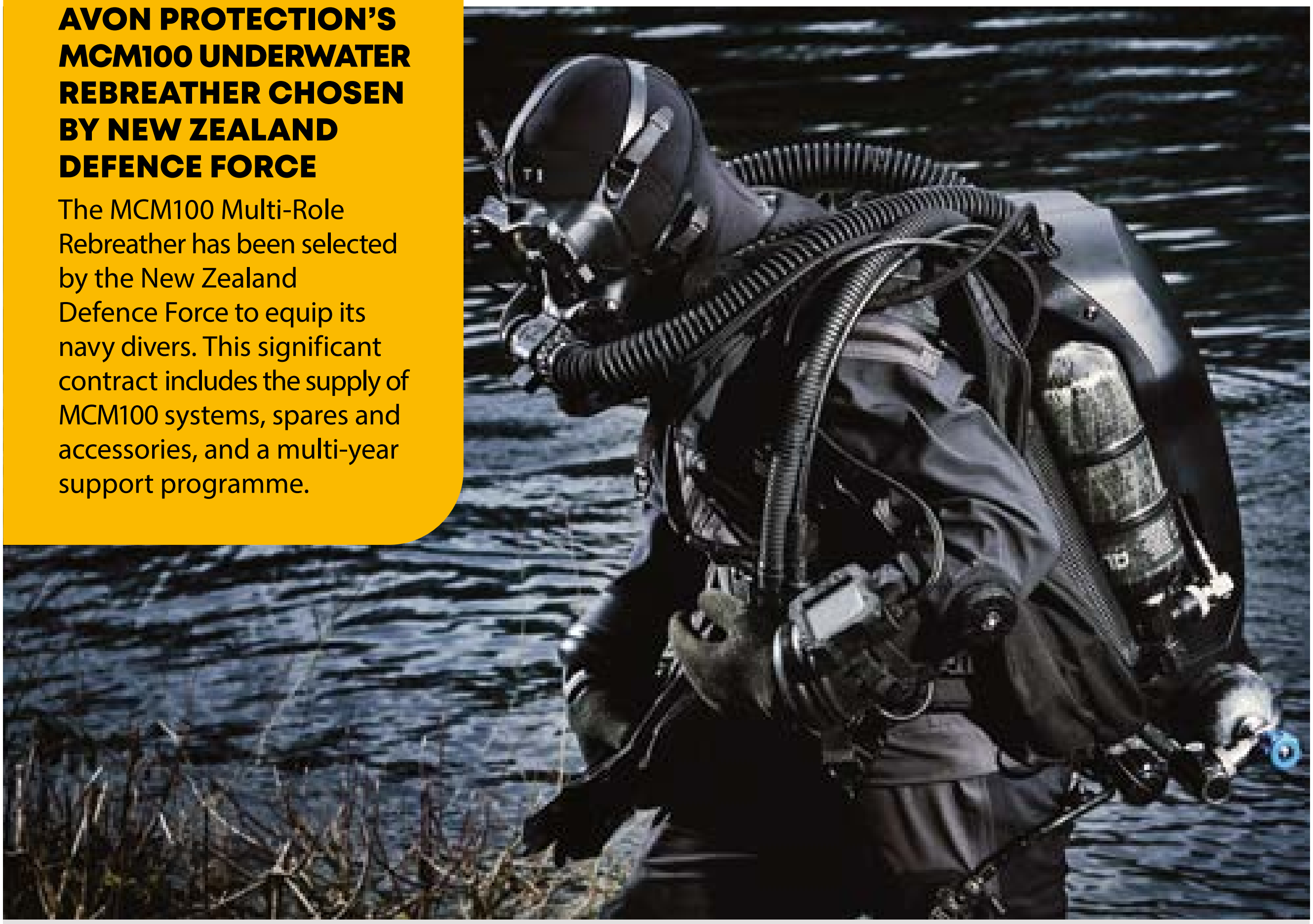
- mid-single-digit revenue growth;
- full-year run rate of ACH driving Team Wendy growth;
- return to modest growth in Avon Protection;
- operating profit margin broadly flat year on year;
- transformation costs in line with FY24 (we continue to expect a sharp drop in FY26 as large programmes are mostly completed in FY25); and
- cash conversion of over 80%, before exceptional cash costs.

**Rich Cashin**
Chief Financial Officer
19 November 2024

CASE STUDY

## AVON PROTECTION'S MCM100 UNDERWATER REBREATHER CHOSEN BY NEW ZEALAND DEFENCE FORCE

The MCM100 Multi-Role Rebreather has been selected by the New Zealand Defence Force to equip its navy divers. This significant contract includes the supply of MCM100 systems, spares and accessories, and a multi-year support programme.



Initially developed and deployed with global militaries and specialist user groups, the MCM100 delivers enhanced diver safety and extended mission duration for military divers across the spectrum of shallow and deep-water diving operations, including explosive ordinance disposal, mine countermeasures, Special Forces, covert subsurface infiltration, submarine release and infiltration, and crewed underwater vehicle operations.

The electronically controlled, closed-circuit MCM100 uses advanced digital oxygen sensors and a native decompression algorithm to manage the oxygen and decompression risk. System and mission information is fed to the diver via a wrist or console-mounted handset display and a heads-up display, maximising system usability and allowing the user to focus on the mission rather than the equipment. Additionally, automated pre-dive sequencing reduces mission readiness time and enhances safety.

The MCM100's modular design ensures a future-proofed capability for the underwater operator, providing users with flexibility in how and when they integrate new technologies as they become available or as their mission envelope changes.

New Zealand joins a user community that includes other key NATO nations and partner navies.

**"In selecting the MCM100 Multi-Role Rebreather, the New Zealand Defence Force is equipping its military divers with world-leading technology to enhance the safety and effectiveness of their increasingly diverse operations. We look forward to working with the New Zealand Defence Force as this system enters service and we continue to support its operations over the coming years.**

**Kevin Gurr**
Avon Protection, Underwater Systems Director

KPIs

# HOW WE MEASURE FINANCIAL KPIs

Driving operational improvements, not just financial outcomes.

- We are more actively overseeing performance of the businesses, with greater operational oversight driving operational performance, not just outcomes.
- As a result, we will focus on the KPIs below in 2025 to support our long-term goals.
- Each SBU reports against both its financial and operational metrics each month.
- Our first capital allocation priority is re-investment into innovation through technology, people and capabilities to ensure we meet our purpose of innovating for a safer tomorrow.
- Each of the KPIs highlighted below directly impacts and is a key measure of the success of our STAR strategy. This year we have changed our operational KPIs to reflect our Safety, Quality, Delivery, Inventory and Productivity (SQDIP) KPIs that are used daily on our production sites. Other KPIs including Gender Diversity and Supplier Quality are key focus areas for the Executive team but are at beginning stages of creating an action plan around how to develop and improve.

## CLOSING ORDER BOOK

**$225.2m**

+65.8%

| | |
|---|---|
| FY24 | $225.2m |
| FY23 | $135.8m |
| FY22 | $120.9m |

**What is it?**
Orders received but not yet fulfilled.

**How are we doing?**
Excellent order intake for the year has contributed to a record-high closing order book, which includes $58m of NG IHPS orders, and $58m of ACH GEN II orders.

**Associated risks**
Defence sector concentration
Geopolitical

**Relevance to executive remuneration**
Strategic objectives criteria

## ORGANIC CONSTANT CURRENCY REVENUE GROWTH

**12.2%**

+1,970bps

| | |
|---|---|
| FY24 | 12.2% |
| FY23 | (7.5)% |
| FY22 | 8.6% |

**What is it?**
Growth in revenue at constant exchange rates.

**How are we doing?**
Growth in Team Wendy revenue was partially offset by a small expected decline in Avon Protection.

**Associated risks**
Bid and contract

**Relevance to executive remuneration**
Long Term Incentive Plan criteria

## ADJUSTED OPERATING PROFIT MARGIN

**11.5%**

+280bps

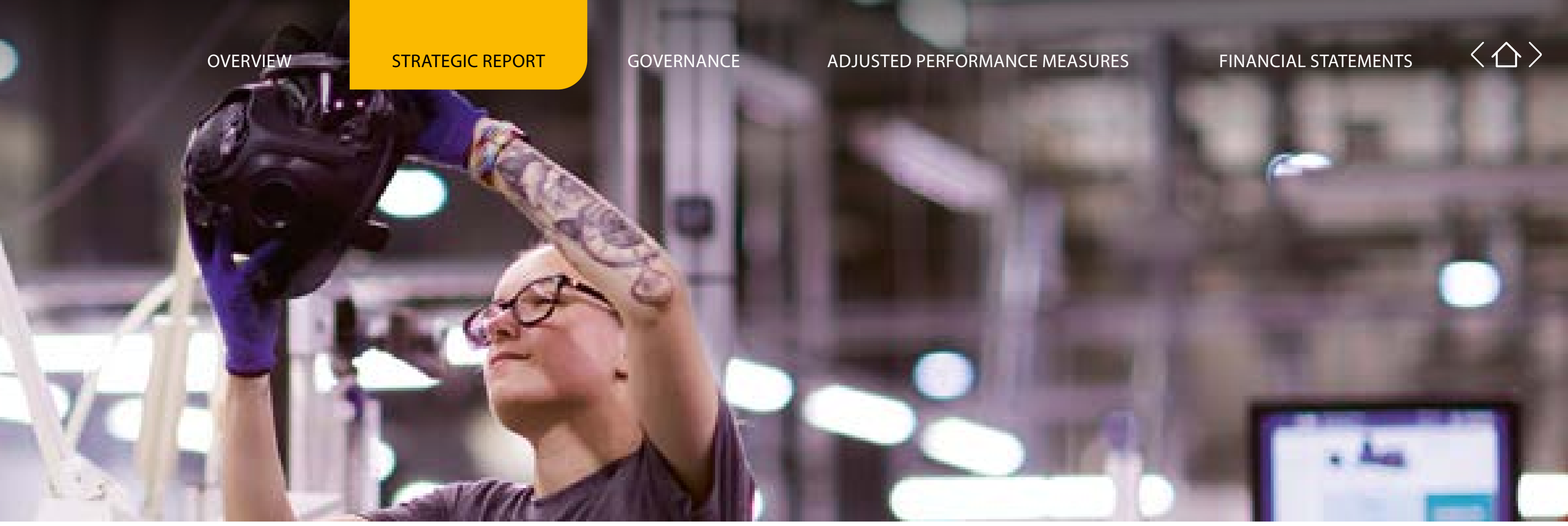
| | |
|---|---|
| FY24 | 11.5% |
| FY23 | 8.7% |
| FY22 | 8.9% |

**What is it?**
Operating profit excluding exceptional items and discontinued operations as a percentage of revenue.

**How are we doing?**
Significant improvement in Team Wendy margins largely driven by operational gearing, slightly offset by small decline in Avon Protection due to lower revenue.

**Associated risks**
Bid and contract
Manufacturing
Supply chain

**Relevance to executive remuneration**
Long Term Incentive Plan and annual bonus



## PRODUCT DEVELOPMENT PERCENTAGE OF REVENUE

**4.1%**

-10bps

| | |
|---|---|
| FY24 | 4.1% |
| FY23 | 4.2% |
| FY22 | 4.1% |

### What is it?
Research and development as a percentage of revenue.

### How are we doing?
We continue to invest in the next generation of products, with an increase in total expenditure of $31m vs 2023, although this is outweighed by the larger increase in revenue growth.

### Associated risks
Delivery of new product programmes
Strategy execution
Sustainability

### Relevance to executive remuneration
Strategic objectives criteria

## CASH CONVERSION

**157.8%**

+150.8%

| | |
|---|---|
| FY24 | 157.8% |
| FY23 | 7.0% |

### What is it?
Cash flows from continuing operations before exceptional items as a percentage of adjusted EBITDA.

### How are we doing?
Cash conversion in the period was strong, primarily driven by a decrease in receivables.

### Associated risks
Financial controls and reporting
Compliance and internal controls

### Relevance to executive remuneration
Strategic objectives criteria and annual bonus

## ADJUSTED EARNINGS PER SHARE

**69.9c**

+73.4%

| | |
|---|---|
| FY24 | 69.9c |
| FY23 | 40.3c |
| FY22 | 54.7c |

### What is it?
Adjusted profit after tax divided by the weighted average number of shares in issue.

### How are we doing?
With a consistent number of shares, the growth in earnings per share follows the growth in profits.

### Associated risks
Financial controls and reporting
Compliance and internal controls

### Relevance to executive remuneration
Long Term Incentive Plan

## RETURN ON INVESTED CAPITAL

**13.7%**

+500bps

| | |
|---|---|
| FY24 | 13.7% |
| FY23 | 8.7% |
| FY22 | 9.0% |

### What is it?
Adjusted operating profit over average invested capital.

### How are we doing?
Both the increase in operating profit and reduction in invested capital from lower debt levels resulted in strong improvements in return on invested capital.

### Associated risks
Bid and contract
Strategic execution
Compliance and internal controls
Supply chain

### Relevance to executive remuneration
Long Term Incentive Plan


KPIs continued

# HOW WE MEASURE OPERATIONAL KPIs

Continuous improvement is measured through our SQDIP operational KPIs.

## EMPLOYEE ENGAGEMENT

**60%**

-700bps

| | |
|---|---|
| FY24 | 60% |
| FY23 | 67% |
| FY22 | 55% |

### What is it?
Overall employee engagement score achieved in our global employee engagement survey.

### How are we doing?
Our engagement score declined by 7%, which was expected due to the significant amount of change undertaken, but we have a clear action plan to improve next year.

### Associated risks
Recruiting and retaining talent
Sustainability
Security, safety and cyber

### Relevance to executive remuneration
Strategic objectives criteria

## SAFETY

**6**

-57%

| | |
|---|---|
| FY24 | 6 |
| FY23 | 14 |
| FY22 | 5 |

### What is it?
Health and safety lost time incidents per 1,000 employees.

### How are we doing?
This metric is now reported daily by each production line through SQDIP, which lists safety as the most important metric followed by quality. We have seen an improved trend over the year.

### Associated risks
Manufacturing
Sustainability
Recruiting and retaining talent

### Relevance to executive remuneration
Strategic objectives criteria

## QUALITY (SCRAP)

**1.6%**

-190bps

| | |
|---|---|
| FY24 | 1.6% |
| FY23 | 3.5% |

### What is it?
Measured as rolling 12-month scrap value over rolling 12-month revenue.

### How are we doing?
Scrap continues to decline with a 54% decrease vs last year. Our goal is to reduce scrap by more than 60% (vs 2023) by 2027.

### Associated risks
Manufacturing
Sustainability
Delivery of new product programmes

### Relevance to executive remuneration
Strategic objectives criteria

## ON-TIME DELIVERY

**93%**

-200bps

| | |
|---|---|
| FY24 | 93% |
| FY23 | 95% |
| FY22 | 82% |

### What is it?
Measured as the percentage of orders which are delivered on time to our customers' expectations.

### How are we doing?
Although we have seen a small decline, we continue to deliver a high rate of on-time deliveries to our customers who rely on our life-saving products.

### Associated risks
Manufacturing
Strategy execution
Supply chain

### Relevance to executive remuneration
Strategic objectives criteria

## AVERAGE WORKING CAPITAL TURNS

**4.5**

+21.6%

| | |
|---|---|
| FY24 | 4.5 |
| FY23 | 3.7 |
| FY22 | 5.5 |

### What is it?
Calculated as the ratio of the 12-month average month-end working capital (defined as the total of inventory, receivables and payables excluding lease liabilities) to revenue.

### How are we doing?
The increase in revenue, in addition to a decrease in working capital from reduced receivables, and a focus on inventory levels has resulted in a strong improvement in average working capital turns.

### Associated risks
Manufacturing
Supply chain
Financial controls and reporting

### Relevance to executive remuneration
Strategic objectives criteria
Annual bonus

## PRODUCTIVITY

**$510k**

+21.4%

| | |
|---|---|
| FY24 | $510k |
| FY23 | $420k |

### What is it?
Measured as rolling 12-month revenue over direct headcount.

### How are we doing?
We have seen an improvement in productivity from both increased revenue and a reduction in headcount from the right-sizing actions taken within Avon Protection.

### Associated risks
Manufacturing
Financial controls and reporting

### Relevance to executive remuneration
Strategic objectives criteria

## CARBON EMISSIONS

**21.6%**

-25%

| | |
|---|---|
| FY24 | 21.6% |
| FY23 | 28.7% |
| FY22 | 24.5% |

### What is it?
Scope 1 and 2 carbon emissions per $m of revenue.

### How are we doing?
Supported by our footprint optimisation activities, we have exceeded our corporate responsibility target to achieve a 25% reduction by 2028.

### Associated risks
Sustainability
Manufacturing
Supply chain

### Relevance to executive remuneration
Strategic objectives criteria

## REWARD

Avon Technologies' Directors' Remuneration Policy is designed to encourage delivery of the Group's STAR strategy and the creation of value in line with our purpose, vision and values. The main elements of the Remuneration Policy are:

### Fixed pay
Base salary levels are reviewed annually by the Remuneration Committee, taking into account Company performance, individual performance, levels of increase for the broader population and market pay conditions.

### Annual bonus
Annual bonus performance measures include: absolute Group profit (50%), average working capital turns (30%) and strategic objectives (20%).

These strategic objectives include a range of specific, measurable targets aligned with our strategy and focused on delivering our strategic priorities set for the year.

### Long Term Incentive Plan (LTIP)
The LTIP measures are: EPS (70%) and ROIC (30%). Performance is measured over three years. Vested LTIP awards are subject to clawback.

### Shareholding targets
Executive Directors are required to build and maintain a shareholding in the Company with a value of two times salary. This encourages further alignment with shareholders.

# WORKING WITH OUR STAKEHOLDERS

The Board acknowledges that positive interaction with all stakeholders is key to underpinning positive engagement and helps to inform the decision making on material issues. The table below sets out how we engage with our key stakeholders.

## EMPLOYEES

### 2024 focus areas

Embedding our vision, mission, values and empowering and building capabilities to take part in our continuous improvement journey.

### Key 2025 measures

- Engagement score
- Voluntary turnover
- Kaizens per month
- Safety performance

### How we engage

- Daily shop floor update meetings
- Engagement survey including follow-up actions engagement with all employees
- Newsletters and Sharepoint
- Townhall sessions
- Site visits
- President Kaizens

### Board engagement

- Received detailed engagement survey results, discussed feedback and resulting action plan
- Board engagement with employees during site visits
- Executive team Kaizen events
- Larger group of employees invited for Board presentations
- Anti-bribery and corruption and Code of Conduct training and awareness

Read more about our people on page 52

## CUSTOMERS

### 2024 focus areas

Partnering with customers and delivering products on time, to cost and of the highest quality.

### Key 2025 measures

- Customer feedback

### How we engage

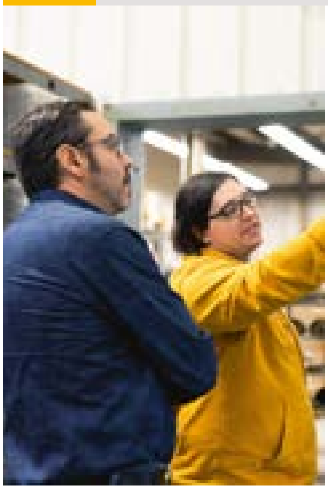
- Voice of customer feedback
- CEO and CFO 'ride along' with the sales team to talk to customers and get feedback
- Partnering on R&D through grants
- Industry forums, working groups and hosting customer visits to our sites
- Selected trade shows

### Board engagement

- External market updates
- Executive team customer visits
- US DOD engagement plan
- Voice of customer, user testing and feedback forums

Read more about our customers on page 60

## SUPPLIERS



### 2024 focus areas

Developing partnerships with key suppliers with a view to ensuring consistent quality, short lead times and small minimum order quantities. Launching our first supplier sustainability survey and relaunching our Group Supplier Code of Conduct.

### Key 2025 measures

- Supplier quality
- Supplier lead times
- Minimum order sizes
- Supplier survey response rate

### How we engage

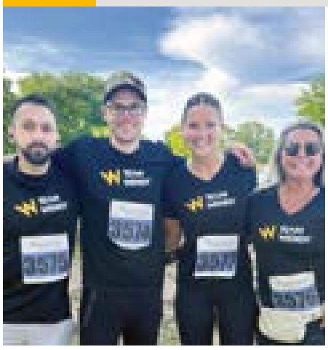
- Supply chain management teams manage day-to-day interactions
- Supplier Code of Conduct which sets minimum requirements and expectations on behaviour
- Supplier surveys
- Site visits and audits

### Board engagement

- Supply chain dependency discussed during risk reviews and reported to Audit Committee
- Management oversight of specific issues with suppliers including our first Supplier Kaizen
- Modern Slavery Statement

Read more about our governance on page 62

## COMMUNITIES



### 2024 focus areas

Developing our social value approach through an aligned CSR and continuous improvement strategy.

### Key 2025 measures

- Charitable giving total
- Number of charities supported

### How we engage

- Each site has its own charitable giving budget which can be used for employees to nominate local charities
- Encouraging volunteering and community fundraisers such as food drives
- Group donation to Team Forces

### Board engagement

- Board updated on CSR strategy and progress towards targets and approved updates

Read more about our people on page 52

## INVESTORS


### 2024 focus areas

Delivering on our promises through excellent execution of our strategy.

### Key 2025 measures

- Order book
- Sales growth
- Return on invested capital
- Adjusted operating profit
- Inventory turns
- Scrap levels
- Productivity
- On-time delivery

### How we engage

- Capital Markets Event held in February 2024 with over 200 attendees
- Results roadshows with CEO, CFO and Investor Relations
- Ad-hoc meetings organised with CEO, CFO and Investor Relations as requested

### Board engagement

- Chair meetings with shareholders on request and as part of the remuneration update in FY24
- Private and institutional investor meetings organised with Directors as requested

Read the Strategic Report on page 12

Section 172

# KEY BOARD DECISIONS

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of the stakeholders in their decision making. The Directors have regard to the interests of the Company's employees and other stakeholders, including the Company's impact on the community, the environment and its reputation, when making their decisions. The Directors consider what is likely to promote the success of the Company for its members in the long term in all their decision making.

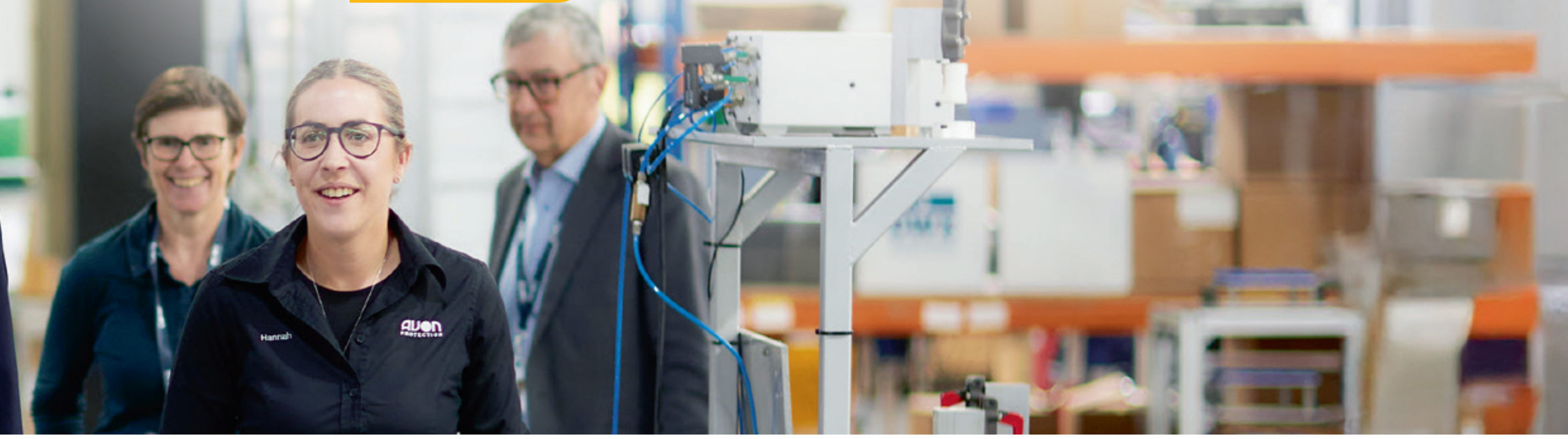
This statement should be read in conjunction with the Corporate Governance Report on pages 85 to 88.

**Further information on how section 172 has been applied by the Board can be found as follows:**

| | |
|---|---|
| a) The likely consequences of any decision in the long term | STAR Strategy on page 13 |
| b) The interests of the company's employees | STAR Business System on page 20<br>People on page 52 |
| c) The need to foster the company's business relationships with suppliers, customers and others | Our Strategy on page 13<br>Governance on page 62<br>Stakeholder Engagement on page 46 |
| d) The impact of the company's operations on the community and environment | Corporate Social Responsibility on page 50 |
| e) The desirability of the company maintaining a reputation for high standards of business conduct | Audit Committee Report on page 92 |
| f) The need to act fairly between members of the company | Stakeholder Engagement on page 46 |

The following are some of the decisions made by the Board during the year which demonstrate how section 172 matters have been taken into account as part of Board discussions and decision making:

| Board decision | Section 172 factors | Key factors considered |
|---|---|---|
| **Employee Opinion Survey (EOS): The Board supported the recommendations and actions as a result of the engagement survey** | a) The likely long-term consequences of the decision | • A highly engaged workforce is more likely to contribute positively to the Company's long-term success and the Board was supportive of putting in place actions to improve engagement. |
| | b) The interests of the company's employees | • The Board reviewed the EOS results which showed an overall decline in engagement of 7%. Although this is typical for a Group undergoing such a significant amount of change, the Board agreed the root causes of this decline needed to be identified and improved upon.<br>• A programme of workshops and round tables was conducted which identified where we could do better. This included completing more actions and increasing the level of communication on progress against the actions.<br>• The Board determined a limited number of actions for the Group, SBUs, sites and departments to focus on ensuring actions are achievable and easy to communicate to employees. |
| | f) The need to act fairly between members of the company | • The Board was particularly interested in the scoring of the engagement survey broken down by gender. Women at shop floor level were happier than men, but at a more senior level women were unhappier than men. As a result, the HR team was asked to lead a workshop with senior women to understand the reasons behind this. A female leadership employee resource group (ERG) has since been founded to ensure this group has the opportunity and channel to raise concerns and improvement suggestions to the Executive Committee and the Board. |
| **Outcomes** | The Board approved four high level objectives that were considered to have the largest impact on engagement: 1) development of a learning and development programme linked to career progression; 2) improvements to the Group recognition programme; 3) enhancements to Paid Time Off (PTO) allowances in the US; and 4) a bonus programme for production employees, read more on page 53. | |



| Board decision | Section 172 factors | Key factors considered |
|---|---|---|
| **Team Wendy site optimisation: The Board approved the transfer of the remaining manufacturing at the Irvine site to Cleveland and Salem, which involved the consolidation of our helmet manufacturing sites from three into two and will involve the closure of the Irvine site during 2025.** | a) The likely long-term consequences of the decision | • Site optimisation is a key pillar of the Transform element of our STAR strategy. The consolidation is expected to significantly reduce operational costs, increase production efficiency, and streamline logistics across the remaining two sites.<br>• While this decision involves the closure of one site, the long-term impact will strengthen our ability to invest in innovation quality and sustainability initiatives, positioning the Company for future growth. |
| | b) The interests of the company's employees | • The wellbeing of our employees, particularly at the closing Irvine site, was a primary objective which the Board was keen to understand and support. Retention packages for all Irvine employees were included in the project budget and have since been rolled out.<br>• The Team Wendy leadership team engaged at an early stage with impacted employees to explain the decision and confirm the support available. Some employees have been given the opportunity to relocate to Cleveland and all employees have been offered training and development as an additional retention incentive, to improve their chances of securing employment after the site closes in 2025. |
| | c) The need to foster business relationships with suppliers, customers and others | • The Board noted the plan to work closely with our customers to ensure that the transition would not impact quality or delivery. Customers are expected to benefit from improved lead times and more consistent product quality.<br>• The Board considered the impact on new and existing supplier relationships and the need to communicate appropriately to ensure minimal disruption. The consolidation of operations is expected to enhance relationships with key partners, providing more predictable demand and stronger collaboration. There are no changes to suppliers as a result of the project. |
| | d) The impact of the company's operations on the community and the environment | • The Board acknowledged the potential negative impact that the closure of the site may have on the local community in Irvine. Set against this was the benefit of increased investment in the remaining sites, particularly Cleveland where local jobs are being created in a deprived area of the city which has high unemployment.<br>• The consolidation will reduce the Company's carbon footprint by centralising operations across two sites. Not only will two sites need to be run and maintained vs three, transportation of part finished product between sites will be dramatically reduced, cutting down on transportation emissions. The project also represents an opportunity to improve the Cleveland building and manufacturing processes as part of the transfer to reduce emissions and generate efficiencies. |
| | e) The desirability of the company maintaining a reputation for high standards of business conduct | • The Board received multiple formal presentations proposing the site optimisation project before it was approved and has received regular formal written updates direct from Team Wendy leadership at Board meetings since it commenced. In October 2024 the Board visited the Cleveland site, toured the facility, met many of the employees implementing the project and received a detailed presentation on project progress. |
| **Outcome** | After detailed consideration of both the short and long-term consequences of the decision and the impact on various stakeholder groups, the Board was comfortable approving the site optimisation project to consolidate the helmet business from three sites into two. | |



# CORPORATE SOCIAL RESPONSIBILITY STRATEGY

## VISION

We want Avon to be a positive force for good.

We recognise the benefits that come with delivering a comprehensive corporate social responsibility (CSR) strategy to our employees, customers and communities in which we operate. CSR can generate value for all our stakeholders – if we do it with purpose.

## MISSION

To inspire small actions which, together, make a meaningful difference.

Our CSR strategy can generate lasting impact if we embed it into the way we do things. Encouraging small steps helps generate habit. Over the coming year embedding a culture of continuous improvement will be a key lever to engaging employees in CSR as it empowers employees to make improvements to their everyday.

## OUR APPROACH

We regularly review our CSR strategy and its relevance to our key stakeholders. During FY22 we undertook a materiality assessment to identify material environmental, social and governance issues to help in the development of our strategy. Visit our website for more information where you can find details on our approach to materiality and our materiality matrix in greater detail. This year we have reframed our strategy, to be more engaging for our employees, recognising the important part they have to play in the success of our CSR strategy.

Our approach to CSR is focused on three pillars. Within each pillar we have clear focus areas for the coming years which will help us to achieve our medium-term targets.

- **People:** Our people pillar is about ensuring we attract and retain the very best employees. We have identified three focus areas to work on which we have identified as important in the motivation and engagement of our employees.
- **Process:** Efficient businesses can reduce costs, improve profitability and generate lasting sustainable processes. A key focus of this pillar will be continuing to embed the CI mindset across the business to deliver these incremental improvements which together make us more efficient.
- **Products:** Innovation is key to our success. We are focused on developing products that achieve excellence in customer satisfaction, meet environmental and social responsibilities, and improve manufacturing efficiency.

Our pillars are underpinned by governance, which ensures we do business responsibly and ethically.

### Progress

- During 2024 we reframed our CSR strategy to focus more on our employees and to also align it with the STAR strategy and our business model.
- The Executive team has identified six focus areas for CSR over the coming years.

### PEOPLE

**1 STAR Academy**
Provide learning and development opportunities

**2 Culture**
Provide a safe and positive work environment

**3 Community benefit**
Support community actions

### PROCESS

**4 Operating sustainably**
Maximise operational efficiencies for environmental benefit

### PRODUCT

**5 Product development**
Innovate to protect more lives

**6 Quality**
Deliver high quality products and services

### GOVERNANCE

Conduct business in a responsible and ethical manner

### Medium-term targets

People:
- Improve our employee engagement score by 2.5% year-on-year
- Goal of zero harm
- Undertake diversity, equity and inclusion (DEI) activities aligned to our Group DEI programme
- Support local community causes

Process:
- Reduce scrap by 60% by 2027
- Improve revenue per square foot by 50% by 2027
- Reduce scope 1 and 2 carbon emissions by 25% by 2028
- Screen our top 40 suppliers against sustainability criteria by 2025

Product:
- Attain 4–7% R&D expenditure yearly
- Increase revenue from new products

- We undertook our first assessment of social value which has helped us recognise opportunities for improvement. The consideration of social value to help us maximise value to all stakeholders is now a key element within our CSR strategy which helps us do things with greater purpose.
- We have made great progress towards our carbon emissions target and have identified further strategic priorities in the short term which will support us on our net zero journey.

## SOCIAL VALUE

**Social value is the long-term, sustainable improvement for society that can be gained by promoting positive social, economic and environmental impact. By understanding the relative importance people place on this, we can ensure the decisions we make generate lasting positive impacts for our employees, communities and environments.**

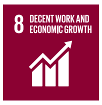
Our vision is to be a positive force for good, where we seek to optimise the value of our work for our stakeholders, and we do this by embedding social value considerations throughout our sustainability strategy.

Our social value approach is employee-led through employee committees and ERGs. Their role is to identify causes and associated partnerships where we can have the greatest positive impact.

Our charitable giving programme is a key social value activity which engages our employees and community; we hope to develop this further over the coming year.

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

The UN SDGs are a collection of 17 global objectives adopted by the United Nations in 2015 to eradicate poverty, protect the planet and build a peaceful and prosperous world. We continue to contribute to the UN SDGs through our approach to CSR and have identified four UN SDGs which closely align with the objectives of our strategy and social value consideration. These have been identified by reviewing the underlying UN SDGs targets against our own.




**Decent work and economic wealth:** We are working towards a comprehensive learning and development programme built around CI, allowing fundamental skills in resource efficiency to be developed at all levels of the business.


**Industry innovation and infrastructure:** We are consolidating operations through our footprint optimisation workstream which aims to transform our manufacturing output and reduce inefficiencies.


**Responsible consumption and production:** This forms part of our operational excellence workstream, with a focus on building in incremental improvements, making us more efficient and reducing waste in all its forms.


**Climate action:** This focuses on making progress on our net zero commitment and supplier engagement and developing our understanding of climate-related risk.

#### CASE STUDY

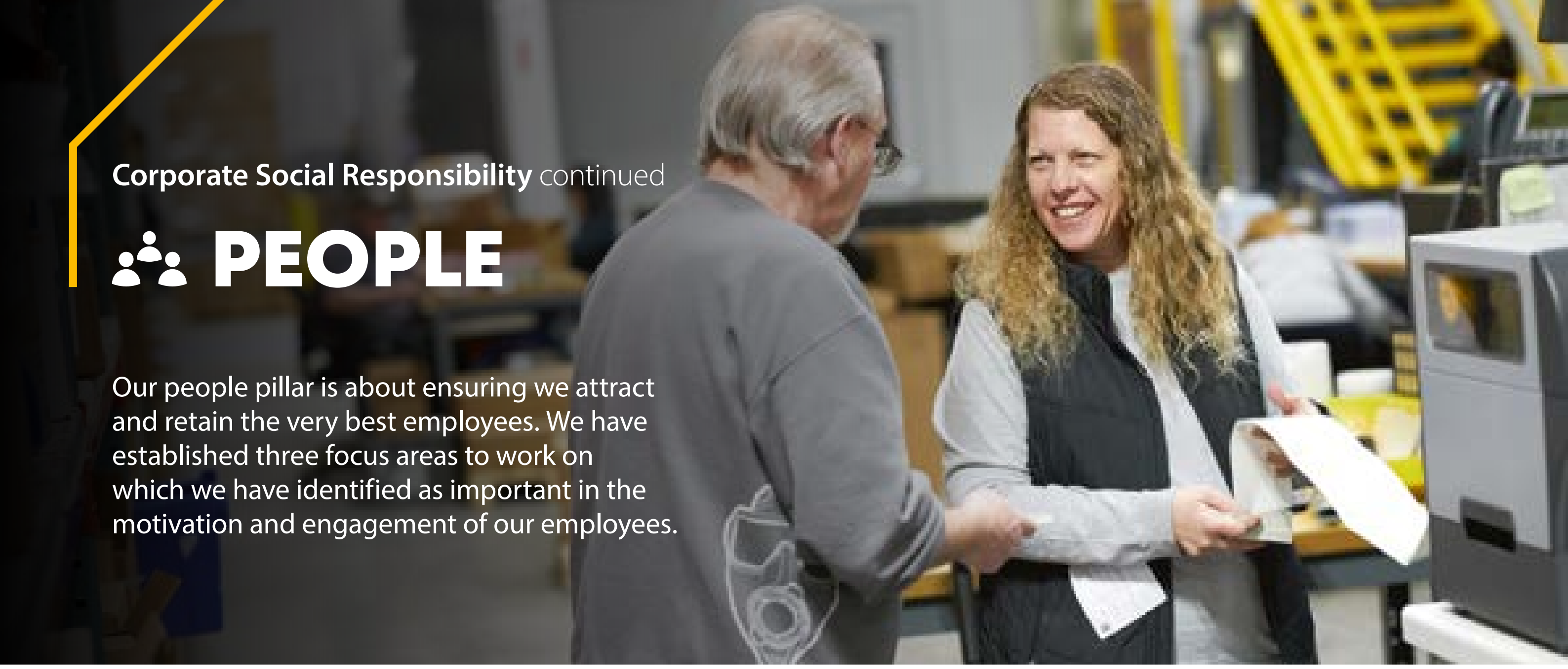
## FELIX FUND CHARITY BOAT RACE

**In July, Avon Protection entered a team of 11 employees in a charity boat race, an opportunity for us to support a military cause whilst engaging our employees, customers and communities.**

13 teams, representing the explosive ordnance disposal community, veterans, defence contractors and local businesses, took part in the event which raised a total of £20,000 for the Felix Fund.

Our Avon Protection crew led by Rob Midgley, Continuous Improvement Leader, competed in knock-out heats. Even with challenging weather conditions the team went on to secure third place.

The Felix Fund aims to assist with the wellbeing of individuals within the explosive ordnance disposal community across all British military by providing welfare support and financial assistance to serving personnel, veterans and their dependants.





# PEOPLE

Our people pillar is about ensuring we attract and retain the very best employees. We have established three focus areas to work on which we have identified as important in the motivation and engagement of our employees.

## INTRODUCTION

| Medium-term targets | How we measure | FY24 performance | Progress made against target |
|---|---|---|---|
| **Improve our employee engagement score by 2.5% year on year** | Change in EOS favourability score for engagement against prior year | **-7%** | |
| | We anticipated a lower engagement score due to the high levels of restructuring that occurred around the EOS launch. We have refocused our CSR strategy on our people to help address this going into FY25. | | |
| **Support local community causes** | Total charitable donations | **$108.5k** | |
| | During the year we supported local causes, nominated by employees, with the help of our employee-led committees. | | |
| **Goal of zero harm** | Lost time incidents per 1,000 employees | **6** | |
| | Safety has been reinforced with the introduction of the SQDIP daily management tool and improved reporting. | | |
| **Undertake DEI activities aligned to our Group DEI programme** | Number of DEI activities | **2** | |
| | We completed two Company-wide webinars on DEI-related issues. Developing our DEI programme is a key focus area for next year. | | |

### YEAR AHEAD FOCUS AREAS

- Launch STAR Academy, our new learning and development programme.
- Review our community programme to increase employee engagement and opportunities for strategic partnerships.
- Improve our employee engagement and channels for feedback.

### LINK TO UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

## 1 STAR ACADEMY

We believe our employees thrive when they can work on their personal development and enhance their skill set. We recognise it's important to provide a combination of on-the-job training, self-led learning and live training sessions.

Our Global Performance Management Process ensures employees' career aspirations and development needs are being discussed and reviewed quarterly. It also ensures all employees are working towards objectives and key results aligned with our strategy.

We offer early careers opportunities, giving those at the beginning of their career journey help and support that they need to establish a successful and fulfilling career through work experience, internships, placement years, apprenticeships and graduate programmes.

For individuals looking to take the next steps in their career we run an annual professional development programme.

In 2023 our mentoring programme was developed following feedback that employees wanted to see more career development opportunities. The programme is open to all and ensures mentoring is taking place at all levels of the business.

In FY25 we plan on launching Star Academy a learning development programme that will help us teach people how to improve processes through CI.

### WE RUN TWO FLAGSHIP YEAR-LONG DEVELOPMENT PROGRAMMES:

- The Professional Development Programme (PDP), which aims to identify and support the next generation of internal talent to contribute to the business beyond the scope of their current roles. Participants set personal development targets and work with a mentor from our leadership team, who is a source of advice during the year.
- The mentoring programme, which connects a mentee with a mentor, who can support their development and provide advice to work towards their career aims; this is open to all employees.

**16** employees on our PDP

**34** employees on our mentoring programme

## 2 CULTURE

### Values

Our core values are the things that are most important to us as a business and as individuals: the behaviours we want to encourage, the standards we hold ourselves to and the characteristics we display when we're at our best. In 2023 we launched our new vision, mission and FIERCE values which were developed with inputs from employee feedback.

### Health and safety

Our goal is zero harm and we actively promote a safety culture. We have mandatory training and policies in place for all production employees on workplace safety and provide safety and environmental training tailored to their specific roles.

In 2024, we relaunched new operational metrics linked to our vision. They recognise everyone's responsibility for SQDIP. The order of SQDIP is important because it is the order of our priorities, safety being number one.

We enhanced the reporting of safety and established key performance indicators which each site reports against monthly to allow greater insight and comparability of safety data across our business.

The table below shows the Group's observations, lost time incidents and lost time injury rate. We place importance on observation and near miss reporting to prevent accidents and encourage employees to report unsafe incidents. We use observation cards to report safety and environmental issues; these issues are then fixed (Find, It Fix It). During the year we implemented a barcode system at one site which enables observations to be reported via computers, mobiles and kiosks; this has proven to be a fast, easy way to collect feedback from employees in real time.

In 2024, there were no work-related employee or contractor fatalities and no major injuries (serious/life changing).

| | 2024 |
|---|---|
| Observation/near miss[1] | 934 |
| Lost time incidents[2] | 5 |

1. Observation/near miss – includes suggestions made by employees that are fixed or a work-related incident with no injury or illness occurs, but which has the potential to cause these.
2. Lost time incidents – an injury sustained by an employee that results in them being unable to perform their regular duties, leading to them missing at least one full day (or shift) of work following the day of the injury.

### Wellbeing

The health and wellbeing of our employees is important to us and throughout the year we share resources with them on how to look after their mental and physical wellbeing. This year we ran a menopause awareness campaign across the Group and launched the campaign with a Company-wide webinar, 'Let's talk about menopause', ran by a guest speaker.

Employee feedback is important to us as we continue to develop our wellbeing offering. We have an employee-led resource group focused on mental health wellness that makes recommendations and supports site activities to raise awareness. The Mental Health Ally Network is comprised of dedicated individuals from across all our sites. They are also trained employees who have volunteered to be available to anyone in the organisation who would like a confidential one-to-one conversation.

Mental Health Allies are familiar with policies and procedures and signpost those who need it to further resources within and outside our business.

**CASE STUDY**

## MENTAL HEALTH AWARENESS WEEK

This year the theme of mental health awareness week was 'movement', which helps raise awareness of the benefits of physical exercise and time outdoors on mental wellbeing and happiness.

In support of this, our colleagues in the UK had a selection of wellbeing activities to take part in during the week including the outdoor space hopper challenge, meditation, fresh fruit giveaways and origami. Activities encompassed the key pillars of mental health: nutrition, sleep, exercise, relaxation and connection.

**CASE STUDY**

## INTRODUCING A PRODUCTION BONUS TO DRIVE CONTINUOUS IMPROVEMENT AND RECOGNITION

During FY24, we introduced a new production bonus designed to reward production employees for their contributions to improving operational efficiency and reducing scrap. We believe that when our operations succeed, all employees should share in those achievements.

The production bonus was developed as part of our commitment to building a culture of recognition, excellence and continuous improvement. By aligning rewards with key business outcomes – such as waste reduction and productivity increases – we aim to empower every employee to contribute to the success of the Company and foster a sense of ownership and involvement in the Company's growth.

The bonus programme is designed to reward actions, ideas and initiatives that contribute to continuous improvement, particularly through methodologies like Kaizen. Every member of our production team can have a real impact on operational objectives, and will share in the success.

## PEOPLE CONTINUED

**Above:** The Cleveland Corporate Challenge is an athletic competition promoting employee wellness; the winning teams get donations to their chosen local charity.

## 2 CULTURE CONTINUED

### Wellbeing continued

Employees also enjoy participating in sports activities and events supported by Avon. For example, this is the third year employees have taken part in the Cleveland Corporate Challenge. Through this they have entered numerous team events, such as softball, volleyball and races. We have also partnered with local sports facilities to offer employees crossfit, badminton, football and discounted gym membership.

### Diversity, equity and inclusion

We are committed to the fair treatment and full participation of all people and recognise diversity provides a better culture for all. The Group's Code of Conduct sets out our expected behaviours including our zero tolerance of harassment, bullying or discrimination in any form, our human rights policy and our processes for raising concerns. We conduct mandatory training on the Code of Conduct annually.

During 2024 we continued to make progress on addressing gender diversity, reaffirming our pledge to improve the balance of female to male employees. We relaunched our female leadership employee-led resource group (ERG) which provides a platform for female leaders within our organisation to discuss pertinent issues, network and foster personal and professional development.

This year we celebrated International Women's Day with a Company-wide presentation exploring the theme 'equality vs equity'. We were joined by guest speakers from Forces Wives Challenge, who took part in the 'Ride to Freedom' expedition, which we sponsored last year. One of the first speakers from the Forces Wives Challenge, Steph, was the first wheelchair user to horse ride across the Pyrenees. This helped to start conversations around disability awareness.

We recognise the opportunity to expand our focus beyond just gender and have been working with a DEI expert to assess our next steps. In 2025, we plan to launch a DEI programme and undertake further DEI activities.

Our US sites report equal employment opportunities data annually to the US Government and to the State of California under pay equity requirements. Affirmative action plans are also in place which outline goals for women and minorities, veterans and people with disabilities by establishment.

In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, Avon publishes its Gender Pay Report. In 2024 we reported an increase in the gender pay gap for UK employees from 36.4% in 2023 to 45.9%. The primary driver behind the gender pay gap is the relatively small proportion of women among our senior employees.

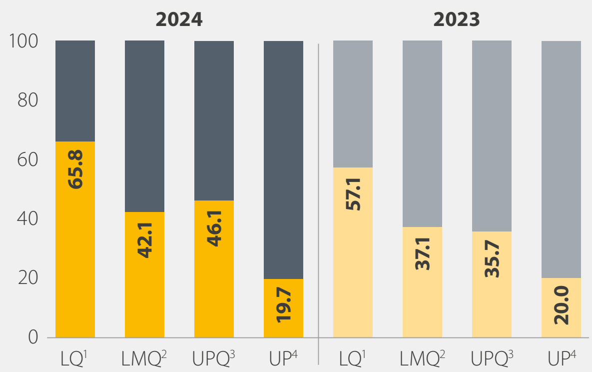
### Gender pay gap: difference in hourly rate pay

| | Mean | Median |
|---|---|---|
| 2024 | 45.9% | 23.3% |
| 2023 | 36.4% | 19.6% |

The table below shows the Group's Board, Executive Committee and operational management by gender. Across all employees, we have achieved a ratio of 44% female representation (401 female; 514 male). Female representation across our Executive Committee has improved with the appointment of three females. Female representation in direct reports is 27% which we are committed to improving in the future.

| | Male | Female |
|---|---|---|
| All employees | 56% | 44% |
| Leadership team which reports directly to the Executive team | 73% | 27% |
| Executive team | 63% | 37% |
| Board | 67% | 33% |

### Proportion of men and women within each quartile (by hourly rate)




1. Lower quartile.
2. Lower middle quartile.
3. Upper middle quartile.
4. Upper quartile.

Male Female

Read more about our gender pay gap data on our website

### Employee engagement

Maintaining high levels of communication with all employees is a focus across the Group. Throughout the year our Executive Committee has regularly visited all sites and hosted townhalls to provide an update on performance, strategy and future focus areas.

In 2024, 84% of employees took part in our annual Employee Opinion Survey (EOS), up 10% from 2023. The survey provides employees with the opportunity to provide anonymous feedback and suggest improvements on aspects such as leadership, communication, employee engagement, team culture and the work environment.

Results from these surveys are presented to the leadership teams to enable the teams to develop Group, SBU, department and site-level actions. Throughout the process we give feedback to employees.

The Group's overall engagement score was 60%, which was a decrease against last year's score of 67%. In response to this we have introduced Coffee Talks at low scoring sites as an opportunity to voice concerns and ask questions to our leadership in an informal setting. These encourage open dialogue to gather valuable employee feedback, to supplement our annual EOS to ensure we stay on track with implementing our actions.

## 3 COMMUNITY BENEFIT

**Across our sites, our employees demonstrate incredible generosity and dedication to making an impact in our local communities. Throughout the year our employees have taken part in sporting fundraisers, organised community events, supported food collections and attended career days. We support employees who contribute to community initiatives and have a charitable giving programme in place through which employees can request donations or match funding. This programme enables us to provide donations to local causes that matter to our employees.**

During the year we made a corporate donation to Team Forces Foundation, a charity that provides financial grants to help make sport and adventure more accessible to those who serve in the British Armed Forces and is endorsed by the MOD. As a bronze sponsor we support it in its mission to improve the lived experience for the armed forces community through the power of sport, challenge and adventure. In 2025 we plan on seeking further opportunities to partner with stakeholders for greater social value.

### CASE STUDY

### MELISSA NICHOLLS

During the year Avon Protection has been supporting Melissa Nicholls in her journey to the Paralympics.

Using Avon Protection's expertise in rubber compound, she has been able to develop specialised racing gloves that meet her unique requirements. We were also able to provide Mel with a donation, through our charitable giving programme, to go towards equipment in preparation for Paris.

## AMAZING EMPLOYEE ACHIEVEMENTS OVER THE YEAR!

**$108.5k**

Our total charitable giving programme and corporate donations in 2024

**50+**

Unique charities and community causes supported by our charitable giving programme

**40%**

Over 40% of our donations this year have gone to causes that support armed forces and veterans

# PROCESS


Efficient businesses can reduce costs, improve profitability and generate lasting sustainable processes. A key focus of this pillar will be continuing to embed the continuous improvement mindset across the business to deliver these incremental improvements which together make us more efficient.

## INTRODUCTION

| Medium-term targets | How we measure | FY24 performance | Progress made against target |
|---|---|---|---|
| Reduce scrap by 60% by 2027 | Reduction in scrap (as a percentage of revenue) against 2023 baseline | 54% | ● |
| | Throughout the year we have seen significantly lower scrap costs, which has been supported by increased monitoring and tracking of scrap across our sites. | | |
| Reduce carbon emissions by 25% by 2028 (as a percentage of revenue) | Reduction in scope 1 and 2 carbon emissions against 2023 baseline | 25% | ● |
| | Positively impacted by footprint optimisation activities. Changes made this year are expected to be fully realised in FY25 and support us on our net zero journey. | | |
| Improve revenue per sq ft by 50% by 2027 | Increase in revenue per sq ft against 2023 baseline | 17% | ● |
| | We closed the Cadillac warehouse during the year and have been preparing for the closure of Irvine in FY25. | | |
| Screen our top 40 suppliers against sustainability criteria by 2025 | Percentage of top 40 suppliers that have responded | 33% | ● |
| | During the year we launched our sustainability survey within Avon Protection suppliers. We plan to launch with Team Wendy later in the year. | | |

### YEAR AHEAD FOCUS AREAS

- Complete the closure of Irvine
- Reduce emissions and scrap through CI

## LINK TO UN SDGS

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

## 4 CONTINUOUS IMPROVEMENT

**During 2024 we have been building continuous improvement into everyday culture and everything we do. This is a core element of our STAR strategy and key to the delivery of many of our targets including our GHG emissions target in the delivery of carbon emission reductions. Our aim is to empower every employee, across functions and at every grade, to consider small incremental or transformative improvements to their everyday. We plan to further encourage this behaviour through the STAR Academy, our learning and development programme and reward and recognition programme.**

If we truly embed a CI enterprise we will nurture a culture where everyone is accountable for SQDIP. We can also generate benefits that will make our business stronger for the future and improve our CSR performance by:

- providing training opportunities linked to career development;
- increasing job satisfaction and employee engagement;
- ensuring a positive, safe work environment for all;
- reducing environmental impact through improved use of resources; and
- encouraging collaboration with suppliers and customers which generate improvements across our value chain.

### Net zero journey

In 2021 we committed to being net zero by 2045 by achieving an absolute reduction in scope 1 and 2 carbon emissions. We have since reaffirmed this commitment with a short-term target to reduce our scope 1 and 2 carbon emissions by 25% by 2028 (as a percentage of revenue) against a baseline of 2023. In 2024 we reviewed our carbon reduction plans in all our manufacturing sites to achieve our target and to align them with our five-year planning process.

Our strategy is to reduce our carbon emissions by improving efficiency. We plan on meeting our short-term carbon emissions target through the following activities:

- We will generate scope 1 and 2 reductions by reducing heating, cooling and lighting by optimising our footprint and consolidating sites. We also anticipate scope 3 reductions by reducing intercompany business travel and transportation.
- We will generate scope 1 and 2 emission improvements through facility and equipment upgrades that make them more efficient.
- We will promote a culture of continuous improvement and undertake regular Kaizens at each of our sites to help identify further opportunities to generate improvement through efficiencies.
- We will monitor the market for emerging technologies and related investment cases for renewable alternatives to support scope 1 and 2 emission reductions.

## CERTIFICATION

### We use environmental management systems to monitor, control and continuously improve environmental performance across our sites.

During the year we commended our teams on sustaining ISO 14001 accreditation, something that we have achieved at three of our five sites. This achievement demonstrates that management and employees remain engaged on implementing and maintaining best environmental practices.

### Initiatives in 2024

During 2024 we have made excellent progress on our carbon emission target and achieved a 15% absolute reduction in scope 1 and 2 emissions (location) against 2023 by pursuing energy efficiencies across our business.

1) We have consolidated equipment from Irvine into Cleveland and Salem as we steadily wind down production in Irvine.

2) We have removed autoclaves associated with legacy business processes, which has resulted in reductions in natural gas use.

3) We have improved power factor correction capabilities to reduce load demand on power supply and increase efficiency.

4) We have purchased a hybrid company car and installed electric vehicle charging points, available for employees to use.

5) Kaizens have continued at all sites throughout the year which are likely to have resulted in additional energy consumption improvements by eliminating waste in all its forms.

6) We have completed LED lighting upgrades in Cleveland.

7) We have installed upgrades to heaters in our UK meeting rooms to reduce energy use while rooms are not in use.

### Energy use and carbon disclosures

A representative at each of our sites has responsibility for the reporting of energy use throughout the year. The monthly collection of data allows us to monitor and report on carbon emissions.

Our energy consumption in FY24 was 8,424 MWh; of this, the UK accounted for 38% of global energy use. This year we are reporting a 19% decrease in the Group's energy use.

In FY24, we reported that our carbon emissions amount to 5,928 tonnes $CO_2e$ (location-based); of this, the UK accounted for 28%. We achieved a 15% reduction in location-based scope 1 and 2 emissions. Our market-based scope 2 emissions reflect the impact of our sourcing decisions.

With a revenue of \$275m our emissions intensity figure has reduced by 25% from 28.7 tonnes $CO_2e$ per \$m of revenue (for scope 1 and 2 emissions) to 21.6 tonnes $CO_2e$.

### Greenhouse gas emission date (Tonnes $CO_2e$)

| | FY24 | FY23 | FY22 |
|---|---|---|---|
| **Scope 1** | | | |
| UK | 793 | 942 | 905 |
| Outside UK | 1,172 | 1,418 | 1,120 |
| **Total** | 1,965 | 2,360 | 2,025 |
| **Scope 2 (location)** | | | |
| UK | 869 | 1,280 | 1,294 |
| Outside UK | 3,094 | 3,347 | 3,129 |
| **Total** | 3,963 | 4,627 | 4,423 |
| **Scope 2 (market)**[1] | | | |
| UK | 1,099 | 1,366 | 1,465 |
| Outside UK | 2,716 | 3,173 | 3,139 |
| **Total** | 3,815 | 4,539 | 4,604 |
| **Total gross scope 1 and 2 (location)** | | | |
| UK | 1,662 | 2,221 | 2,199 |
| Outside UK | 4,266 | 4,765 | 4,249 |
| **Total** | 5,928 | 6,986 | 6,448 |
| **Intensity measure** | | | |
| Tonnes $CO_2e$ (scope 1 and 2 location based) per £m of revenue | 21.6 | 28.7 | 24.5 |
| **Energy consumption scope 1 and 2 (MWh)** | | | |
| UK | 8,424 | 11,393 | 11,648 |
| Outside UK | 13,472 | 15,665 | 13,764 |
| **Total** | 21,896 | 27,058 | 25,412 |

1. Market-based emission factors only include $CO_2$.

**PROCESS** CONTINUED

## 4 CONTINUOUS IMPROVEMENT CONTINUED

### METHODOLOGY

**Data has been compiled according to the 'operational control' approach in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and aligns to Streamlined Energy and Carbon Reporting. Data covers a 12-month period in line with our financial reporting period from 1 October to 30 September.**

Overall consumption has been calculated using invoice data for the reporting period. Estimated data is used where invoice data is not available within the timeline for consolidation of year end data. One small office uses estimated emissions based on Carbon Risk Real Estate Monitor data for heating and electricity consumption per square foot.

Emissions factors for most of scope 1 and 2 (UK only) have been calculated using 2022, 2023 and 2024 UK Government carbon Conversion Factors, and methodologies published by the Department for Business, Energy and Industrial Strategy. The most up-to-date EPA eGRID conversions are used for US electricity. For 2024 reporting the most recent electricity US factors are 2022.

We have applied the carbon protocol data hierarchy to the market-based method. We have obtained emissions factors for the relevant tariff and/or supplier for the applicable year. If sites consume carbon-free electricity this has been applied to the calculations. Where these are not available in the US, we use the US Green-e Energy Residual Mix Emissions Rate or location-based emission factors in the absence of contractual information.

The carbon-free generated energy is verified via emission-free energy certificates. The certificates are managed and cleared by third party PJM Environmental Information Services' Generation Attribute Tracking System. They ensure veracity by creating standards which verify no double selling of the same certificate. Avon Technologies has purchased certificates to cover 100% load at one location which started in June 2023.

Scope 1 and 2 sources (location based) have been divided by the annual revenue to provide the intensity ratio ($tCO_2e$ per $m).

### Scope 3 emissions

In FY23, we assessed the most relevant and influenceable elements of our scope 3 emissions. We conducted a screening exercise, considering factors such as ability to influence, anticipated size, sector guidance and data accessibility, which identified several exclusions not relevant to our business model: category 14 franchises and category 15 investment. We identified categories which were not expected to significantly contribute to total scope 3 emissions, where reporting would be impractical and difficult to calculate: category 10 processing of sold products, category 11 use of sold products and category 12 end of life treatment of sold products.

Based on this work and the use of EEIO modelling, purchased goods are understood to be the largest contributor to our footprint. We will work towards improving our disclosure of material scope 3 categories and will disclose this in full by 2025.

In 2024, we have expanded the collection of a subset of scope 3 emissions to include emissions from waste generated in operations.

| Category (tonnes $CO_2e$) | 2024 | 2023 | 2022 |
|---|---|---|---|
| Fuel and energy-related activities[1] | 1,533 | 1,768 | 1,766 |
| Waste generated in operations[2] | 144 | - | - |
| Business travel[3] | 910 | 1,207 | 382 |
| **Total** | 2,587 | 2,975 | 2,148 |

1. Fuel and energy-related activities (average data method) – calculated using natural gas, electricity and fuel consumption collected in scope.
2. Waste generated in operations (waste type-specific method) – using invoices and consignment notes for waste and water.
3. Business travel data (distance-based method) – calculated using distance and class reported by our travel management companies for air only.

For more information, please see our methodology statement available on our website

### Environmental data

During 2023 we centralised the reporting of water and waste, allowing us to report on Group totals for the period 1 October to 30 September. We are now able to report on total annual waste produced from all our manufacturing sites, starting with FY24 . Each site is responsible for updating this information monthly.

| | FY24 | FY23 |
|---|---|---|
| Water usage ($m^3$)[3] | 15,174 | 22,452 |
| Total waste (tonnes)[4] | 941 | 578[1,2] |
| Hazardous waste (tonnes) | 36 | 37[1] |

1. Includes data from two manufacturing sites.
2. Restated to include weight from hazardous waste disposal in our UK facility.
3. This figure excludes our Salem facility where the data is not available but considered small.
4. Total waste includes the reported production and non-production-related hazardous and non-hazardous materials that are sent off site for disposal, treatment, reprocessing, recycling or reuse by others. Only solid waste is taken into consideration.

### Water usage

We collect this information from invoices and meter readings for the supply of municipal and drinking water. Water usage is limited to mainly domestic use, for drinking, sanitary disposal and landscaping and this year we can report that across four manufacturing sites we used 15,174$m^3$ of water. We have reduced our water usage at several sites; at one site we reduced water usage through the introduction of a new irrigation line. In FY23 we identified a water leak at our Irvine facility through regular monitoring; after fixing this we have seen the water usage half.

Where water discharges do occur due to product testing, they are disposed of in line with local government procedures.

### Waste

We monitor different waste streams by destination for all manufacturing sites. This year we can report across five manufacturing sites that we disposed of 941 tonnes of waste.

During the year continuous improvement has helped us to become more efficient with the resources we use and reduce waste in all its forms. Undertaking frequent Kaizens has helped us to improve our operational KPIs including to reduce scrap rate. It has also helped us to identify opportunities to reduce and reuse packaging.

We continue to work with our waste carriers to understand our waste disposal opportunities and improve our assessment of associated carbon emissions.

Any hazardous waste generated, as defined by the Control of Substances Hazardous to Health and US Environmental Protection Agency, is disposed of in line with local guidelines.

**14%**

Percentage of total electricity purchased during 2024 that was low emission

**32%**

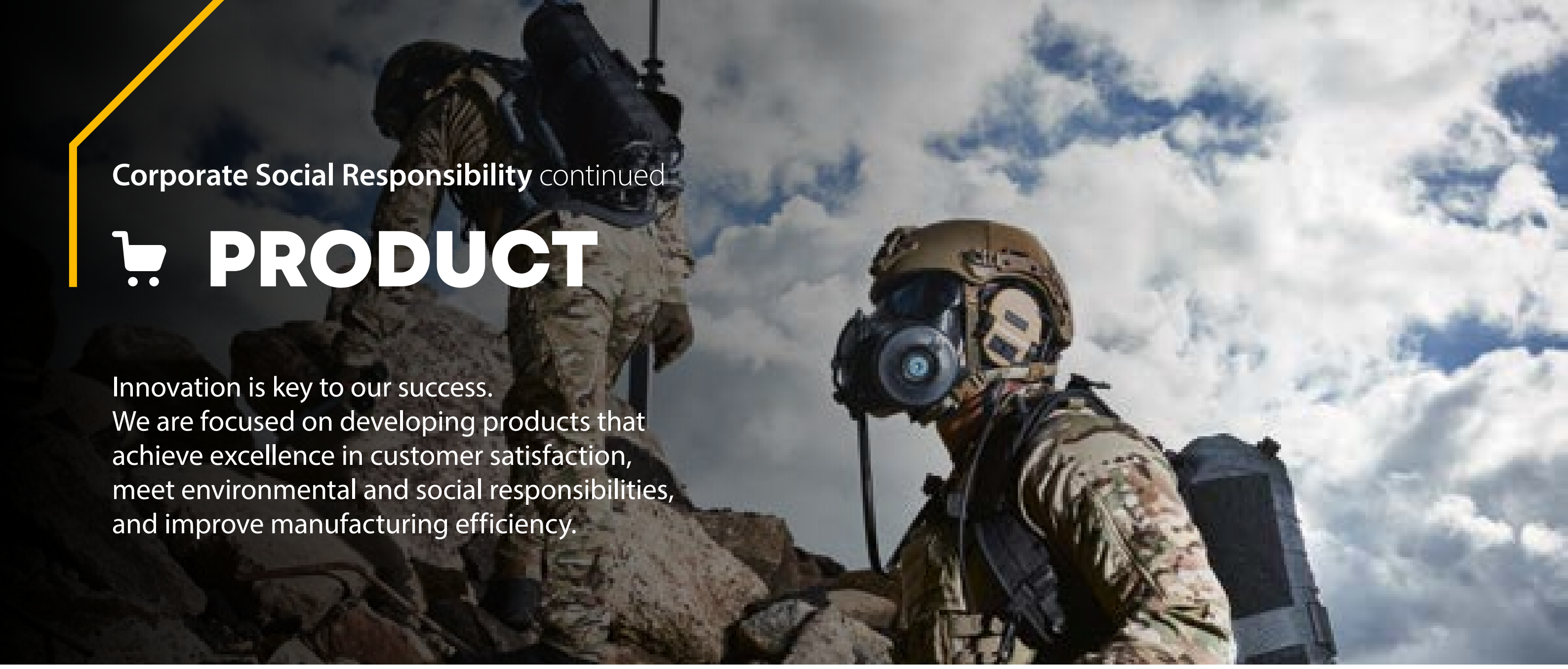
Reduction in water usage

**7,280 $m^3$**

Reduced water usage

**0**

Environmental incidents as defined by the UK or US environment agencies at any of our sites or in relation to our supply chain





# PRODUCT

Innovation is key to our success.
We are focused on developing products that achieve excellence in customer satisfaction, meet environmental and social responsibilities, and improve manufacturing efficiency.

## INTRODUCTION

| Medium-term targets | How we measure | FY24 performance | Progress made against target |
|---|---|---|---|
| Attain 4–7% R&D expenditure year on year | R&D expenditure as a percentage of revenue | 4% | ● |
| | Stayed on track throughout the year. | | |
| Increase revenue from new products | Number of new product launches | 3 | ● |
| | Limited new product launches this year which includes the EPIC ballistic helmet range, nape guard and face shield. Launching MITR and RifleTech in January 2025, which will progress this target. | | |

### YEAR AHEAD FOCUS AREAS

- Rolling out NPI more broadly in 2025
- Holding QFD training across engineering, design and product management

## LINK TO UN SDGs


## 5 PRODUCT DEVELOPMENT

We develop mission-critical personal protection which protects and ensures the safety of the end user in extreme and harsh environments. We protect those who protect us, including special forces, soldiers, first responders and civilians, with our innovative solutions.

Innovation is a key element of our STAR strategy and we drive it through our Revolutionise strategic priority. By being innovative we ensure the long-term future of the Group by developing new and enhanced products to deliver growth and continue to meet the stringent requirements that our customers expect from us.

We use the new product introduction process (NPI) as a framework to help us streamline the different stages of product development; we are currently revamping our existing process.

### CASE STUDY

### ESTABLISHING A ROBUST NPI PROCESS

Within our engineering excellence workstream we have created a new Group project to revamp the following processes as part of new product introduction (NPI): 1) Front End of Innovation (FEI) in the early screening and refining of new product concepts; 2) Quality Functional Deployment (QFD) to ensure we're focused on customer needs; and 3) Design for Manufacture (DFM) to ensure that new products are ready to be scaled and produced efficiently.

In total our NPI framework is made up of seven stages; Envision, Explore, Frame, Develop, Scale, Launch, and Continuous Product Improvement.

The first three stages are included in the FEI process, demonstrated to build an effective innovation funnel. In total our NPI framework is made up of seven stages: Envision, Explore, Frame, Develop, Scale, Launch and Continuous Product Improvement. Together, these stages will deliver products that align with our strategic priorities, serve attractive markets and provide strong competitive advantages. On leaving the Frame stage to enter stage 4, Develop, each programme will be well validated and have a clear justification and scope, enabling the Develop stage to deliver it to the market rapidly. This stage will also incorporate QFD and DFM principles that will streamline the efforts into the next stages of Scale and Launch, ensuring a smooth transition into production. Lastly, a final stage of Continuous Product Improvement will focus on lean principles and utilise a Kaizen funnel to keep innovating, both in product features and manufacturing processes, to maintain leadership in the market.

Critically, the NPI process will be cross-functional from the earliest stages. This will ensure alignment of the full organisation to deliver products that achieve excellence in customer satisfaction, environmental and social responsibilities, and manufacturing efficiency.

The FEI stages are currently running in a pilot form and we will be rolling them out more broadly in 2025 which will be accompanied by employee training. We aim to assess the process so it can be refined and formalised into our ISO 9001 procedures.

## 6 QUALITY

Product safety and quality are at the core of all our business practices. We have put in place a variety of tools to prevent, detect and manage quality issues including internal quality audits, supplier audits, root cause analysis and our ISO 9001:2015 certified quality management system (QMS), which we are certified to at all five manufacturing sites. We also expect suppliers to meet minimum requirements in quality management.

Many of our products are approved to customer industry safety standards which involves rigorous testing such as NIOSH and CE. Our production employees receive mandatory product safety training, and all our products undergo internal safety and quality testing programmes. Where standards require, external safety audits are conducted on our products.

### Customer feedback

We maintain close relationships with customers and receive feedback from them throughout the product development process. We use feedback to understand customers' future requirements and ensure these are factored into the design of the product. We use multiple channels to receive feedback from our customers including voice of customer, user testing and feedback forums.

**100%**

of our sites are ISO 9001:2015 certified

**Launched e-commerce**

Avon Protection launched a number of products and accessories to the US civilian market

**CASE STUDY**

### TRANSFORMING USER FEEDBACK INTO INNOVATION

In its goal to create products from the outside in, Team Wendy has initiated official voice of customer (VOC) sessions for upcoming products, involving end users who utilise our products daily. Collaborating with over a dozen end users, Team Wendy facilitated the use of its products during field operations and training exercises to gather crucial insights for future product development.

Once the end user tested the product, they were asked to fill out a questionnaire that was shared with the broader engineering team. The valuable feedback obtained from these VOC sessions will play a pivotal role in guiding Team Wendy's engineering team to create products that precisely cater to the needs of the end users, thereby enhancing their safety and wellbeing.

# GOVERNANCE

Our pillars are underpinned by governance, which ensures we do business responsibly and ethically.

## Code of Conduct

Our Code of Conduct ('the Code') is a Company-wide policy that defines the standards of behaviour for everyone who acts for or on behalf of Avon. The Code requires all our representatives to comply with the laws and regulations in the countries in which we operate. This Code is subject to periodic review. This year we refreshed the Code and this will be included in our upcoming mandatory employee training. We understand that implementing the Code across all the markets we do business in can be challenging given the potentially complex differences. We therefore assess and manage any risks and the processes behind these to ensure we maintain the highest ethical standards. To support employees, we have launched annual Code of Conduct training to raise awareness and cover key areas of the Code such as protecting and handling Company resources, conflicts of interest and bribery, diversity and inclusion and being alert to unsafe scenarios. We encourage everyone to report any behaviour which may be a breach of the Code, or is unethical or illegal, through our confidential 'Speak Up' system.

To ensure we only work with third parties whose standards are consistent with our own, all agents and distributors are obliged by written agreement to comply with the standards set out in the Code.

Read more about our Code of Conduct on our website

## Anti-bribery and corruption

We take a zero-tolerance approach to bribery and corruption and are committed to acting with integrity in all our business dealings and relationships. We are committed to conducting business fairly, impartially and in compliance with local laws and regulations and to acting with integrity and honesty in our business relationships. Our anti-bribery and corruption policy sets out our responsibilities, and for those working for us, it provides guidance on recognising and dealing with common situations where bribery and corruption can arise.

During 2024 we launched mandatory anti-bribery and corruption training and sought to raise awareness of the risks and consequences of non-compliance. Additionally, we strengthened our due diligence processes for all intermediaries and strengthened the anti-bribery and anti-corruption provisions in our contracts.

## Human rights and modern slavery

We are fully committed to respecting the human rights of all those working with or for us. We do not accept any form of child forced labour and we will not do business with any party who fails to uphold these standards. We are committed to ensuring slavery and human trafficking do not exist in either our business operations or our supply chain. We have a zero-tolerance approach to modern slavery and are committed to acting with integrity in all business dealings and relationships. Our policies reinforce this; during the year we have refreshed our Code of Conduct and Supplier Code of Conduct to include clearer messaging on human rights and modern slavery.

Find our Modern Slavery Act Statement on our website

## Whistleblowing

Ensuring our employees can speak up without fear of retaliation is vital. We encourage employees to voice concerns when they arise and communicate a number of different ways for employees to seek help and raise concerns. Employees can talk to a manager, contact a relevant supporting function such as local site management where appropriate, or use our 'Speak Up' facility to report anonymously.

The 'Speak Up' platform is designed for all employees to report any behaviour which may be a breach of the Code or our supporting policies, or is considered unethical or illegal. The Board retains oversight of all matters raised through Speak Up, with regular reports submitted to the Audit Committee. All concerns are investigated with the support of local site management, HR and legal, where appropriate.

## Supply chain

During the year we have reviewed and updated our Supplier Code of Conduct which sets expectations on responsible, ethical and sustainable behaviour. It defines a minimum set of requirements for our suppliers to adhere to, including the requirement to have in place an environmental management system and quality management system. Suppliers who do not meet the requirements must present plans to do so, and will be subject to increased auditing.

We encourage suppliers to implement their own code of conduct for their employees and to cascade this throughout their supply chain. If suppliers have concerns regarding any matters covered in the Code, we expect them to bring these to our attention.

### Data and cybersecurity

The risks associated with data privacy and emerging technologies are increasing every year, which is why data and cybersecurity are critical pillars of our operations and strategic initiatives.

Our Chief Information Security Officer (CISO) is responsible for our information security programme of work which has recently transitioned to the updated version of the National Institute of Standards and Technology (NIST) Cyber Security Framework 2.0 (CSF). The programme continues to deliver at a pace that both prioritises current and emerging risks and considers sustainability of both business processes and their continued efficiencies. The CSF controls reviews and conducts cyber risk assessments quarterly, while its supporting policies and procedures are reviewed at least annually. Our cybersecurity incident response plan is annually tested with all the required stakeholder participation, ensuring continuous improvements are made. The plan also considers our compliance reporting requirements.

Being responsible for the integrity and confidentiality of sensitive customer information, the programme also ensures existing and new compliance requirements are met, Cyber Essentials Plus and Cybersecurity Maturity Model Certification (CMMC 2.0) being the most significant. Internal and external assessments are conducted on these annually.

In April 2024, the Defense Contract Management Agency (DCMA) and Defense Industrial Base Cybersecurity Assessment Center (DIBCAC) performed a high assessment of our systems to verify overall compliance with the Defense Federal Acquisition Regulation Supplement (DFARS) clause 252.204-7012, 'Safeguarding Covered Defense Information and Cyber Incident Reporting', and to verify the enterprise implementation of NIST Special Publication (SP) 800-171. We received a high level of confidence from the DIBCAC. We remain on schedule to be ready for our CMMC 2.0 assessment in time for its anticipated inclusion in the awards of new contracts. The target for CMMC assessment readiness is Spring 2025. The actual assessment date will be notified by the assessor but is expected to be in Spring 2025.

The cultural change required to become a more security aware organisation is taken seriously and supported across the business. Various awareness campaigns are delivered throughout the year. Annual mandatory training must also be completed for cybersecurity, critical information and the Code of Conduct.

The management of third parties who are either the custodians or service providers of our data is also becoming an increasing focus in our information risk management processes. Our main providers are now assessed annually.

### Sustainability Steering Committee

The Sustainability Steering Committee chaired by Rich Cashin, CFO, is comprised of leaders from across the business, including members of the Executive Committee, Risk Steering Group and sustainability team. The Committee is responsible for overseeing the delivery of our CSR strategy and making recommendations to the Board.

The Committee meets quarterly to discuss pertinent environmental, social and governance risks and opportunities, including those relating to climate change. This year the Committee reviewed our net zero commitment to confirm that it remained appropriate and achievable. The Committee was also involved in the reframing of our strategy including the development of key focus areas for 2025.

## SUPPLIER ENGAGEMENT

**In 2024 we launched a supplier sustainability questionnaire to gather enhanced information on our suppliers' sustainability performance.**

The questionnaire included questions on environmental, social and governance topics to support the development of our CSR strategy and set a baseline for future initiatives.

We also used this activity to encourage future collaboration by asking suppliers to suggest initiatives. In 2025 we plan to review the responses and engage suppliers on some of these initiatives.

## JOSCAR MEMBERSHIP

**We are a member of JOSCAR, an accreditation system which ensures companies only use products and solutions of the highest quality and comply with best practices.**

This membership is a collaborative tool used by the aerospace, defence and security industry to act as a single repository for pre-qualification and compliance information. Using JOSCAR can determine if a supplier is 'fit for business'.

TCFD

# OUR APPROACH TO THE CLIMATE-RELATED RISKS AND OPPORTUNITIES

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) REPORT

We recognise that climate change poses a growing challenge to society. As a business we have a responsibility to our stakeholders to assess the physical and transitional risks and opportunities associated with climate change and where feasible ensure we are contributing to a low emission society. This is the third year we have used the TCFD framework to facilitate this assessment and make climate-related financial disclosures.

### TCFD COMPLIANCE STATEMENT

In accordance with the Listing Rule 9.8.6 R(8), we confirm Avon has made climate-related financial disclosures consistent with the four Task Force on Climate-Related Financial Disclosure (TCFD) recommendations and 11 recommended disclosures. This includes consideration of section C of the TCFD Annex entitled 'Guidance for all sectors' excluding full scope 3 disclosure due to limitations in our data, and we only disclose cross-industry climate-related metrics that are deemed relevant[1]; in 2025 we will continue to monitor the relevance of material cross-industry climate-related metrics and build capabilities in data collection to enable disclosure of full scope 3 emissions in our Annual Report for the period ending 30 September 2025.

1. We have reviewed the relevance of cross-industry climate-related metric categories shown in Table A2.1 and concluded that the following are currently not applicable to our organisation: transition risks, physical risks, climate-related opportunities, capital deployment and internal carbon prices.

## GOVERNANCE

Climate change is embedded into the governance structure of the Group with distinct reporting and informing pathways which are described in more detail in the following section.

### Board oversight of climate-related risks and opportunities

The Board, working with the Audit Committee, oversees and has overall responsibility for our Group risk framework including the management of climate-related risks and opportunities and delivery of our CSR strategy. Our CFO, Rich Cashin, is the Executive Director with responsibility for overseeing our CSR strategy across the business, which includes climate-related risks and opportunities.

The Audit Committee reviews our Group risks and opportunities twice per year and approves the principal risks presented on pages 70 to 75. This includes an annual review of our climate-related risks and opportunities and the Group's disclosures relating to TCFD.

Once a year the Board is presented with the complete set of emissions data, performance against targets and proposed changes to our CSR strategy and targets, where relevant, for review and approval to publish externally.

Some specific CSR oversight, including climate change, is delegated to its Committees, as follows.

### Audit Committee

The Audit Committee is principally responsible for overseeing our Group risk framework including the effectiveness of the management of climate-related risks and opportunities.

### Remuneration Committee

The Remuneration Committee reviews policies and packages, including considering the suitability of establishing climate and CSR targets in the executive remuneration structure.

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

#### Steering Committee

To ensure a centralised approach to CSR a Sustainability Steering Committee ('the Steering Committee') was established in 2022, chaired by our CFO. The Steering Committee is comprised of leaders from across the business, including members of the Executive Committee, Risk Steering Group and sustainability team, and has oversight of all CSR activities including managing and assessing climate-related risks and opportunities. The Steering Committee is responsible for: overseeing the delivery of a CSR strategy (which is the organisational structure that hosts our climate related activities); making recommendations to the Board and Board Committees; and communicating with the Board, its Committees and management teams to ensure they are updated regularly on all key matters relevant to climate-related issues.

#### Risk Steering Group

The Risk Steering Group provides an internal review of the Group risk framework, reporting to the Audit Committee quarterly, and coordinates with the senior leadership team to identify principal risks which the Group is exposed to. The Risk Steering Group maintains the Group risk register including climate-related risks and opportunities, making recommendations to the Audit Committee on process updates where relevant.

#### Senior leadership team

The senior leadership team is responsible for overseeing the execution of our CSR strategy through strategic priorities including our carbon reduction plan to meet our emission targets. The senior leadership team is also responsible for overseeing divisional integration of risk management into each strategic priority including the consideration of climate-related risks. It is responsible for assessing, managing and mitigating SBU risks through periodic risk reviews, which are reported on twice a year including specific climate-related risks and opportunities. It also supports the annual review of the Group's climate risk register providing divisional insight.

#### Sustainability team

The sustainability team has day-to-day oversight of climate matters. The team is responsible for ensuring data such as our greenhouse gas emissions is collected and reported and attends the Steering Committee, providing updates at every meeting.

**Overall responsibility**

**BOARD OF DIRECTORS**

**Our Board Committees**

| | | |
|---|---|---|
| **Remuneration Committee** (Meets quarterly) | | **Audit Committee** (Meets quarterly) |
| Informing | **Review and make recommendations to the Board** | Reporting |
| **Sustainability Steering Committee** (Meets four times a year) | | **Risk Steering Group** (Meets quarterly) |
| Informing | **Day-to-day monitoring and delivery** | Reporting |
| **Senior leadership team** (Meets monthly) | | **Sustainability team** |

## STRATEGY

The consideration of risks and opportunities associated with climate change are reflected in our strategic priorities.

### Climate-related risks and opportunities identified over the short, medium and long term

We determine climate risks that could have a material financial impact through our Group risk management framework, see page 70, and a separate but integrated bottom-up climate risk review, completed annually. Our decentralised approach to Group risk management means each SBU identifies its own risks and opportunities including those relating to climate change, which has the benefit that risk management and the assessment of climate change are then part of all management.

We utilise the outputs of divisional risk registers as well as relevance to strategic priorities to help determine the materiality of climate-related risks and opportunities across the Group. These risks and opportunities undergo further analysis within our climate risk register which helps to determine financial impact across our selected time horizons, under different climate scenarios.

Avon uses time horizons for assessing climate-related risks and opportunities; they are short (2025 to 2029), medium (2029 to 2039) and long (2039 to 2050). The basis for the time horizons was to align with financial and planning periods, short being five-year business planning, medium being alignment with multi-year contracts and long aligning to Avon's commitment to be net zero by 2045 by reducing absolute scope 1 and 2 carbon emissions: 'our net zero commitment'.

Our climate-related risks and opportunities, shown on the following page, are relevant to the Group but consider inputs from both SBUs. The results of the assessment indicate that the Group's material risks remain unchanged from 2023.

### Principal risk

1. Manufacturing (supply chain resilience and manufacturing quality)
2. Strategy execution (Cleveland transformation)
3. Recruiting and retaining talent (key person dependency)
4. Defence sector concentration/cycle (DOD)
5. Bid and contract (delivery of sales growth)
6. Financial controls and reporting (DB pension)
7. Delivery of new product programmes
8. Security, safety and cyber
9. Compliance and internal control (business continuity)
10. Sustainability

## **STRATEGY** CONTINUED

| Category | Description | Potential financial impact | Strategic response |
|---|---|---|---|
| **TRANSITIONAL** | | | |
| **Policy and legal** | | | |
| **(Risk) Carbon pricing and taxation** 10 | The introduction of taxes or other costs associated with carbon emitting fuels and operations may result in increased cost of products and services both purchased and sold by Avon. | **Primary potential financial impact:** Increase in operating costs via taxes and levies for energy and fuel use.<br>**Short:** Insignificant<br>**Medium:** Low/medium<br>**Long:** Medium/high<br>**Scenario with greatest financial impact:** <2˚C<br>See page 68 for details on our climate scenarios analysis. | We are committed to meeting our net zero commitment and have introduced short-term carbon emission targets to ensure we stay on target and reduce our exposure to this risk.<br>We recognise that responsibility sits with our supply chain to manage its own carbon emissions. We request energy use and carbon emissions information from key suppliers to increase visibility and influence our suppliers to take appropriate steps to mitigate risk. We also negotiate fixed price protection and price escalation clauses to ensure we remain profitable over the duration of contracts with suppliers and customers, where appropriate. |
| **(Risk) Regulation and policy burden and exposure to litigation** 10 | ESG policies, strategy and performance are considered by external stakeholders. Failure to manage stakeholder expectations relating to climate-related issues may result in fines and reputational damage and limit our access to investment. | **Primary potential financial impact:** Greater regulatory requirements result in additional operating costs.<br>**Short:** Insignificant<br>**Medium:** Low<br>**Long:** Low<br>**Scenario with greatest financial impact:** <2˚C | We continue to monitor emerging policy and regulations and utilise experts in sustainability and climate matters to advise our team where additional support is required. We are committed to meeting our sustainability targets and our continued progress towards them will prevent any negative impact in access to debt or equity funding. |
| **Technology** | | | |
| **(Risk) Shift to low carbon technologies** 10 | Decarbonisation of our operations may require additional investment to transition equipment and infrastructure to lower emission technologies. | **Primary potential financial impact:** Capital expenditure required to reduce emissions and switch energy sources.<br>**Short:** Insignificant<br>**Medium:** Low/medium<br>**Long:** Low/medium<br>**Scenario with greatest financial impact:** <2˚C | A key objective of our transformation strategy is to increase the utilisation of our sites, and optimise our existing operations. At each site we have a carbon reduction plan and target which helps us to monitor progress against our strategy. Efforts to eliminate and reduce energy use through consolidation of operations, facility upgrades and continuous improvement activities will reduce our exposure when we come to seek alternative ways to decarbonise our operations.<br>We continue to monitor the market for emerging technologies and related investment cases for renewable alternatives. |
| **Market** | | | |
| **(Risk) Changing customer requirements** 5 10 | Government policies and climate change awareness are beginning to alter the bid and tender processes. Changing customer preferences and sensitivity to environmental factors could mean our existing technology is unable to meet requirements set in new bids or contracts. | **Primary potential financial impact:** Shift in customer requirements results in loss of revenue and early retirement of products.<br>**Short:** Insignificant<br>**Medium:** Medium<br>**Long:** Medium<br>**Scenario with greatest financial impact:** <2˚C | We maintain close relationships with customers, including working collaboratively on research and development programmes, to understand customers' future requirements and ensure these are factored into product development at the earliest stage. We have secured long-term contracts within both divisions for our existing products and services, which means the impact on our short-term strategy and financial planning is insignificant. |

| Category | Description | Potential financial impact | Strategic response |
|---|---|---|---|
| **TRANSITIONAL** CONTINUED | | | |
| **Resource efficiency** | | | |
| **(Opportunity) Continuous improvement** 2 | Improvements in energy efficiency and reduction in waste will generate savings in raw materials and energy costs and reduce carbon emissions. | **Primary potential financial impact:** Reduced reliance on fossil fuels and material consumption efficiencies result in reduced materials and production costs.<br><br>**Short:** Low<br>**Medium:** Low<br>**Long:** Medium<br><br>**Scenario with greatest financial impact:** <2˚C | Continuous improvement is at the heart of our business model and key to our strategy. We are embedding a culture of continually improving processes and encourage all employees to take part in continuous improvement training. We have stretch goals in place at all sites to ensure delivery of our strategy and challenge our team to achieve efficiency gains and reduce waste through innovative solutions. |
| **Physical – acute and chronic – changing weather patterns and extreme weather events** | | | |
| **(Risk) Disruption to operations** 1 | Operational exposure to extreme weather events such as heatwaves, fires, high winds and flooding varies depending on the particular hazard and site. Extreme weather may reduce productivity and/or result in costs to repair damage. | **Primary potential financial impact:** Loss of revenue whilst sites are not fully operational and higher insurance premiums to mitigate potential loss of profit or repair costs.<br><br>**Short:** Low<br>**Medium:** Low/medium<br>**Long:** Low/medium<br><br>**Scenario with greatest financial impact:** >2˚C | All sites comply with and adhere to local climate-related public instruction and guidance, and have suitable insurance cover. We monitor the sites' exposure to extreme weather events and update business continuity planning; see page 69 for more details. Several of our sites have storm shelters and undertake drills. |
| **(Risk) Disruption to supply chain and access to materials** 1 | Our supply chain could become susceptible to climate-related disruption which may impact our access to raw materials and ability to deliver against orders. | **Primary potential financial impact:** Loss of revenue through delays to production and increased costs when obtaining alternative supplies of material.<br><br>**Short:** Insignificant<br>**Medium:** Low<br>**Long:** Low<br><br>**Scenario with greatest financial impact:** >2˚C | There is a low risk that climate change could disrupt our supply chains in certain locations or disrupt our ability to source products. However, we continue to put in place alternative sources for raw materials used in key products to mitigate risk from the loss of critical suppliers and look to dual source as part of new product approvals. |
| **(Opportunity) Increased demand** 4 | Increased occurrence and severity of natural hazards associated with climate change may impact the global security environment and demand for our range of protective equipment within existing and new markets. | **Primary potential financial impact:** Increased sales opportunities for our existing products with new and existing customers.<br><br>**Short:** Low<br>**Medium:** Medium<br>**Long:** Medium/high<br><br>**Scenario with greatest financial impact:** >2˚C | We believe there are opportunities for increased demand within both climate scenarios and continue to invest in research and development so we are well placed to deliver innovative solutions that meet customer requirements.<br><br>We see an opportunity within a >2˚C scenario for our enhanced protection solutions as a result of a shift to more levels of people working in dangerous environments such as search and rescue. We also recognise there is an opportunity to lead innovation through the development of lower impact products, where these do not compromise on performance or capability particularly under a <2˚C scenario. |

Overall, the Group has assessed the potential impact of climate change to be low in the short term (to 2029). Beyond 2029, although there are potential costs associated with climate change, these are balanced with significant opportunity for increased demand for our protective products in a changing global security environment.

## **STRATEGY** CONTINUED

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

Our climate-related risks and opportunities identified in the table are reflected in our strategy and financial plans.

We have made a commitment to be net zero and set targets which we publish annually. We plan on meeting our initial carbon reduction targets through the consolidation of operations, facility upgrades and continuous improvement activities which will be delivered through our STAR strategy.

The Transform element of our STAR strategy includes our footprint optimisation initiative which will be a key lever for carbon reductions. The optimisation of our two business units including the consolidation of our helmet sites from three sites into two allows us to seize opportunities to generate efficiencies and reduce exposure to climate-related risk.

Climate change is considered in the overall view of our current assets and infrastructure and the assessment of climate-related metrics would be undertaken in any future acquisition and divestment targets where material and relevant information is available.

#### Financial planning process

We carried out an impact assessment for climate risks and opportunities on the Group, considering inputs from SBUs. This identified the related primary financial metric and impact thereon, as summarised in the table on page 66. We recognise that climate-related risks and opportunities can have a financial impact on revenues, costs and expenditures. The related impact on financial reporting estimates and judgements is summarised on page 140.

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

#### Approach to scenario analysis

TCFD recommends the use of climate scenarios to assess the resilience of businesses to climate change. This is the third year Avon has used scenario analysis to assess potential risks and opportunities related to climate change, and their resulting impact on Group strategy and financial planning.

In 2022, we received technical advice to help select appropriate climate scenarios and have since applied these to our climate-related risks and opportunities to assess their impact on key financial metrics. In 2024 we continue to embed the use of climate scenarios to help with our understanding of the business' resilience to climate change and look for opportunities to refine our approach.

#### Our climate scenarios

Our two climate scenarios align with TCFD guidance, and use economic constraints associated with the International Panel on Climate Change's (IPCC) Shared Socioeconomic Pathway 2 middle of the road scenario:

- >2°C informed by RCP[1] 8.5 is an extreme physical risk scenario. Under this scenario there is no additional action policy or regulatory intervention which leads to global temperatures rising between 4.1 and 4.8°C by 2100.
- <2°C informed by RCP[1] 2.6 is an extreme transitional risk scenario. Under this scenario, early action is taken to rapidly reduce greenhouse gas emissions and limit global warming to 2°C or lower by 2100.

1. The IPCC adopted the Representative Concentration Pathway (RCP) to provide plausible descriptions of how the future may evolve with respect to a range of variables including socio-economic change, technological change, energy and land use, and emissions of greenhouse gases and air pollutants.

We have made the following assumptions:

- Avon Technologies' business activities will be static over time. This means impacts have been considered for the existing operating model, current locations and product portfolio.
- Mutual exclusivity has been assumed for each risk and scenario when in reality they may occur in parallel (aggregated) or offset each other.
- No action has been taken by Avon Technology to mitigate or limit the impacts of each risk.

#### Resilience statement

The output of forward-looking scenario analysis indicated that transitional risks could have a greater impact in a 2°C or lower scenario. The Group's focus on streamlining processes, optimising resources and embracing innovative solutions through the Transform element of our STAR strategy will help the business build resilience to the effects of policy, legal, technology and market risk. This will also provide Avon with the opportunity to maximise potential cost savings.

The potential impact of physical risks could be more pertinent in the >2°C scenario. Each site is sufficiently insured for the physical risks they are exposed to.

We have strong relationships with customers and are well positioned to maximise opportunities in increased demand offered by both scenarios.

The impact of climate change on costs is not expected to be material, after considering the strategic response we have in place and the potential opportunities which manifest under both scenarios. We recognise that scenario analysis will develop over time and we will continue to monitor and update as understanding evolves.

## RISK MANAGEMENT

We review and update our Group risk register twice a year, including a separate but integrated bottom-up climate-related risk review, which considers scores from divisional risk registers to help determine materiality across the Group.

### Processes for identifying, assessing and managing climate-related risks

An extensive list of climate-related risks and opportunities relevant to Avon is identified using data sources such as climate change and relevant sector literature, peer review and TCFD guidance. In 2022, we worked with a sustainability consultant to initially support us in identifying climate-related risks and opportunities. Taking into account changes in the regulatory environment, customer preferences and government policies, these sources are revisited and the list is updated where required.

SBU leadership teams identify and assess their own risks and opportunities in line with the Group's methodology including climate-related risks and opportunities; see page 70. They generate a likelihood and impact score for each risk using bespoke financial and non-financial impact measures. This is a measurement of net risk and considers the effectiveness of existing mitigations.

We utilise the divisional risk scores, in addition to considering relevance to strategic priorities, to determine climate-related risks and opportunities to undergo climate scenario analysis. This helps determine materiality. These risks and opportunities are included in our climate risk register where they undergo annual climate scenario analysis.

Our overall approach ensures Avon prioritises resources in managing the most material climate-related impacts relevant to Group, whilst still having oversight of the impact across our two divisions.

### Integration of process for identifying, assessing and managing climate-related risks into the organisation's overall risk management framework

Since 2022, climate-related risks and opportunities have been reported as a Group principal risk (under the name sustainability) and have been integrated into our divisional risk registers. This ensures climate-related risks are identified, managed and integrated throughout the Group's overall risk management framework.

Principal risks are reviewed by the Board and Audit Committee twice a year; see page 70.

## METRICS AND TARGETS

### Scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks

We report our scope 1 and 2 with aspects of scope 3 emissions, in compliance with Streamlined Energy and Carbon Reporting which can be found on page 57. We continue to progress our scope 3 calculations using our screening exercise undertaken in 2023 to determine the most relevant and influenceable elements and report where viable.

### Metrics used to assess climate-related risks and opportunities

### Targets used to manage climate-related risks and opportunities and performance against targets

The below table illustrates the metrics we have selected to measure our climate-related risks and opportunities. We have selected these as the data is readily available, comparable and relevant to the climate-related risks and opportunities facing Avon.

We continue to develop other environmental metrics such as water and waste in line with stakeholder expectations which can be seen on page 58.

In 2023 the business agreed short-term sustainability targets which was an important step in addressing climate-related risks and opportunities. These targets also support our long-term target of being net zero by 2045 by reducing absolute scope 1 and 2 GHG emissions. We have developed a carbon reduction plan at each site and have set appropriate targets which enable us to monitor progress.

Our STAR strategy sets clear accountability for our Executive Committee and its leadership team by establishing strategic priorities, the delivery of which is incentivised through our bonus scheme. Sustainability and climate-related objectives are embedded within our strategic priorities, such as footprint optimisation, rather than being stand-alone. Note, a portion of Executive Director bonus this year is attributed to the delivery of ESG targets as set out on page 101.

| Climate-related target | Target | Progress in 2024 | Metric | Link to material climate risk |
|---|---|---|---|---|
| Reduce scope 1 and 2 carbon emissions by 25% (% of revenue) | 2028 (base year 2023) | 25% | Reduction in scope 1 and 2 carbon emission against baseline | Carbon pricing and taxation<br>Regulation and policy burden and exposure to litigation |
| Net zero carbon emissions (scope 1 and 2) | 2045 (base year 2021) | 5,928 | Tonnes $CO_2e$ scope 1 and 2 (location based) | |
| Reduce scrap by 60% | 2027 (base year 2023) | 54% | Reduction in scrap (as a percentage of revenue) | Continuous improvement |
| Screen our top 40 suppliers[1] against sustainability criteria | 2025 | 33% | Percentage of top 40 suppliers that have responded | Disruption to supply chain and access to raw materials |

1. Top 40 suppliers based on 2023 Group spend.

We have considered cross-industry climate-related metrics and determined the disclosure of carbon emissions as described in table A2.1 of the 2021 TCFD report to be the most applicable to our business. Our disclosure can be found in full on page 57.

### Physical risks assessment, by site

We have considered the susceptibility of all of our operations to physical risks arising from climate change focusing our analysis on our five manufacturing sites located in the UK and US. Sites are routinely audited against five natural hazards, which identified low flooding exposure, and no significant wind, hailstorm or fire exposures across all our sites (though wildfire mapping is currently limited). We have supplemented this analysis with water stress analyses (based on the Aqueduct Water Risk Atlas) covering all our manufacturing sites which align with our climate scenarios.

We have reviewed our exposure to tornadoes using the National Oceanic and Atmospheric Administration's (NOAA) National Weather Service Storm Prediction Center 25-year average number of tornadoes per state per month. The location of our sites in the Northeast and West states of the US means we experience less tornadoes annually than those in central US, but there is limited research on how this may change over time under different climate scenarios. We have in place storm shelters where appropriate and drill emergency procedures.

One of our sites has been identified as being located in an area of very high water stress which was present under both climate scenarios. This site is also susceptible to earthquakes which is factored into its insurance and business continuity planning and earthquake drills are undertaken. In FY23 we announced that we will be consolidating helmets into Cleveland and Salem and plan on closing our facility in Irvine during 2025.

Our scenarios anticipate the occurrence of extreme weather events will change over time and we will continue to monitor sites' susceptibility and update methodologies for assessing resilience.

| Country | Site | Water stress | Earthquake |
|---|---|---|---|
| UK | Melksham, Wiltshire | | |
| US | Cadillac, Michigan | | |
| | Irvine, California | X | X |
| | Cleveland, Ohio | | |
| | Salem, New Hampshire | | |

Risk Management

# HOW WE IDENTIFY AND MANAGE RISK

Assessing risk is an essential element of the management of our organisation, and risk management is embedded within the business units and functional teams.

## Risk management responsibilities

The Board, working through the Audit Committee, has overall responsibility for the Group's risk management framework, ensuring the risk management process is robust and continuously improved. The Board's role includes promoting a culture that emphasises integrity at all levels of business operations and setting the overall policies for risk management and control. The Board is also responsible for setting risk appetite, considering the balance between risk and reward.

The Audit Committee monitors the effectiveness of the Group's risk management process and, through this, the principal and emerging risks at a Group level.

The senior leadership teams within the SBUs are responsible for assessing, managing and mitigating SBU risks through periodic risk reviews, which include the identification of emerging risks. Risk management is also embedded into the annual strategy process and there is a risk assessment for each SBU strategic priority.

A Risk Steering Group coordinates the risk management activities across the Group, working with SBU leadership teams and the functional leaders in the IT, finance and legal teams to review the output from their risk reviews in order to confirm the principal risks which the Group is exposed to. A report on this is put to the Executive Committee twice a year prior to being submitted to the Audit Committee.

## Our approach

The Risk Steering Group maintains a list of principal risks and controls which are tailored to the Group. This taxonomy serves as a platform for the risk assessments, enabling the consolidation of output from bottom-up SBU and functional risk assessments. This taxonomy is reviewed annually to ensure it remains current.

The SBU-led risk assessments identify the leading risks specific to the SBU by reference to the taxonomy to ensure common terminology/categorisation. The SBUs identify changes to risks and identify any emerging risks, which may be existing Group risks noted in the taxonomy or brand new. These are risks which are expected to increase in the coming year.

Each risk is assessed using likelihood and impact scoring based on both financial and non-financial impacts which are set relative to the size of the SBU. Scoring takes account of existing mitigation and controls and so represents a net risk score. Additional mitigating actions are developed in response to high scoring risks where appropriate.

The highest scoring risks within the SBU risk registers are reviewed and combined with the highest scoring functional risks to build a Group level view of the principal risks which is discussed by the Executive Committee before being presented to the Audit Committee.

## Assurance

We base our approach to managing risk on the three lines of defence model where the first line is management control, represented by SBU and functional leadership, which own and manage risk on a day-to-day basis under the Group's internal control framework.

The Risk Steering Group, alongside the Executive Committee, monitors and oversees these activities as a governance and compliance activity. This internal assurance is our second line of defence.

The third line is independent assurance, which has been provided by our Internal Audit Manager during the period.

## Annual review of internal controls and risk management

We have made the following enhancements to our risk management process during the year:

- the Group's principal risks were specifically considered as part of this year's strategy refresh process and each of the strategic priorities contains a risk assessment which is reviewed and updated quarterly; and
- the Internal Audit Manager is a member of the Risk Steering Group and has ensured the internal audit programme takes account of – and is in part focused on addressing the issues driving – the Group's principal risks.

Commentary on the review of the Group's system of internal control is contained in the Audit Committee Report on page 95.

## PRINCIPAL RISKS

Principal risks are those that would threaten the Group's business model or future performance. They have been identified based on likelihood of occurrence and potential impact on the Group, by reference to both financial and non-financial measures.

The chart shows the Group's principal risks by likelihood and impact resulting from the year end risk assessment. The Group's principal risks remain unchanged since our 2023 Annual Report, but with geopolitical risk dropping out of the principal risk list. The scoring and the position of the remaining principal risks on the chart have changed, as has the emphasis of some of the risk themes within the principal risks. The following pages describe each principal risk in detail and include commentary on how the risk has developed during the period.

### Our principal Group risks are:

1. Manufacturing (supply chain resilience and manufacturing quality)
2. Strategy execution (Cleveland transformation)
3. Recruiting and retaining talent (key person dependency)
4. Defence sector concentration/cycle (DOD)
5. Bid and contract (delivery of sales growth)
6. Financial controls and reporting (DB pension)
7. Delivery of new product programmes
8. Security, safety and cyber
9. Compliance and internal control (business continuity)
10. Sustainability

### Trend in the risk score over the year

↔ No change

↑ Increasing

↓ Decreasing

### Link to strategy

Strengthen

Transform

Advance

Revolutionise

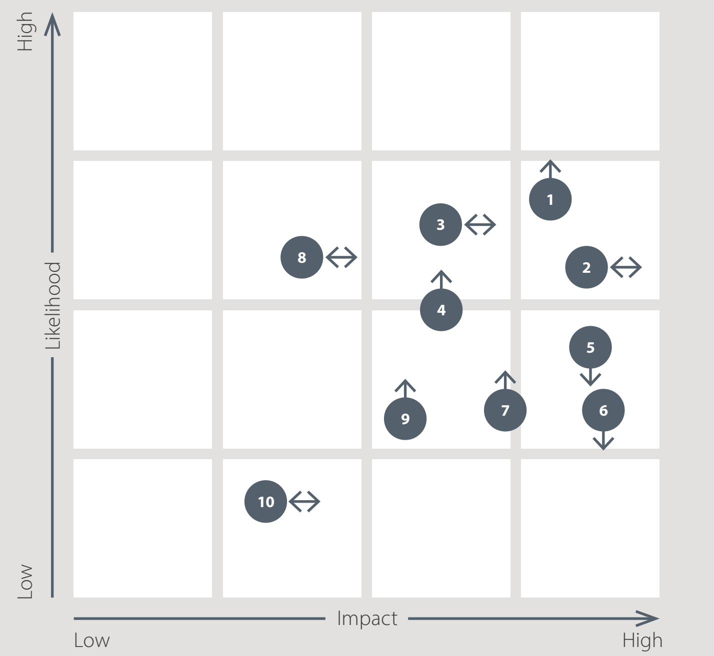
### Link to Corporate Social Responsibility

People

Process

Product

## 2024 PRINCIPAL RISKS




| Likelihood | Impact | | |
|---|---|---|---|
| **Likelihood of occurrence** | **Operational impact (e.g. revenue, EBITDA, cost)** | **Employee impact** | **Reputational impact** |
| >60% | High | Multiple leavers/loss of key person/significant risk to short and medium term delivery | Significant long term reputational impact impacting growth prospects |
| 40–60% | Medium | Some leavers/ heightened risk to short term delivery | Heightened reputational risk/short term impact |
| 20–40% | Low to medium | Typical leaver risk and some day to day risk of disruption to delivery | Typical day to day reputational risk |
| <20% | Low | Low leaver risk and no risk to delivery | Little or no reputational risk |

## 1 MANUFACTURING

**Risk appetite: Low**

**Trend** ↑ **Strategy** **CSR**

### Business risk

- Supply chain shocks impact our ability to source key materials and the cost of manufacturing (due to sole source dependency, pricing, availability, quality or efficiency)
- Poor quality and late delivery
- Inventory locks up working capital

### Impact on

- Sales, costs and profitability

### Mitigation

- Supply chain strategy targets improvements
- Robust supplier audit and relationship management, with alternative sources identified
- Robust manufacturing/quality processes and effective enterprise resource planning (ERP) systems
- Strong site leadership and engaged and motivated production workforce
- Insurance and effective business continuity planning in place
- Prioritisation of workforce health and safety

### Comment and outlook

At Avon Protection we have been focused on the MCM100 supply chain, where certain components are sole sourced. To ensure the business can deliver MCM100 orders on time, the number of critical sole source suppliers has been reduced and a new procurement lead is reviewing the remaining supply chain. During the year, a materials quality issue was identified impacting certain components used in the supplied and powered air product range. Internal risk management processes quickly and efficiently scoped the impact of the defective material, with remediation underway and expected early in FY25 for ongoing production. All customers with potentially impacted product from historic sales have been contacted.

Although the risk of a widespread quality failure on any product is considered to remain low, a global review of the quality function is underway to ensure our quality process remains fit for purpose for newly introduced and existing products. Across both SBUs, the teams are also undertaking ad-hoc supplier due diligence in response to PFAS and upcoming EUDR regulations.

Team Wendy's sourcing strategy for single and critical technology sources aims to ensure sufficient stock and material are available for production to meet (mainly commercial) delivery schedules without maintaining large inventory holdings. The new product introduction process includes a requirement for approving two sources of material to avoid creating future sole supplier dependency risk. Manufacturing of our more complex products remains technically challenging and there is a heightened quality risk at Cleveland while the transformation project – which involves improving our shell moulding – is delivered.

## 2 STRATEGY EXECUTION

**Risk appetite: Medium**

**Trend** ⇔ **Strategy** **CSR**

### Business risk

- Strategy execution risk
- Execution of transformation programmes

### Impact on

- Strategy delivery
- Sales, costs and profitability
- Employee recruitment, retention and morale

### Mitigation

- Strategy model and approach defined, agreed and communicated
- Strategic projects clearly identified, agreed and resourced for delivery with specialists
- Effective programme management team, tools and reporting to ensure projects are delivered on time and benefits are realised

### Comment and outlook

This risk relates to our ability to deliver the transformation programme in Team Wendy which will see the transfer of production of US DOD helmets from our Irvine factory to Cleveland and Salem: specifically, the dual risk of being unable to meet customer demand in 2025 and an inability to deliver improved margins through the redesigned Cleveland factory and implementation of lean processes. In mitigation the business has strengthened its programme management capability, implemented a value stream methodology and invested in its continuous improvement team.

## 3 RECRUITING AND RETAINING TALENT

**Risk appetite: Medium**

Trend ↔ | Strategy | CSR

### Business risk

- Inability to recruit and retain employees

### Impact on

- Strategy delivery
- Sales, costs and profitability
- Employee morale and culture

### Mitigation

- Succession planning and effective performance management processes
- Effective training and development strategy and activities
- Appropriate organisational structure with clear lines of authority and communication
- Maintaining a positive and supportive culture, supported by values, employee engagement activity and initiatives
- Retention through competitive remuneration and benefits structure and outcomes

### Comment and outlook

As a smaller company with a broad range of specialist technical expertise we run some key person dependency risk, for example in areas such as software engineering and rubber injection moulding. Some of our processes in these areas could be documented in more detail. Additional hires are planned but the training and development of existing staff and succession planning also have a role to play in mitigating the risk represented by these critical dependencies.

## 4 DEFENCE SECTOR CONCENTRATION/CYCLE

**Risk appetite: Medium**

Trend ↑ | Strategy | CSR

### Business risk

- US DOD customer concentration risk
- Government defence spending cyclical fluctuation

### Impact on

- Sales and profitability

### Mitigation

- Strong US DOD/customer relationships and insight
- Understand future capability requirements and investment in technology to deliver the products the customer requires
- Maintain diversification via other markets, e.g. the US first responder market and geographies
- Strategy targets diversification of global military customer base

### Comment and outlook

There is significant reliance on the US DOD customer in both SBU strategic plans. Revenue in the outer years of the strategy will be impacted if the US DOD delays decisions on purchasing the new products now in development or adds additional suppliers. In mitigation the sales team are focused on maintaining a close relationship with the customer to understand future requirements. Having a broad portfolio of exposure to US DOD programmes spreads risk and reduces reliance on single programmes.

At Team Wendy, the capacity of the US DOD's testing laboratory is a potential constraint on our ability to ship at the required rate and so reduce US DOD programme inventory and increase overall inventory turns, particularly as monthly volumes increase. The Team Wendy Ceradyne team has engaged proactively with the customer on support for potential alternative lot testing options and are piloting a streamlined change review and approval process.

## 5 BID AND CONTRACT

**Risk appetite: Medium**

Trend ↓ | Strategy | CSR

### Business risk

- Programmes with lower margins than expected
- Sales targets not delivered
- Loss of major bids/tenders
- Competitors increase market share at Avon's expense

### Impact on

- Sales and profitability
- Strategy delivery

### Mitigation

- Product portfolio and certifications meet customer requirements
- Market and channel strategies agreed and in place
- Capable and professional sales team, correctly remunerated and engaged
- Competitive pricing
- Robust bid approval process and well resourced bid programme teams
- Intimate customer relationships with regular contact and programmes of record/multi-year commitments agreed where possible
- Competitor monitoring and counter-competitor strategies

### Comment and outlook

Avon Protection has recruited a Head of Business Winning to review and improve the bid process and the Group's level of internal commercial expertise. Revenue can sometimes be lumpy, which can impact our ability to plan and run a 'steady state' production, though we are meeting customer demand through an improved sales, inventory and operations planning (SIOP) process.

Team Wendy's dedicated international sales team is being built to successfully bid international opportunities and deliver pipeline growth in FY25 for sales in FY26 and beyond. International sales efforts could be restricted by US political changes, competitive or indigenous sources limiting sales and if technology offerings are not valued by the customer.

## 6 FINANCIAL CONTROLS AND REPORTING

**Risk appetite: Low**

Trend ↓ | Strategy | CSR

### Business risk

- DB pension funding requirement restrictions
- Poor quality financial reporting and business information
- Insufficient overhead controls
- Tax exposure not mitigated
- Currency fluctuations reduce the value of receipts or increase costs
- Insufficient debt capacity

### Impact on

- Costs and profitability
- Reputational damage

### Mitigation

- Robust internal financial control and reporting procedures (monthly reporting, business reviews, strategy/budgeting process) supported by robust internal audit function
- Appropriate overhead structure
- Bank facilities committed and of sufficient duration with alternative providers scoped and ready to step in
- Bank covenant compliance and reporting
- Tax strategy in place with advisor support
- Long-term pension strategy in place with deficit recovery plan agreed and reviewed every three years through triennial valuations, with professional advice
- Effective currency hedging strategy

### Comment and outlook

There have been some notable improvements made to our internal financial controls framework during the period. Many of these stem from the new Internal Audit Manager who has championed improvements to the accountability and effectiveness of our internal control framework. Risks associated with the funding and management of the defined benefit pension scheme have been mitigated by the appointment of a professional trustee and a new investment sub-committee. The funding deficit is reducing but remains a material amount in the context of the Group and is closely monitored.

## 7 DELIVERY OF NEW PRODUCT PROGRAMMES

**Risk appetite: Medium**

Trend ↑ | Strategy | CSR

### Business risk

- Failure to identify and implement new products

### Impact on

- Strategy delivery
- Sales and profitability
- Reputation

### Mitigation

- Future product/technology road mapping and funding strategy in place
- Effective new product introduction process which delivers new products into production at factories
- Sustaining engineering resource at factories sufficient to support new product introductions
- Intellectual property protection considered and implemented where necessary
- Sufficient level of interaction with major customers and regulatory bodies to anticipate future product requirements

### Comment and outlook

At Avon Protection this risk has been mitigated by the recruitment of a dedicated programme manager for NPI and programme management training. Non-viable programmes have been discontinued.

At Team Wendy the risk is that slow or under investment caused by the current focus on transformation projects causes a delay in the introduction of new products, potentially limiting the growth of US and international commercial sales or the speed of response to competitor products. The team has assessed and prioritised new technology and products to ensure the business is focused on the right opportunities under its relaunched NPI process.

## 8 SECURITY, SAFETY AND CYBER

**Risk appetite: Low to medium**

Trend ↔ | Strategy | CSR

### Business risk

- Business interruption/cash cost of cybercrime and fraud
- Compliance with US DOD and UK MOD security requirements
- IT system continuity event
- Health and safety incident results in employee injury, plant closure and prosecution/fines

### Impact on

- Ability to ship products
- Financial loss
- Reputational damage
- Sales, costs and profitability

### Mitigation

- IT and information security strategies prioritise these requirements
- IT and cybersecurity resourced with specialists to ensure compliance and continual risk assessments
- Robust IT and information controls with policies, plans, and procedures
- Cyber insurance and IT and information security disaster recovery plans

### Comment and outlook

Cyber attacks are becoming increasingly common and complex as bad actors increase capability. At Group level we continue to manage and mitigate our cyber security risks using the NIST cybersecurity framework and a rigorous programme of work to achieve the required outcomes. We implement Cyber Essentials Plus and meet the requirements of NIST SP 800-171. This will transition into CMMC in Spring 2025 in readiness for new US DOD contracting rules which are expected to be introduced by the end of the year. Cyber incident response planning remains a high priority and we have completed our second tabletop exercise across the organisation during the year. Maintaining a security minded culture is also a high priority. Through training and awareness activities we are seeking to reinforce the mindset that cybersecurity and physical security are as important as personal security and safety. This is a particular challenge at the Cleveland factory given the high level of physical change/construction, which has also increased the health and safety risk at this site.

## 9 COMPLIANCE AND INTERNAL CONTROL

**Risk appetite: Low**

Trend

Strategy

CSR

### Business risk

- Failure to comply with export controls
- Bribery and corruption risk
- Breach of contract/law leads to investigation, prosecution, litigation or fines
- Defence contract compliance
- Failure to comply with the requirements of the Special Security Agreement
- Lack of business continuity planning

### Impact on

- Ability to ship products
- Financial loss
- Reputational damage

### Mitigation

- Effective export control policy supported by training
- Effective Anti-Bribery and Corruption Policy supported by training
- Embedded and effective Code of Conduct
- Effective internal legal and internal control/ audit function
- Effective government contract specialist knowledge
- Clear policies defining working practices between Avon and the security cleared entity Avon Protection Ceradyne
- Plan to introduce and test more business continuity plans
- IT and cybersecurity resourced with specialists to ensure compliance. Policies and procedures in place to ensure compliance with cybersecurity requirements

### Comment and outlook

Working in the defence sector requires us to maintain strong compliance controls and to ensure we have plans in place to deal with unexpected events which may restrict our ability operate. These can range from regulatory and compliance matters to more traditional business disruption events. Business continuity plans exist locally at the factories and within IT as part of disaster recovery processes. A revised business continuity plan will be developed for Cleveland given it will become a single location business continuity risk. These plans will be drawn together into a Group level continuity plan and tested.

We expect to achieve certification under CMMC in 2025 so we are in a position to comply with future US DOD contract requirements.

## 10 SUSTAINABILITY

**Risk appetite: Medium**

Trend

Strategy

CSR

### Business risk

- Cost and delay in implementing net zero plan and progressing the CSR strategy
- Customer requirements shift to more sustainable products that we do not offer

### Impact on

- Reputational damage
- Sales, costs and profitability

### Mitigation

- Maintain strong relationships with customers, supply chain and technology partners
- Sufficient focus on sustainability at all levels of the business and within key processes
- CSR plan and targets agreed
- Sufficiently resourced operations to complete necessary projects

### Comment and outlook

There have been some notable delays to climate reporting regulations during the year, including the Federal Supplier Climate Risks and Resilience Rule. As a Group we remain focused on delivering against our medium-term CSR targets which will help us to prepare for future regulations.

During the year, we reframed the CSR strategy to place greater focus on our people to increase employee engagement. The Executive Committee requested a review of our commitment to achieve net zero by 2045, and a bottom-up assessment of upcoming projects confirmed this target remained appropriate for the business.

Avon Protection undertook its first assessment of social value as part of a bid process, which has helped it recognise opportunities for improvement. Consideration of social value is now a key element of Group CSR strategy, helping us to do things with greater purpose.

## Non-Financial and Sustainability Information Statement

The table below illustrates where stakeholders can find information in respect of non-financial and sustainability matters, as required by the Companies Act 2006. We disclose non-financial information in the CSR section and throughout the Strategic Report as well as other referenced pages.

We have a range of policies and guiding principles, some of which are published on our website, www.avon-technologiesplc.com, or summarised within our Code of Conduct.

| Topic | Our policies and guiding principles | Where to read more |
|---|---|---|
| **Environmental matters and climate-related disclosures** | • Corporate Social Responsibility Strategy<br>• Health and Safety Policy[1] | Page 50 Corporate Social Responsibility Strategy<br>Page 52 People<br>Page 56 Process |
| **Employees** | • Code of Conduct[2]<br>• Careers Policy[2]<br>• Gender pay gap reporting[2]<br>• Employee engagement<br>• Speak Up[1]<br>• Health and Safety Policy[1] | Page 46 Stakeholder Engagement<br>Page 52 People<br>Page 62 Governance |
| **Respect for human rights** | • Code of Conduct[2]<br>• Modern Slavery Statement[2] | Page 52 People<br>Page 62 Governance |
| **Anti-corruption and bribery matters** | • Anti-Bribery and Corruption Policy[1]<br>• Gifts and Hospitality Policy[1]<br>• Supplier Code of Conduct[2] | Page 62 Governance |
| **Social matters** | • Charitable Giving Policy[1]<br>• Code of Conduct[2] | Page 52 People |
| **Business model** | | Page 20 Our Business System and Business Model |
| **KPIs** | | Page 42 KPIs |
| **Principal risks** | | Page 70 Risk Management |

1. Available to employees via Avon Technologies plc intranet but not published externally.
2. Published on Avon Technologies plc website and available to employees.

"Conducting our business with integrity is one of our #FIERCE values. Integrity for Avon Technologies plc means that we do what's right, using good judgement to ensure we always do things we can be proud of.

# GOVERNANCE

## CONTENTS

Board of Directors

# A BOARD WITH EXPERIENCE

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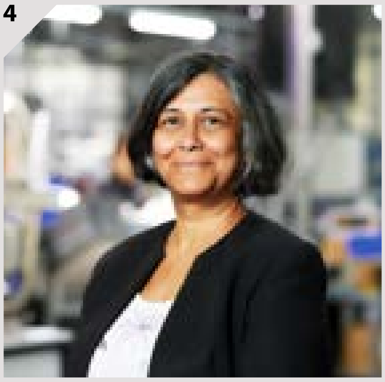

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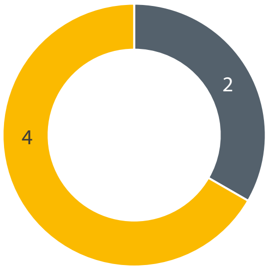
7

Our business is led by our experienced Board of Directors, which supports management to execute against the Group's strategy.

**Board membership key**

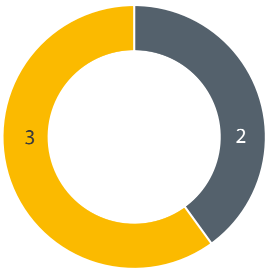
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chair
- I Independent Director

**Board gender diversity**




Female Male

**Independence**




Executive (including CFO)

Non-Executive (excluding Chair)

### 1. Bruce Thompson
Chair

**First appointed:** March 2020
**Appointed Chair:** December 2020

**Career and experience:**
Bruce joined the Board in March 2020. During his executive career, Bruce was CEO of Diploma PLC, the FTSE 100 specialised technical products and services business, for over 20 years. Prior to joining Diploma, Bruce was a Director with the technology and management consulting firm Arthur D. Little Inc., both in the UK and the US. Bruce is also currently the Chair of discoverIE Group plc.

**Committee membership:**
N R

### 2. Jos Sclater
Chief Executive Officer

**First appointed:** January 2023

**Career and experience:**
Prior to being appointed CEO in 2023, Jos spent three years as Group CFO at Ultra Electronics plc, where he led a value creating profit improvement programme. Prior to that he was Group CFO at Castrol Lubricants. Jos also spent seven years at GKN plc in various roles, including Group CFO and Director of Corporate Finance & Strategy. He started his career as a qualified solicitor and held in-house legal and M&A roles at ICI plc, AkzoNobel N.V. and GKN plc.

### 3. Rich Cashin
Chief Financial Officer

**First appointed:** April 2022

**Career and experience:**
Before joining Avon Technologies plc, Rich was President, Strategy and Corporate Development for Ultra Electronics plc. Prior to this, Rich was Group Head of Investor Relations and, subsequently, a divisional Finance Director for Meggitt PLC and held a number of investment and finance roles at Rolls-Royce plc and UBS AG.

### 4. Bindi Foyle
Senior Independent Director

**First appointed:** May 2020

**Career and experience:**
Bindi has been Group Finance Director of Senior plc, a manufacturer for the aerospace, defence, land vehicle and power and energy markets, since July 2017, having served as an Executive Director since May 2017. She joined Senior in 2006 as Group Financial Controller before becoming Director of Investor Relations and Corporate Communications in 2014. Prior to joining Senior, Bindi held senior finance roles at Amersham plc and General Electric, having previously worked with BDO Stoy Hayward.

**Committee membership:**
A N R I

### 5. Maggie Brereton
Non-Executive Director

**First appointed:** April 2024

**Career and experience:**
Maggie is the Co-founder and CEO of EOS, a specialist provider of deal advisory services. Prior to founding EOS, Maggie was Head of UK Transaction Services at KPMG where she also served as a board member, chairing the audit committee and sitting on the risk and remuneration committees. Maggie stepped down from her role at KPMG in 2019.

**Committee membership:**
A N R I

### 6. Victor Chavez CBE
Non-Executive Director

**First appointed:** December 2020

**Career and experience:**
Victor has over 30 years of experience in the defence and security sectors. His early career focused on telecommunications and software before joining Thales UK in 1999. Victor was appointed Chief Executive in 2011, retiring in 2020 having successfully integrated and grown the business during this period. In recognition of his services to defence and security for the UK and France, he was appointed a CBE in 2015 and a Chevalier of the Legion d'Honneur in 2020.

**Committee membership:**
A N R I

### 7. Zoe Holland
General Counsel and Company Secretary

**First appointed:** November 2024

**Career and experience:**
Zoe took on the role of General Counsel and Company Secretary in November 2024. Zoe joined the Group in October 2012 as Legal Counsel and was appointed Deputy General Counsel and Deputy Company Secretary in 2017. During her time at Avon, Zoe has provided legal, compliance, M&A and governance support for all of the Group's business units and is currently a member of the Avon Protection leadership team. Before joining Avon, Zoe trained and qualified as a solicitor with TLT Solicitors.

## Board skills, experience and diversity

| | Sector | Geography | | | Experience | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Defence | UK and Europe | North America | Rest of World | Finance and legal | Capital markets and public companies | Public sector and procurement | Leadership in large organisations | Operations/ production |
| **Executive Directors:** | | | | | | | | | |
| Jos Sclater | X | X | X | X | X | X | X | X | X |
| Rich Cashin | X | X | X | X | X | X | X | X | X |
| **Non-Executive Directors:** | | | | | | | | | |
| Bruce Thompson | | X | X | X | X | X | | X | X |
| Bindi Foyle | X | X | X | | X | X | | X | X |
| Victor Chavez | X | X | | | | | X | X | X |
| Maggie Brereton | | X | | | X | X | | | |

Executive Committee

# OUR EXECUTIVE TEAM

1


2


3


4


5


**Jos Sclater**
CEO
See page 79

**Rich Cashin**
CFO
See page 79

**Zoe Holland**
General Counsel and Company Secretary
See page 79

### 1. James Wilcox
President, Team Wendy

**Joined:** March 2007

**Career and experience:**
Prior to his appointment as President, Team Wendy in 2023, James was Chief Technical Officer and a member of the Executive leadership team. James joined the Group in 2007 and has held several roles overseeing engineering, marketing, business development and sales and product category management. Prior to his time at Avon, James worked at Dyson Ltd, responsible for new product development and transfer to overseas operations.

### 2. Steve Elwell
President, Avon Protection

**Joined:** April 2021

**Career and experience:**
Prior to Steve's appointment as President, Avon Protection in March 2023, he held the role of Vice President, UK & International for two years. Steve joined Avon Protection from Teledyne Technologies where he was Vice-President and General Manager for the RF Power organisation, providing strategic and operational leadership of the business across its global footprint. Prior to his role in Teledyne, Steve worked in a variety of strategic and business leadership roles at both QinetiQ and BAE Systems where he developed new and innovative approaches to business growth as well as delivering on major international campaigns.

### 3. Gabby Colley
Corporate Affairs Director

**Joined:** April 2024

**Career and experience:**
Gabby has over 15 years of investor relations, financial PR, corporate and internal communications experience. Prior to Avon, Gabby was SVP of Investor Relations & Communications at Ultra Electronics plc where she headed group communications during the rebrand and relaunch of Ultra which ultimately led to the £2.6bn acquisition by Advent International. Gabby also spent time as Head of Investor Relations and PR at Majestic Wine PLC and Deputy Head of Investor Relations at Just Eat PLC where she built skills in investor relations and corporate communications strategies, corporate and consumer PR, and internal, digital and crisis communications. Gabby started her career in financial PR where she supported multiple IPOs, M&A transactions and fundraisings.

### 4. Kate Vizmeg
Group HR Director

**Joined:** September 2023

**Career and experience:**
Kate joined the Group in September 2023 as HR Director for Team Wendy and was appointed Group HR Director in November 2024. Kate has over 15 years of HR/Business Operations experience and joined Avon Technologies plc from Redwood Living, a high growth real estate company, where she was EVP of Human Resource and Continuous Improvement.

### 5. Paul Hamilton
President, Operational Excellence & Continuous Improvement

**Joined:** March 2023

**Career and experience:**
Paul was appointed as President, Operational Excellence & Continuous Improvement in March 2023. Before joining the team, he held multiple operations leadership roles and built over 25 years of lean manufacturing and operations management experience, most recently in Smith + Nephew where he was responsible for operations across 16 plants. Prior to this, Paul was at Ultra Electronics, responsible for implementing excellence programmes that were designed to be aligned with business capacity and capability.

Chair's Introduction to Governance

# A STRONG TEAM

> As a Board we recognise the fundamental importance of ensuring robust governance practices are implemented and followed in order to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society.

**Bruce Thompson**
Chair

The Board is committed to achieving high standards of governance designed to protect the long-term interests of all stakeholders, while promoting the highest standards of integrity, transparency and accountability.

### Dear Shareholder

I am pleased to present our Corporate Governance Report. This report describes our governance structures and procedures, summarises the work of the Board and its Committees and explains how the Board evaluated its effectiveness in 2024. As a Board we recognise the fundamental importance of ensuring robust governance practices are implemented and followed in order to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society.

### Company name change

On 31 July 2024, the name of the Group was changed to Avon Technologies plc to improve clarity and ensure there is no confusion between the Strategic Business Units and the wider Group. This new name recognises Avon's heritage while embracing the next stage of its development – accelerating growth through innovation in technology.

### Stakeholder engagement

The Board recognises its obligation to ensure effective engagement with its stakeholders, to understand their different perspectives and to ensure their interests are considered in Board discussions and decision making. While we understand the importance of balancing all stakeholder views, this year we have sought to increase the mechanisms under which we engage with and receive feedback from our employees, including additional in-person townhall meetings and site visits. As Chair, I have also engaged with our major shareholders at various points during 2024 to understand their views and have ensured that these are communicated to the Board. Details of stakeholder engagement activities during the period are outlined on pages 46 and 47.

### Purpose and culture

We are an organisation made up of over 900 people based in six locations around the UK and North America. Our people come from a wide variety of backgrounds and work on a diverse range of products sold in a number of different markets. The thing we all have in common – the thread that binds us together – is our shared purpose: Protecting Lives. This underpins everything we do, including our culture and values. The Board understands the importance of its role in setting the right tone from the top and embedding it throughout the Group. In addition to the Board, the Executive Committee has responsibility to ensure the policies and behaviours set at Board level are effectively communicated and implemented throughout the Group.

Our Code of Conduct reflects our purpose and our values, and sets out the standards of behaviour and business conduct expected from anyone working for or on behalf of the Group. All employees were asked to complete training on our Code of Conduct during the year.

### Governance, evaluation and the Board

The Board currently comprises two Executive Directors, three independent Non-Executive Directors and me as Chair. The Board regularly reviews its composition to ensure it has the necessary breadth and depth of skills and experience to support the development of the Group. We give a warm welcome to Maggie Brereton, who joined the Board in April 2024 as Non-Executive Director. Maggie has strengthened the Board with considerable experience in identifying value creation opportunities which has been incredibly valuable so far. I would also like to thank Chloe Ponsonby for her considerable contribution over the past seven years. Chloe stepped down from the Board in April 2024 having been our Senior Independent Director and Chair of the Remuneration Committee.

During the period we completed an evaluation of the Board and its Committees. The 2024 evaluation was internally facilitated using questionnaires, led by the Company Secretary and me. It concluded that the Board, its Committees, the individual Directors and the Chair performed effectively during 2024, both individually and as a collective unit. It was felt that the clearer strategy, organisation and performance reporting had made it easier for the Board to challenge and contribute during FY24 and the Directors believed that the Board members had the appropriate complementary skills and experience, strengthened by the appointment of Maggie Brereton. Further details can be found on page 83.

## Corporate Social Responsibility

Given its significance, the Board has retained responsibility for the development and oversight of our CSR strategy directly, rather than establishing a specific Board-level committee. During the period, the Board has approved our CSR mid-term targets and focus areas. At the management level, Rich Cashin, our CFO, is the Executive Director with responsibility for overseeing the delivery of our CSR strategy across the business and chairs our Sustainability Steering Committee. This Committee reports to the Board on progress. Further details on the remit of the Steering Committee can be found on page 63.

## Dividend

The Board is recommending a final dividend of 16.1c per share which, together with the 7.2c per share interim dividend, gives a total dividend for the year of 23.3c. The Board has reviewed our dividend policy in line with our capital allocation policy, which we have updated following our significant reduction in net debt this year. Our first priorities remain organic investment into R&D and transformation followed by dividend payments between 2.5 and 3x EPS cover through cycle, but with emphasis that any excess cash will then be deployed in an EPS enhancing way, either through M&A or alternative shareholder returns.

## Annual General Meeting

The 2025 AGM of Avon Technologies plc will be held at Hampton Park West, Semington Road, Melksham, Wiltshire SN12 6NB, at 10.30 am on Friday 31 January 2025. Further details, including the resolutions to be proposed to our shareholders, can be found in the Notice of Meeting on page 175. The result of the votes on the resolutions put forward at the AGM will be publicly announced to the stock exchange and published on our website as soon as possible following the conclusion of the meeting. I will be in attendance at the AGM and will be very happy to take any questions you may have regarding the operation of the Board during the period.

We look forward to seeing you there.

**Bruce Thompson**
Chair
19 November 2024

## Compliance with the UK Corporate Governance Code

The Company reports against the Financial Reporting Council's (FRC's) UK Corporate Governance Code 2018 ('the Code'), which is available at www.frc.org.uk. The Board has applied all principles and complied with all provisions in the Code for the year ended 30 September 2024. Further details on how the Company applied the principles of the Code during the period can be found as follows:

Maggie Brereton – NED Interview

# Q&A

We were thrilled that Maggie joined the Board as Non-Executive Director in April 2024. Maggie is Co-Founder and CEO of EOS, a specialist provider of deal advisory services. Prior to founding EOS, she was Head of UK Transaction Services at KPMG where she also served as a board member.

Maggie brought extensive and valuable experience in identifying value creation opportunities to the Board. She has a deep focus on connecting plans with financial measures and a specialisation in analysis and the development of change programmes. We had a chat with Maggie to hear about her first impressions and focus areas since joining the Avon Board.

## HOW WOULD YOU DESCRIBE AVON'S CULTURE AND MOVE TO CONTINUOUS IMPROVEMENT?

It has been very interesting to meet many colleagues across the business and I have seen a real sense of openness to the new CI approach.

There has been some very creative solutions to problems, including utilising existing machinery in a different way and changing the layout of the manufacturing lines.

As the teams start to see the benefits from the changes they are making, more and more colleagues are getting on board – a sign that this is here to stay and we're not going back.

## HOW WOULD YOU DESCRIBE THE DYNAMICS OF THE AVON BOARD AND YOUR COMBINED ROLE IN BALANCING INTERESTS OF DIFFERENT STAKEHOLDERS?

It's a good diverse Board with different backgrounds, a range of skill bases and a very experienced Chair. There is a very open and clearly strong relationship between the NEDs which is positive to be part of.

We're all very aware that we're on a journey after several years being very inward focused and as we start to change and grow there will be a greater level of stakeholder management expected.

## WHY DID YOU JOIN AVON?

I've have always respected and enjoyed the way Jos approaches business challenges. When I was contacted about joining the Board I was excited about the opportunity to be working with him and his team.

Avon is an interesting company with great potential. It's an important business that provides critical infrastructure for the UK MOD and US DOD. The transformation and the cultural changes that are being made by Jos and the rest of his team are also a real privilege to be part of.

From a personal perspective, I've been working with businesses undergoing change (through M&A or not!) for over 20 years and it's a remarkable opportunity to be able to experience this one from the other side of the table!

## WHAT ARE YOUR KEY FOCUS AREAS AND HOW WILL YOU LEVERAGE YOUR SKILLS AND EXPERIENCE?

I enjoyed taking part in the strategy review sessions this summer. They were an open forum to challenge, discuss and develop the leadership teams' current plans and we're expecting some exciting things coming up over the next year! I think bringing a fresh pair of eyes to the strategy and my experience from working across a different range of businesses in different industries were helpful for the team. I also look forward to our next phase of growth and starting to look at M&A again.

I've also been following with interest the progress the team is making in diversity, equity and inclusion (DEI) including in closing the gender pay gap. I work in a predominantly male industry and the defence sector has similar challenges, so the DEI programme has become something very important to me personally. These discussions have been welcomed and it is great to see actions are being taken to move it forward.

Corporate Governance Report

# CORPORATE GOVERNANCE REPORT

## Introduction

In the year under review, the Company was required to apply the main and supporting principles of good governance set out in the UK Corporate Governance Code issued in 2018 by the Financial Reporting Council ('the Code'). This Corporate Governance Report, along with information in the Strategic and Remuneration Reports, explains how the principles and provisions of the Code have been applied. We are pleased to confirm that the Company was in compliance with the provisions of the Code throughout the year ended 30 September 2024.

## Board leadership

The Board comprises two Executive Directors and four Non-Executive Directors (including the Chair, Bruce Thompson). Chloe Ponsonby stood down from the Board on 31 March 2024 following an increase in her executive responsibilities. Chloe was replaced by Maggie Brereton on 1 April 2024; details of the recruitment process followed are disclosed on page 91. The Board regularly reviews its composition to ensure it has the necessary breadth and depth of skills and diversity to support the development of the Group. We believe the Board continues to have a strong mix of experienced individuals who provide a unique perspective on Company matters and bring specific skills to the Board.

Biographical details for each member of the Board can be found on page 79 of this Annual Report. All Directors will stand for re-appointment by shareholders at the 2025 AGM.

## Company purpose

The Company purpose is stated on the inside front cover of this Annual Report. The Board recognises its role in establishing the purpose, values and strategy of the Group and ensuring these are embedded throughout the business.

## Our culture

The Board clearly recognises the importance of culture and its link to delivering our purpose and strategy. Assessing and monitoring our culture are important to ensure we retain a successful culture as we grow. Through our employee engagement initiatives, explained in more detail on page 46, the Board has sought to maintain a good level of engagement with the workforce. The Board considers the most effective way of achieving this engagement is via a Global Employee Advisory Forum, which was established in 2021.

## Division of responsibilities

There was a clear division of responsibility between the running of the Board by the Chair and the running of the Group's business by the CEO.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The CEO manages the Group and has the primary role, with the assistance of the Board, of developing and implementing business strategy. When necessary the Chair ensures that meetings of Non- Executive Directors take place without the Executive Directors present.

Rules concerning the appointment and replacement of Directors of the Company are contained in the Articles of Association. Amendments to the Articles must be approved by a special resolution of shareholders. One of the roles of the Non-Executive Directors, under the leadership of the Chair, is to undertake detailed examination and discussion of strategies proposed by the Executive Directors, so as to ensure that decisions are made in the best long-term interests of shareholders and take proper account of the interests of the Group's other stakeholders.

The Non-Executive Directors are appointed by the Board on terms which allow for termination on three months' notice. Copies of Executive Directors' service contracts and terms and conditions of appointment for Non-Executive Directors are available for inspection at the registered office.

## How the Board operates

The Chair ensures, through the Company Secretary, that the Board agenda and all relevant information are provided sufficiently in advance of meetings and that adequate time is available for discussion of all agenda items, in particular strategic issues. The CEO and the Company Secretary discuss the agenda ahead of every meeting. At meetings, the Chair ensures that all Directors are able to make an effective contribution and every Director is encouraged to participate and provide opinions on each agenda item. The Chair always seeks to achieve unanimous decisions of the Board following due discussion of agenda items.

The Non-Executive Directors fully review the Group's operational performance and the Board as a whole has, with a view to reinforcing its oversight and control, reserved a list of powers solely to itself which are not to be delegated to management.

This list includes appropriate strategic, financial, organisational and compliance issues, including the approval of high level announcements, circulars, the Annual Report and Accounts and certain strategic and management issues, which include:

- approval of the annual operating budget and the three-year strategic plan;
- the extension of the Group's activities into new areas of business and/or geographical areas (or their cessation);
- changes to the corporate or capital structure;
- financial issues, including changes in accounting policy, the approval of dividends, bank facilities and guarantees;
- changes to the constitution of the Board;
- the approval of budgeted project spend of over $5m or any capex or R&D expenditure which exceeds budget by more than 10%;
- the approval of bid/sales proposals where the estimated total contract value exceeds $10m or a duration of five years for high risk proposals (or $20m for low risk proposals);
- the approval of any agency commission which exceeds 10% on a customer contract; and
- consideration and approval of all proposed acquisitions and mergers.

### How the Board operates continued

Each Director has full and timely access to all relevant information and the Board meets regularly with appropriate contact between meetings. All Directors receive a tailored induction to the Group from the Company Secretary on joining the Board. When appointed, Non-Executive Directors are made aware of and acknowledge their ability to meet the time commitments necessary to fulfil their Board and Committee duties. Procedures are in place, which have been agreed by the Board, for Directors, where necessary in the furtherance of their duties, to take independent professional advice at the Company's expense and all Directors have access to the Company Secretary.

The Company Secretary is responsible to the Board for ensuring that all Board procedures and governance requirements are complied with. The removal of the Company Secretary is a decision for the Board as a whole.

### Committees of the Board

Of particular importance in a governance context are the three Committees of the Board, namely the Remuneration Committee, the Nomination Committee and the Audit Committee. Each Committee operates under clear terms of reference, copies of which are available on our website. Details of the operation of each Committee are provided within the relevant Committee report.

Bindi Foyle is Chair of the Audit Committee. The Board is satisfied that Bindi has recent relevant financial experience and her profile appears on page 79.

Bruce Thompson is Chair of the Nomination Committee but, in accordance with the Committee's terms of reference, is not permitted to chair meetings when the Committee is dealing with matters relating to the Board Chair's position.

Victor Chavez took over as the Chair of the Remuneration Committee from Chloe Ponsonby on 1 April 2024. The Remuneration Committee's principal responsibilities are to decide on remuneration policy on behalf of the Board and to determine remuneration packages and other terms and conditions of employment, including appropriate performance-related benefits for the Executive Directors and other senior executives. The Remuneration Committee also has regard to the remuneration of the wider workforce. More details of the activities of the Remuneration Committee are set out in the Remuneration Report on pages 96 to 113.

### Composition, succession and evaluation

The Nomination Committee is responsible for leading the process for Board appointments and making recommendations to the Board, putting in place plans for succession and regularly reviewing the Board's structure, size and composition. The Committee takes into account the challenges and opportunities facing the Group and the skills, knowledge and experience needed by the Board and makes recommendations to the Board with regard to any changes. Further information and the activities of the Nomination Committee during the period are detailed on pages 89 to 91.

### Performance evaluation

The Board continually strives to improve its effectiveness and conducts an annual review of its performance and that of its Committees and the individual Directors to enhance overall Board effectiveness. This year the Board continued the practice of completing an internally facilitated performance review using questionnaires.

The Chair and the Company Secretary agreed the scope of the evaluation. The Board evaluation questionnaire, completed by all Board members and the Company Secretary, was structured to provide Directors with the opportunity to express views on a variety of topics including Board remit and responsibilities, skills and dynamics of the Board, meetings and content, Group strategy, internal control and risk management, decision making and communication.

A discussion of the findings from the performance evaluation and actions to be implemented took place at the September 2024 Board meeting. Overall, the evaluation concluded that the Board, its Committees, the individual Directors and the Chair performed effectively during 2024, both individually and as a collective unit. The clearer strategy, organisation and performance reporting made it easier for the Board to challenge and contribute during FY24 and the Directors believed that the Board members had the appropriate complementary skills and experience, strengthened by the appointment of Maggie Brereton.

### Attendance at meetings

All Committee and Board meetings held in the year were quorate. Directors' attendance during the period ended 30 September 2024 was as follows:

| | **Board (7 scheduled)** | **Audit Committee (4 scheduled)** | **Remuneration Committee (4 scheduled)** | **Nomination Committee (3 scheduled)** |
|---|---|---|---|---|
| Bruce Thompson | 7 (7) | - | 4 (4) | 3 (3) |
| Bindi Foyle | 7 (7) | 4 (4) | 4 (4) | 3 (3) |
| Chloe Ponsonby[1] | 4 (4) | 3 (3) | 2 (2) | 1 (2) |
| Victor Chavez | 7 (7) | 4 (4) | 4 (4) | 3 (3) |
| Maggie Brereton[2] | 3 (3) | 1 (1) | 2 (2) | 1 (1) |
| Jos Sclater | 7 (7) | - | - | - |
| Rich Cashin | 7 (7) | - | - | - |

The maximum number of meetings which each Director could have attended is shown in brackets.

1 Chloe Ponsonby stepped down from the Board on 31 March 2024.

2 Maggie Brereton was appointed to the Board on 1 April 2024.

The following areas were identified by the Board as areas of focus for 2025 and beyond:

- continuing development of the Group's longer-term strategy;
- development of the Group's strategy process to include increased focus on the outer years;
- further increasing the level of interactions between the Non-Executive Directors and the Executive Committee members outside of scheduled Board meetings; and
- enhancing the Board's approach to risk management.

## Audit, risk and internal control

The Board has an established framework of internal controls covering both financial and non-financial controls. In addition, there is a process for identifying, evaluating and managing significant business risks, including emerging risks, faced by the Group. This process was in place throughout the 2024 financial year.

The Code requires that Directors establish procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Board, through the Audit Committee, reviews the effectiveness of the Group's system of internal controls on a continuing basis. The scope of this review covers all controls including financial, operational and compliance controls, as well as risk management. The Audit Committee has responsibility to review, monitor and make policy recommendations to the Board upon all such matters.

The Audit Committee keeps this system under continuous review and formally considers its content and its effectiveness on an annual basis. Such a system can provide only reasonable, and not absolute, assurance against material misstatements or losses. The section on internal control in the Audit Committee Report on page 95 and the following paragraphs describe relevant key procedures within the Group's systems of internal control and the process by which the Directors have reviewed their effectiveness.

Systems exist throughout the Group which provide for the creation of five-year plans and annual budgets; monthly reports enable the Board to compare performance against budget and to take action where appropriate. Procedures are in place to identify all major and emerging business risks and to evaluate their potential impact on the Group. These risks are described within the Strategic Report on pages 70 to 75.

## Risk management

Risk is managed by the business unit and functional leadership teams, supported and overseen by the Risk Steering Group, which is led by the Company Secretary. The risk management process has remained the same during the period but a more detailed summary of the risk management process and the output from this year's reviews are set out in more detail in the Principal Risks and Risk Management section on pages 70 to 75.

The Audit Committee carried out six monthly reviews of the key risks facing the Group and risk management activities undertaken during the period, following the risk reviews conducted by the Risk Committee with the business leadership. The Risk Committee also carried out an annual assessment of the major business risks and emerging risks affecting the Group, including macro risks.

## Internal control

There is a clearly defined delegation of authority from the Board to the business units, with appropriate reporting lines to individual Executive Directors. There are procedures for the authorisation of capital expenditure and investment, together with procedures for post-completion appraisal.

The internal control framework has been updated to align with the Strategic Business Units (SBUs). SBUs hold Quarterly business reviews with the Group Executive team; business performance is reviewed against budget, the delivery of strategic priorities is reviewed against agreed timelines, core business metrics are reviewed (safety, quality, operational efficiency, sales and business development) and any required corrective action plans are documented through the review process. An enhanced controls manual, aligned with the SBU structure, has been developed and will be rolled out through 2025. During the year the Group Internal Audit Manager has implemented a programme of internal audits focused on testing the control framework, with the output and recommendations for improvement presented to the Audit Committee.

The Board has issued a Code of Conduct, reviewed annually, which reinforces the importance of a robust internal control framework throughout the Group. The Board recognises that an open and honest culture is key to understanding concerns within the business and to uncovering and investigating any potential wrongdoing. The Code of Conduct sets out the procedure whereby individuals may raise concerns in matters of financial reporting or any other matter of concern with management or directly with the Chair of the Audit Committee, or anonymously through our 'Speak Up' process, to ensure independent investigation and appropriate follow-up action. All employees complete training on the Code of Conduct to ensure they have read and understood it.

Although the Board itself retains the ultimate power and authority in relation to decision making, the Audit Committee meets at least four times a year with management and the external auditor to review specific accounting, reporting and financial control matters.

This Committee also reviews the interim, preliminary and annual statements and has primary responsibility for making a recommendation on the appointment, re-appointment and removal of the external auditor.

## Relations with shareholders

The Directors regard regular communications with shareholders as extremely important. All members of the Board receive copies of analysts' reports, of which the Company is made aware, and receive an investor relations report at every Board meeting. The Board reports formally to its shareholders in a number of ways, including via regulatory news announcements, press releases, routine reporting obligations, a detailed Annual Report and Accounts and, at the half year, an interim report.

Regular dialogue takes place with institutional shareholders, including presentations after the Company's preliminary announcements of the half and full year results. The Board receives comments from analyst meetings and shareholder meetings after both interim and final results and at other times during the period. The AGM includes a presentation by the CEO on aspects of the Group's business and shareholders have the opportunity to both ask questions and leave written questions with the Company Secretary for the response of the Directors. Directors also make themselves available after the AGM to talk informally to shareholders, should they wish to do so, and respond throughout the year to any correspondence from individual shareholders.

## Special Security Agreement

On 8 December 2020, our US subsidiary Avon Protection Ceradyne, LLC (APC) and the Company entered into a Special Security Agreement with the US Department of Defense (US DOD). The SSA was entered into in support of the US DOD contracting and product development elements of the then ballistic protection business and permits APC to perform classified US defence contracts. There are a number of specific protocols that the Company and APC are required to comply with under the SSA, including the appointment to the APC Board of two independent outside Directors approved by the US Government. The SSA imposes certain restrictions on the degree of influence the Company can exert over APC and it is therefore important that the Company maintains a strong relationship with the APC Board, in order to ensure that we are fulfilling our own governance obligations. James Wilcox, President of Team Wendy, is an inside Director on the APC Board. We anticipate continued engagement with APC and the outside Directors in the coming year under the governance of the SSA to support synergy opportunities across APC's product portfolio for the benefit of Team Wendy. During the year, APC changed its name to Team Wendy Ceradyne, LLC.

## Disclosure and Transparency Rules (DTR)

Disclosures in respect of the DTR requirements under DTR 7.2.6 are given in the Directors' Report on page 116 and have been included by reference.

## Going concern

The Directors have prepared a going concern assessment covering the 12-month period from the date of approval of these financial statements. The assessment indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The Group has a committed RCF of $137m to May 2027. Related loan covenants include a limit of 3.0 times for the ratio of net debt, excluding lease liabilities, to bank-determined adjusted EBITDA (leverage), and a minimum limit of 3.5 times for the ratio of bank-determined adjusted EBITDA to interest payable on bank loans and overdrafts. At 30 September 2024 leverage was 0.91 times (2023: 1.94 times). Bank-determined adjusted EBITDA is calculated excluding certain items.

As part of the going concern assessment, the Directors considered the sensitivity of financial covenants and liquidity headroom to a reverse stress test to determine the deterioration against the base case forecast required to break even with covenant levels. This demonstrated substantial headroom, with the downside movement required not considered plausible given the secured order book and mitigating actions available to reduce future cash outflows or expenses within management's control.

On this basis, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the approval of these financial statements. Accordingly the Group and Company continue to adopt the going concern basis in preparing their financial statements.

## Viability statement

The Directors have assessed the viability of the Group over a five-year period to September 2029, taking account of the Group's current position and potential impact of the principal risks documented in the Strategic Report. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to September 2029.

In making this statement, the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe but plausible downside scenarios, and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period. As set out in the TCFD section the potential financial impact of climate change for the next five years has been assessed as low, with no material impact on viability expected.

In making their assessment, the Directors have taken account of the Group's RCF which provides financing until May 2027. The Directors have a reasonable expectation that broadly similar financing could be obtained at the end of the current RCF, supporting continuing operations. During the period the Group has complied with all covenant requirements attached to its financing facilities.

The Directors consider the five-year lookout period to be the most appropriate as this aligns with the Group's own strategic planning period. The Group has an annual business planning process, which comprises a strategic plan, a financial forecast for the current year and a financial projection for the forthcoming five years. This plan is reviewed at least annually by the Board as part of its strategy setting process. Once approved by the Board, the plan provides a basis for setting all detailed financial budgets and strategic actions that are subsequently used by the Board to monitor performance. The forecast performance outlook is also used by the Remuneration Committee to establish the targets for both the annual and long-term incentive schemes.

Nomination Committee Report

# LETTER FROM THE CHAIR

**Bruce Thompson**
Chair of the Nomination Committee

**We were delighted to welcome Maggie Brereton as a Non-Executive Director following the process to find a successor for Chloe Ponsonby, who departed during the year.**

## Attendance at Nomination Committee meetings

During the period, the Nomination Committee held three scheduled meetings. Attendance of the members of the Committee is recorded in the table below:

| Scheduled meetings | Attended | Eligible to attend |
|---|---|---|
| Bruce Thompson (Chair) | 3 | 3 |
| Chloe Ponsonby[1] | 1 | 2 |
| Bindi Foyle | 3 | 3 |
| Victor Chavez | 3 | 3 |
| Maggie Brereton | 1 | 1 |

1 Chloe Ponsonby stepped down from the Board on 31 March 2024.

The Nomination Committee comprises all the Non-Executive Directors.

## Main responsibilities

The main responsibilities of the Committee are as follows:

- to regularly review the Board's structure, size and composition, taking into account the challenges and opportunities facing the Group and the skills, knowledge and experience needed by the Board and to make recommendations to the Board with regard to any change;
- to put in place and periodically review succession plans for Directors and, more generally, senior executives; and
- to lead the process for Board appointments and make recommendations to the Board.

The Committee's terms of reference are available within the Corporate Governance section of the Company's website and are reviewed annually.

All Directors are appointed by the Board following a rigorous selection process and subsequent recommendation by the Committee.

## Diversity

The Board recognises the benefits of diversity and believes the Board's perspective and approach are greatly enhanced by gender, age and cultural diversity. The Nomination Committee is responsible for the Board's policy in this area. Diversity of skills, background, knowledge, international and industry experience, and gender, amongst many other factors, will be taken into consideration when seeking to appoint new Directors to the Board. The Board's Diversity Policy can be found in the Corporate Governance section of the Company's website. In addition, during the year we integrated DEI activities into our CSR strategy, which is a focus area for the business for the coming year.

During the year we relaunched our female leadership ERG, supported by the Committee, which aims to help develop and promote our female leadership, create a forum where we can identify, nurture and develop the female leaders of the future and ensure that all women at Avon thrive in their careers. The initiative is driven by a steering group which collaborates on long-term ideas to help shape the future face of Avon Technologies plc and create an agenda and platform to help build our future female talent pipeline.

During 2024 we have supported a number of initiatives, including International Women's Day and a Group-wide mentoring programme. We have achieved our minimum target of 33% female representation on the Board and Executive Committee and continue to work to achieve the same minimum target representation for the leadership teams.

Further information, including the number of women in senior management and within the organisation, is shown in the Corporate Social Responsibility Report on page 50.

### Diversity of individuals on the Board and Executive management

In accordance with the UK Financial Conduct Authority's Listing Rule 9.8.6R(9) the Board confirms that as of 30 September 2024 it has met the targets for one of the senior positions on the Board (Chair, CEO, SID or CFO) to be held by a woman and for one Director to be from an ethnic minority background. The Board does not currently meet the target for at least 40% female membership of the Board, with the Board currently comprising 33% female representation. The Board will continue to work towards achieving this target in future. The Company's mandatory requirement for a diverse candidate pool ensures that we continue to have the opportunity to recruit candidates from all gender, cultural and ethnic backgrounds, while we remain focused on recruiting the best candidate for any role based on merit.

The below table sets out the details of the diversity of the individuals serving on the Board and Executive management as at 30 September 2024. The data was obtained on a voluntary self-reported basis.

### Gender identity or sex of the Board and Executive management

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number on the Executive Committee | Percentage of Executive Committee |
|---|---|---|---|---|---|
| Men | 4 | 66% | 3 | 5 | 62% |
| Women | 2 | 33% | 1 | 3 | 38% |

### Ethnic background of the Board and Executive management

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number on the Executive Committee | Percentage of Executive Committee |
|---|---|---|---|---|---|
| White British or other white (including minority white groups) | 5 | 83% | 3 | 7 | 87% |
| Mixed multiple ethnic groups | - | - | - | - | - |
| Asian/Asian British | 1 | 17% | 1 | - | - |
| Black/African/Caribbean/Black British | - | - | - | 1 | 13% |
| Other ethnic group, including Arab | - | - | - | - | - |

## Activities during 2024

During the period, the Committee:

- considered and confirmed the appointment of Maggie Brereton as Non-Executive Director, following the departure of Chloe Ponsonby on 31 March 2024;
- considered and approved the appointment of Bindi Foyle as Senior Independent Director and Victor Chavez as Chair of the Remuneration Committee;
- reviewed the composition of the Board and its succession plan;
- carried out an annual review of the Committee's terms of reference;
- recommended re-election of the Board at the forthcoming Annual General Meeting; and
- discussed the Board performance evaluation results with the Board as a whole.

## Board changes

Chloe Ponsonby stepped down from the Board on 31 March 2024, following an increase in her executive responsibilities. Chloe Ponsonby was Chair of the Remuneration Committee and Senior Independent Director. The Committee approved the appointment of Bindi Foyle as Senior Independent Director and Victor Chavez as Chair of the Remuneration Committee following Chloe's departure. The recruitment process to find Chloe's replacement was led by me as Chair of the Committee. Independent executive search consultants Korn Ferry were retained to assist with the recruitment process. The Committee provided Korn Ferry with a detailed description of the role and associated skills and experience required. A longlist of Korn Ferry potential candidates based on initial interviews was put together, from which a shortlist of candidates was selected by the Committee for interview. The Chair interviewed the shortlisted candidates and provided feedback to the Committee on each candidate; shortlisted candidates were interviewed by other members of the Board and they went through a referencing. Following the conclusion of the interviews, Maggie Brereton was identified as the most suitable candidate for the role of a Non-Executive Director and was appointed to the Board on 1 April 2024. An interview with Maggie Brereton is on page 84.

The Committee has previously decided that all Directors should be put forward for re-appointment by shareholders each year at the AGM. Taking into account the performance and value that each Director has brought to the Board, the Committee confirms the appointment of each Non-Executive and Executive Director should be renewed for a further year. Accordingly, resolutions to re-appoint each Director for another year are being put to shareholders at the forthcoming AGM.

## Succession planning

The Committee reviews succession planning for the Board formally in order to ensure the Board is adequately prepared for potential changes to key Board positions. In addition, the Committee reviewed the executive leadership needs of the Group during the period.

Renewing the longer-term succession planning of the Executive Committee and business unit leadership teams will be a priority for the coming year now the organisational structure changes have been completed.

Alongside this, the Committee retains oversight of the programmes in place to assess and facilitate talent development amongst the management teams to ensure there is a structured approach to growing, developing and retaining the Company's future leaders.

## Committee evaluation

The evaluation of the effectiveness of the Committee was conducted as part of this year's Board performance evaluation. The outcome of the 2024 Committee review was positive and highlighted the need for the Committee to ensure it covers broader succession plans for the Executive Committee and senior leadership roles in 2025. Further detail on the result of the Board evaluation exercise is included on page 86 of the Corporate Governance Report.

**Bruce Thompson**
Chair of the Nomination Committee
19 November 2024

Audit Committee Report

# LETTER FROM THE CHAIR

**Bindi Foyle**
Chair of the Audit Committee

**During 2024, the Audit Committee continued its key oversight role for the Board of the Group's financial management and reporting to reassure shareholders that their interests are properly protected.**

### Attendance at Audit Committee meetings

During the period, the Audit Committee held four scheduled meetings. Attendance of the members of the Committee is recorded in the table below:

| Scheduled meetings | Attended | Eligible to attend |
|---|---|---|
| Bindi Foyle (Chair) | 4 | 4 |
| Chloe Ponsonby | 3 | 3 |
| Maggie Brereton | 1 | 1 |
| Victor Chavez | 4 | 4 |

The Committee monitors the integrity of the Group's financial statements and supports the Board with its ongoing monitoring of the effectiveness of the Group's risk management and internal control systems.

During 2024, the Audit Committee continued its key oversight role for the Board of the Group's financial management and reporting to reassure shareholders that their interests are properly protected.

The Audit Committee has established a set programme of activities, with agenda items scheduled to coincide with the annual financial reporting calendar. The Committee reports regularly to the Board on its work.

During the 2024 financial year, the Committee has continued to monitor the integrity of the Group's financial statements and supported the Board with its ongoing monitoring of the Group's risk management and internal control systems. The Committee also determined the focus of the Group's internal audit activity and reviewed its findings, and continues to verify that recommendations and agreed actions are being appropriately implemented.

In accordance with the Code, the Committee continued to have oversight of the Group's whistleblowing function, known as 'Speak Up', together with the associated policies and procedures. The Committee received regular updates on the number and types of Speak Up reports and agreed follow-up actions throughout the year from the General Counsel.

During 2024 the Audit Committee undertook a full evaluation exercise of KPMG's audit approach, to ensure the effectiveness of the external audit function. Reviewing the results of the evaluation of the external audit process, we are satisfied with both the auditor's independence and audit approach.

The Audit Committee acts on behalf of the full Board, and the matters reviewed and managed by the Committee remain the responsibility of the Directors as a whole.

### Main responsibilities of the Audit Committee

The Audit Committee has delegated authority from the Board set out in its written terms of reference. The terms of reference for the Audit Committee are available for inspection at the Company's registered office and on our website.

The key objectives of the Audit Committee are:

- to provide effective governance and control over the integrity of the Group's financial reporting and review the significant financial reporting judgements;
- to support the Board with its ongoing monitoring of the effectiveness of the Group's system of internal controls and risk management systems;
- to monitor the effectiveness of the Group's internal audit function and review its material findings;
- to oversee the relationship with the external auditor and make recommendations to the Board in relation to the re-appointment of the external auditor and monitor the external auditor's objectivity and independence;
- to review the adequacy of the Company's whistleblowing arrangements and the provision of appropriate investigation of any matters raised; and
- to advise the Board on whether the Committee believes the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### Composition of the Audit Committee

The members of the Committee are set out on page 86 of the Corporate Governance Report. The Committee members are all independent Non-Executive Directors and have the appropriate range of financial and commercial expertise necessary to fulfil the Committee's terms of reference. The Board considers that as a serving Group Finance Director of a UK listed company, I have both the current and relevant financial experience required to chair this Committee.

During the period, Maggie Brereton joined the Committee on her appointment as an independent Non-Executive Director. Chloe Ponsonby stepped down from the Committee. Further details are provided in the Nomination Committee Report on page 91.

The Committee typically invites the Board Chair to attend all Committee meetings together with the Executive Directors, the Group Financial Controller and the Internal Audit Manager.

### 2024 Annual Report

The main areas of focus considered by the Committee during 2024 were as follows:

- The presentation of the financial statements and the quality and acceptability of accounting policies and practices including the presentation of adjusted performance measures and the adjusting items. The Committee reviewed papers prepared by management, challenged management's judgements and estimates, and reviewed the disclosure of adjusted items within the Group's half year and full year results, agreeing that the position taken in the financial statements is appropriate.
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements. Material areas in which significant judgements have been applied are discussed separately in more detail below.
- At the request of the Board, the Committee considered whether the 2024 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's position and performance, business model and strategy. Having taken account of the other information provided to the Board throughout the year, the Committee was satisfied that, taken as a whole, the Annual Report and Accounts was fair, balanced and understandable.

The Committee was content, after due challenge and debate, with the assumptions made and the judgements applied in the accounts and agreed with management's recommendations. In addition, the Committee reviewed and recommended the approval of the statements on corporate governance, internal control and risk management in the Annual Report and Accounts and the half year results announcement.

### Significant judgements and estimates considered by the Audit Committee

After discussions with management and the external auditor, the Committee determined that the key risks of material misstatement of the Group's 2024 financial statements arose in the following areas:

- valuation of goodwill allocated to Team Wendy; and
- estimation of the defined benefit pension assets and obligations.

### Goodwill impairment

The Group has a significant goodwill balance as a result of legacy acquisitions, predominantly in relation to Ceradyne and Team Wendy. Goodwill and other attributable net assets are tested for impairment at the Team Wendy and Avon Protection CGU level.

The impairment review of the Team Wendy CGU demonstrated future value in use was greater than the carrying value of goodwill and other attributable net assets. The value in use calculation was based on the risk-adjusted Board approved five-year plan and utilised discounted cash flow projections, adjusted to exclude expansionary capital expenditure and linked cash flows.

The Committee considered and challenged the assumptions applied by management, including consideration of scenario analysis and sensitivities, confirming management's assessment that no impairment was required.

Further analysis and detail on goodwill are set out in note 3.1 of the financial statements.

### Estimation of the defined benefit pension assets and obligations

The Group operated a contributory defined benefit plan to provide pension and death benefits for the employees of its UK Group companies employed before 31 January 2003. The plan was closed to future accrual of benefits on 1 October 2009.

The investments held by the pension scheme include both quoted and unquoted securities, the latter of which by their nature involve assumptions and estimates to determine their fair value. Where there is no active market for the unquoted securities, the fair value of these assets is estimated by the pension trustees based on advice received from the investment manager whilst also using any available market evidence of any recent transactions for an identical asset. The assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in fair value after the measurement date.

Estimation of the defined benefit pension obligation involves significant judgements concerning future changes in inflation, mortality rates and the selection of a suitable discount rate, as well as the future performance and valuation of the scheme's assets. Changes to these actuarial judgements could have a significant impact on the estimated pension obligation.

An updated actuarial valuation for IAS 19 (revised) purposes was carried out by an independent team from the actuary (Aon) for year end using the projected unit credit method. In the second half of FY24 the actuarial valuation provider was changed to Aon, having previously been a separate third party. This change facilitated the use of detailed member-by-member calculations to estimate defined benefit obligations, as applied during full actuarial valuations. This approach refines the roll-forward methodology used previously and is considered a change in accounting estimate.

The Committee reviewed assumptions applied by the actuary for the scheme and agreed these as appropriate. The refinement in methodology to use member-by-member calculation was also specifically considered, with the Committee confirming it appropriate to treat this as a change in accounting estimate.

Further analysis and detail on the Group's defined benefit pension scheme are set out in note 6.2 of the financial statements.

### External auditor

The Audit Committee considers the appointment of the external auditor each year. KPMG LLP (KPMG) was appointed as the Group's external auditor for the 2019 audit following a tender process in 2018. 2024 is KPMG's sixth year as the Group's external auditor. Paul Glendenning acted as audit partner for the first time this year, in line with normal rotation practice.

The Committee oversees the relationship with the external auditor, and monitors all services provided by and fees payable to it, to ensure that potential conflicts of interest are considered and that an objective and professional relationship is maintained.

In particular, the Committee reviews and monitors the independence and objectivity of the external auditor and the effectiveness of the audit process. At the outset of the annual audit process, the Committee receives a detailed audit plan from the auditor, identifying its assessment of the key risks and its intended areas of focus. This is agreed with the Committee to ensure coverage is appropriately focused.

The Committee also holds separate discussions with the external auditor without Executive management being present.

### Review of the effectiveness of the external auditor

The Committee evaluates the effectiveness of the external auditor annually. This evaluation includes a review of the effectiveness of the external audit process, consideration of whether management had been adequately challenged, interaction with the Committee and quality of the audit work. The 2023 review included reports from the external auditor and management incorporating feedback against a formal assessment framework from key members of the Group's finance team and those employees who had interacted with KPMG during the audit. The Group reviewed and discussed the overall structure of the audit team to ensure consistency and appropriate resourcing in future audits. This report was reviewed at the Committee's meeting in March 2024. Overall feedback was positive and where opportunities for improvement were identified in respect of earlier discussion with management regarding developments and changes during the period, KPMG was asked to take account of that feedback in the planning for future audit activity. KPMG and management also worked together to more clearly define the information required from management during the audit to aid increased audit efficiency. This review concluded that the audit was conducted to a good standard with appropriate focus and challenge on the key audit risks.

KPMG has discussed more generally the firm's process for enhancing audit quality and efficiency which includes internal quality reviews and enhanced use of technology.

## Audit fees and auditor re-appointment

During 2024, the Committee reviewed and approved the proposed audit fees and terms of engagement for the 2024 audit and recommended to the Board that it proposes to shareholders that KPMG be re-appointed as the Group's external auditor for 2025 at the AGM to be held on 31 January 2025.

## Auditor independence

To ensure the independence and objectivity of the external auditor and avoid a situation where the auditor's familiarity with the Group's affairs results in excessive trust, the Committee maintains a formal Auditor Independence Policy. The policy follows the ethical guidance on auditor independence issued by the FRC in December 2019. Under the policy all non-audit services permitted by the FRC require the specific approval of the Audit Committee. The policy also establishes guidelines for the recruitment of employees or former employees of the external auditor.

The breakdown of the fees paid to the external auditor is included in note 2.5 of the financial statements. KPMG also conducted a half year review on the interim financial results of the Group. No other non-audit services were provided by KPMG during the period.

## Internal control

The Committee regularly reviews the effectiveness of the Group's internal controls and risk management processes. This involves monitoring and reviewing the effectiveness of internal audit activities, which includes a review of the audits carried out and the recommendations arising. It also reviews management's responses and actions to address recommendations, and approves the internal audit programme and resourcing for 2025.

The internal audit programme for 2024 comprised seven risk-based audits undertaken by the Group Internal Audit Manager. The Group Internal Audit Manager reports directly to the Audit Committee, which considered and approved the scope of the 2024 internal audit programme to be undertaken. During the period, internal audit work was focused on inventory management, anti-bribery and corruption controls, sales and business development and governance arrangements within the SBUs.

IT controls are a particular area of focus and a programme, headed by the Group CISO, has been established to work towards Cyber Security Maturity Model Certification (mandatory cybersecurity controls that will be required by the US Department of Defense from 2025 onwards). 2024 saw some progress in improving IT controls including those related to access and master data management. This will remain an area of focus for 2025.

Under a rolling 12-month programme, the Audit Committee has approved planned internal audit activity for 2025 including audits of the new product introduction process and core financial controls.

During the year several improvements have been identified and actioned in respect of developing the Group's risk management processes. These included an increased emphasis on bottom-up risk documentation and analysis, along with enhanced controls documentation and reporting. The new controls requirements will be rolled out through 2025 following approval by the Committee.

For the current period the Group's internal control processes functioned at the SBU level. This was subject to monitoring by the Group Executive team, through quarterly SBU reviews where business performance is reviewed against budget, delivery of strategic priorities is measured against agreed timelines, core business metrics are reviewed (safety, quality, operational efficiency, sales and business development) and any required corrective actions plans are documented. This process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. It has been reviewed by the Board and monitored by the Committee, which is satisfied with the arrangements.

## Audit Committee effectiveness review

The evaluation of the effectiveness of the Audit Committee was conducted alongside the Board effectiveness review, information on which is provided in the Corporate Governance Report on page 86. The review concluded that the Audit Committee continued to operate effectively during the period.

**Bindi Foyle**
Chair of the Audit Committee
19 November 2024

Remuneration Committee Report

# LETTER FROM THE CHAIR

**Victor Chavez CBE**
Chair of the Remuneration Committee

**"The Directors' Remuneration Policy approved last year was designed to stimulate and reward the achievement of strategic goals and the translation of this into much improved financial performance. It is gratifying to see the Policy supporting and rewarding superior execution by the leadership team this year.**

### Attendance at Remuneration Committee meetings

During the period, the Remuneration Committee held four scheduled meetings. Attendance of the members of the Committee is recorded in the table below:

| Scheduled meetings | Attended | Eligible to attend |
|---|---|---|
| Victor Chavez | 4 | 4 |
| Bruce Thompson | 4 | 4 |
| Bindi Foyle | 4 | 4 |
| Maggie Brereton | 2 | 2 |
| Chloe Ponsonby | 2 | 2 |

I took on the role of chairing the Remuneration Committee in March 2024 and I am grateful for the handover provided by my predecessor, Chloe Ponsonby. As such I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2024. This includes the following three sections:

- this Annual Statement which summarises the work of the Remuneration Committee ('the Committee') in 2024 and sets out the context in which pay decisions were made;
- the Directors' Remuneration Policy ('the Policy') which received 97.5% support at the 2024 AGM and sets the parameters within which Directors are remunerated; and
- the Annual Report on Remuneration which provides: (i) details of the remuneration earned by Directors and the link between Company performance and pay in FY24; and (ii) how we intend to implement the Policy in FY25.

The Annual Statement and the Annual Report on Remuneration will, together, be subject to the usual advisory shareholder vote at the AGM on 31 January 2025. The Policy, which was approved in January 2024, will apply for the 2025 financial year.

## Remuneration Policy approval

At the January AGM, we received 97.5% shareholder support for our new Policy which included a one-off matching award. This was a bespoke arrangement and we are grateful for shareholders who participated in the consultation process and for their support. The annual bonus and Long Term Incentive Plan awards outlined in the Policy, including the one-off share matching awards made earlier in the year, are designed to reward the sustained delivery of financial and operational benefits.

To qualify for the matching scheme, the Executive Directors needed to purchase shares in Avon Technologies plc with a value of 100% of salary. They have subsequently fulfilled this requirement and each now hold investments in Avon Technologies plc worth considerably more than two year's net salary. This shows their commitment to the Group and aligns their net interests with shareholders.

## Business context

This has been the first full year of Jos Slater's leadership as CEO, closely supported by Rich Cashin as CFO. The Executive team has made excellent strategic progress during the year and the STAR strategy is clearly delivering benefits. It is gratifying to see that superior execution by the leadership team has led to considerable progress during the year through the launch of a new business structure and way of working and the change to a continuous improvement culture. Significant value has been generated for all stakeholders.

This year saw adjusted operating profit increase from $21.2m to $31.6m and improvements in working capital, both of which are rewarded through the annual bonus. As we enter 2025 there is more to do to continue to improve the Group's processes and facilities and 2025 will be a year where strong execution is critical, particularly in Team Wendy where significant financial and operational benefits are expected under the site consolidation programme.

## Remuneration outcomes for FY24

The annual bonus for FY24 was dependent on a scorecard of measures comprising adjusted Group operating profit (50%), average Group working capital turns (30%) and the delivery of strategic objectives (20%). The Group operating profit and working capital turns targets were met in full. Following strong individual performance and delivery against the strategic objectives the Committee has determined that 20% out of the 20% on strategic objectives should be payable. Total annual bonus payments for the Executive Directors are therefore 125% of salary.

Vesting of the Long-Term Incentive Plan award made to Rich Cashin on 8 March 2022 is based on two measures – relative TSR and EPS growth over a three-year performance period. The EPS growth element of the LTIP awards was, with hindsight, very stretching and has not been met, so this part of the award will lapse in full. Achievement of the TSR element will be measured over the three-year period ending on 31 January 2025. Based on an interim assessment of performance the TSR portion of the award is on track for around 60% vesting. Jos Sclater did not receive an award under this cycle of the LTIP.

No discretion was applied in determining the annual bonus and LTIP vesting outcomes. The Committee agreed the final remuneration outcomes reflected Group performance over the respective performance periods and was satisfied the Policy had operated as intended.

## How the Policy will be applied in FY25

For FY25, the second year of the three-year Policy term, we will seek to implement the Policy as follows:

### Fixed pay

Jos Sclater's salary will increase by 4% from £550,291 to £572,302 and Rich Cashin's salary will increase by 4% from £374,894 to £389,889. These increases are in line with the average general workforce increase of 4% for FY25. Pensions remain workforce aligned at 7.5% of base salary.

### Annual bonus

The maximum annual bonus opportunity will be 125% of salary, with 25% of any bonus earned deferred into shares for two years. The bonuses will be based on absolute Group adjusted operating profit (50%), average working capital turns (30%) and strategic objectives (20%). The targets are commercially sensitive but will be disclosed in full on a retrospective basis in next year's report.

### Long-Term Incentive Plan (LTIP)

The Committee intends to grant LTIP awards to senior executives and both Executive Directors in 2024. The Committee has determined that the 2025 LTIP will be based on absolute total shareholder return, EPS growth and ROIC measures. The TSR metric has been switched from relative to absolute to reflect the lack of a clear peer group for Avon Technologies plc and to provide a more transparent and clear set of targets for participants. The targets take into account a return to the normal LTIP structure (in contrast to the exceptional matching award made last year), as well as ensuring the targets are appropriately stretching against three-year internal and external forecasts. These are set out in the Annual Report on Remuneration.

### Views of our stakeholders

The Committee takes employees' views on pay into account. This is achieved through the Employee Opinion Survey and various other communication channels which support employee engagement. This year's survey results confirmed general satisfaction with pay and benefit levels across the Group but a strong desire for the introduction of a bonus scheme for the production workforce, which has since been introduced and is linked to manufacturing efficiency. Read more on page 53. The Committee takes the view of employees into account when considering executive remuneration and the pay and employment conditions throughout the wider workforce. The Committee monitors pay increases, bonus awards and other pay elements, including the annual cost of living increase.

In advance of last year's AGM, the Committee undertook a comprehensive review of our Policy which included a wide-reaching consultation exercise with shareholders in respect of proposed changes. I would like to thank shareholders for their valued input and the strong support received at the 2024 AGM.

I am always happy to hear from the Company's shareholders and you can contact me via the Company Secretary if you have any questions on this report or more generally in relation to the Company's remuneration.

**Victor Chavez CBE**
Chair of the Remuneration Committee
19 November 2024

## REMUNERATION AT A GLANCE

The key elements of Executive Directors' remuneration packages and our approach to implementation in 2025 are summarised below:

| | | Remuneration 2024 | Remuneration 2025 |
|---|---|---|---|
| **FIXED PAY** | **Salary (annual base)** | CEO: £550,291<br>CFO: £374,894 | CEO: £572,302 (4% increase effective 1 October 2024)<br>CFO: £389,889 (4% increase effective 1 October 2024) |
| | **Pension** | A 7.5% of salary employer contribution rate applies. This is aligned with the UK workforce contribution rate | No change |
| | **Benefits** | Includes car allowance, private health insurance and life insurance | No change |
| **ANNUAL BONUS** | **Maximum opportunity** | 125% of salary | No change |
| | **Award level and operation** | • Performance measures: absolute Group adjusted operating profit (50%), average Group working capital turns (30%) and strategic objectives (20%)<br>• 25% of the overall amount deferred into shares which vest after two years<br>• Malus and clawback provisions apply | No change |
| **LONG-TERM INCENTIVES** | **Award level** | **One-off share matching arrangement (FY24 only)**<br>• Up to 100% of salary investment matched at up to four times, i.e. up to 400% of salary<br>• Number of matching awards determined by matching the investment value and using the share price at grant<br>• CEO and CFO received 234,715 and 159,903 awards respectively | Reverting to normal LTIP awards with a face value of 175% of salary for the CEO and 150% of salary for the CFO |
| | **Operation** | • Performance measures: EPS (70% of award) and ROIC (30% of award)<br>• Performance measured over three years<br>• Vests in two tranches after three years (two-thirds of the award) and four years (one-third of the award)<br>• Vesting dependent upon retention of investment shares over the performance period<br>• Additional holding periods apply to vested awards such that no value can be realised until after five years from grant<br>• Malus and clawback provisions apply | Performance measures:<br>• EPS (50% of award), ROIC (30% of award) and absolute TSR (20% of award)<br>• Performance measured over three financial years<br>• Awards vest after three years<br>• Additional two-year holding period applies<br>• Malus and clawback provisions apply |
| **SHAREHOLDING GUIDELINES** | **In employment** | 200% of salary | No change |
| | **Post-employment** | 200% of salary to be held for two years post-employment | No change |

# DIRECTORS' REMUNERATION POLICY

This section of the report sets out a summary of our Directors' Remuneration Policy which was approved by shareholders on 26 January 2024 and took formal effect from that date. A full version can be found in the 2023 Annual Report and Accounts.

## Guiding policy

The Company's guiding policy on executive remuneration is that:

- executive remuneration packages should be clear and simple, taking into account the linkage between pay and performance by both rewarding effective management and making the enhancement of shareholder value a critical success factor in the setting of incentives, both in the short and the long term;
- the overall level of salary, incentives, pension and other benefits should be competitive (but not excessive) when compared with other companies of a similar size and global spread and should be sufficient to attract, retain and motivate Executive Directors of superior calibre in order to deliver long-term success; and
- performance-related components should form a significant proportion of the overall remuneration package, with maximum total potential rewards being earned through the achievement of challenging performance targets based on measures that are linked to the Company's KPIs and to the best interests of shareholders.

## Consideration of shareholder views

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. The Committee seeks to engage directly with major shareholders and their representative bodies on any material changes to the Policy. The Committee also considers shareholder feedback received in relation to the remuneration-related resolutions each year following the AGM. This, plus any additional feedback received from time to time (including any updates to shareholders' remuneration guidelines), is then considered as part of the Committee's annual review of the Policy and its implementation.

In its review of the Policy, the Committee conducted a comprehensive consultation exercise which sought feedback from shareholders holding over 45% of shares in issue, as well as from the main shareholder representative bodies. The Committee was very grateful for the comments received. The feedback, which was largely positive, was used constructively to shape our final proposals.

## Consideration of employment conditions elsewhere in the Group

The Committee closely monitors the pay and conditions of the wider workforce and the design of the Directors' Remuneration Policy is informed by the policy for employees across the Group.

While employees are not formally consulted on the design of the Directors' Remuneration Policy, the Board receives views through a Global Employee Advisory Forum comprising representatives from our Culture Champion network. Another way in which the Board engages with employees across the Group on remuneration is through the Employee Opinion Survey, which includes a section dedicated to pay and benefits. The results of this are shared with the Board.

## Differences in pay policy for Executive Directors compared to employees more generally

As for the Executive Directors, general practice across the Group is to recruit employees at competitive market levels of remuneration, incentives and benefits to attract and retain employees, accounting for national and regional talent pools. When considering salary increases for Executive Directors, the Committee will take into account salary increases and pay and employment conditions across the wider workforce. The pension contribution for Executive Directors is consistent with that for the general workforce. A significant proportion of employees are able to earn annual bonuses for delivering exceptional performance, with corporate performance measures aligned to those set for the Executive Directors. All employees, including the Executive Directors, have the opportunity to participate in the tax-approved share incentive plans. There are some differences in the structure of the Policy for the Executive Directors compared to that for other employees within the organisation, which the Committee believes are necessary to reflect the differing levels of seniority and responsibility. At senior levels, remuneration is increasingly long term and 'at risk', with an increased emphasis on performance-related pay and share-based remuneration. This ensures the remuneration of the Executives is aligned with both the long-term performance of the Company and the interests of shareholders.

## DIRECTORS' REMUNERATION POLICY CONTINUED

### Policy table

The table below sets out the main components of the Directors' Remuneration Policy, together with further information on how these aspects of remuneration will operate. The Remuneration Committee has discretion to amend remuneration and benefits to the extent described in the table and the written sections that follow it.

| Element of remuneration | Purpose and link to strategy | Operation | Maximum potential value | Performance targets |
|---|---|---|---|---|
| **Basic salary** | To provide competitive fixed remuneration.<br><br>To attract and retain Executive Directors of superior calibre in order to deliver long-term business success.<br><br>Reflects individual experience and role.<br><br>The Committee's aim is to position salaries around the mid-market level of companies of a similar size, scale and complexity. | Normally reviewed annually by the Remuneration Committee with increases typically effective 1 October.<br><br>Individual salary adjustments take into account each Executive Director's role, competence and performance. Significant adjustments are infrequent and normally reserved for material changes in role, a significant increase in the size/complexity of the Group, or where an individual has been appointed on a low salary with an intention to bring them to market levels over time and subject to performance.<br><br>Other factors which will be taken into account will include pay and conditions elsewhere in the Group, progression within the role, and competitive salary levels in companies of a broadly similar size and complexity. | No prescribed maximum or maximum increase.<br><br>The normal approach will be to limit increases to the average level across the wider workforce, though increases above this level may be awarded subject to Committee discretion to take account of certain circumstances, such as those stated under the 'Operation' column of this table.<br><br>On recruitment or promotion, the Committee will consider previous remuneration and pay levels for comparable companies (for example, companies of a similar size and complexity, industry sector or location), when setting salary levels. This may lead to salary being set at a lower or higher level than for the previous incumbent. | Although there are no formal performance conditions, any increase in base salary is only implemented after careful consideration of individual contribution and performance and having due regard to the factors set out in the 'Operation' column of this table. |
| **Benefits** | To provide competitive fixed remuneration.<br><br>To attract and retain Executive Directors of superior calibre in order to deliver long-term business success. | Executive Directors are entitled to benefits such as travel-related benefits including a car or car allowance, medical assessments, private health insurance and life assurance. Executive Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms.<br><br>Any reasonable business-related expenses (and any tax thereon) can be reimbursed if determined to be a taxable benefit.<br><br>Executive Directors will be eligible to participate in any all-employee share plan operated by the Company, on the same terms as other eligible employees.<br><br>For external and internal appointments or relocations, the Company may pay certain relocation and/or related incidental expenses as appropriate. | As it is not possible to calculate in advance the cost of all benefits, a maximum is not pre-determined.<br><br>The maximum level of participation in all-employee share plans is subject to the limits imposed by the relevant tax authority from time to time. | Not applicable. |

| Element of remuneration | Purpose and link to strategy | Operation | Maximum potential value | Performance targets |
|---|---|---|---|---|
| **Pension** | To reward sustained contributions by providing retirement benefits. | The Company funds contributions to a Director's pension as appropriate through contribution to the Company's money purchase scheme or through the provision of salary supplements or a combination of these. | Company contribution up to the prevailing rate offered to the workforce in the country where they are based at the time (currently 7.5% of salary in the UK). | Not applicable. |
| **Annual bonus** | Rewards the achievement of annual financial and business targets aligned with the Group's KPIs.<br><br>Maximum bonus only payable for achieving demanding targets.<br><br>Deferred element encourages long-term shareholdings and discourages excessive risk taking. | Bonus is based on performance in the relevant financial period. Any payment is discretionary and will be subject to the achievement of stretching performance targets.<br><br>Bonus is normally paid in cash, except 25% of any bonus which is deferred into shares for two years.<br><br>Bonuses are not contractual and are not eligible for inclusion in the calculation of pension arrangements.<br><br>Recovery and withholding provisions apply in cases of misconduct, corporate failure, reputational damage, error in calculation of a bonus and material misstatement of financial results.<br><br>Dividends or dividend equivalents may accrue on deferred shares. | Capped at 125% of salary. | The Committee sets performance measures and targets that are appropriately stretching each year, taking into account key strategic and financial priorities and ensuring there is an appropriate balance between incentivising Executive Directors to meet targets, while ensuring they do not drive unacceptable levels of risk or inappropriate behaviours.<br><br>The majority of the bonus will normally be based on financial measures and the balance could be based on non-financial, strategic, personal and/or ESG-related objectives.<br><br>A graduated scale of targets is normally set for each measure, with no pay-out for performance below a threshold level of performance.<br><br>The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business performance. |
| **Long-Term Incentive Plan** | Designed to align Executive Directors' interests with those of shareholders and to incentivise the delivery of sustainable earnings growth and superior shareholder returns. | Awards of conditional shares or nil cost option awards which normally vest after three years subject to the achievement of performance targets and continued service.<br><br>An additional two-year holding period applies after the end of the three-year vesting period.<br><br>Recovery and withholding provisions apply in cases of misconduct, corporate failure, reputational damage, error in calculation of award and material misstatement of financial results.<br><br>Dividend equivalents may be paid for awards to the extent they vest.<br><br>The Committee retains discretion to adjust vesting levels in exceptional circumstances, including but not limited to regard of the overall performance of the Company or the grantee's personal performance. | Executive Directors may receive an award of up to 175% of basic salary per annum.<br><br>The Committee will consider the prevailing share price when deciding on the number of shares to be awarded as part of any LTIP grant.<br><br>A 10% in ten years dilution limit governing the issue of new shares to satisfy all share schemes operated by the Company will apply. | Performance measures may include, and are not limited to, relative TSR, ROIC, EPS, strategic measures and ESG-related objectives.<br><br>The Committee retains discretion to set alternative weightings or performance measures for awards over the life of the Policy.<br><br>100% of awards vest for stretch performance, up to 20% of an award would normally vest for threshold performance and no awards vest below this. Underpins may apply. |

## DIRECTORS' REMUNERATION POLICY CONTINUED

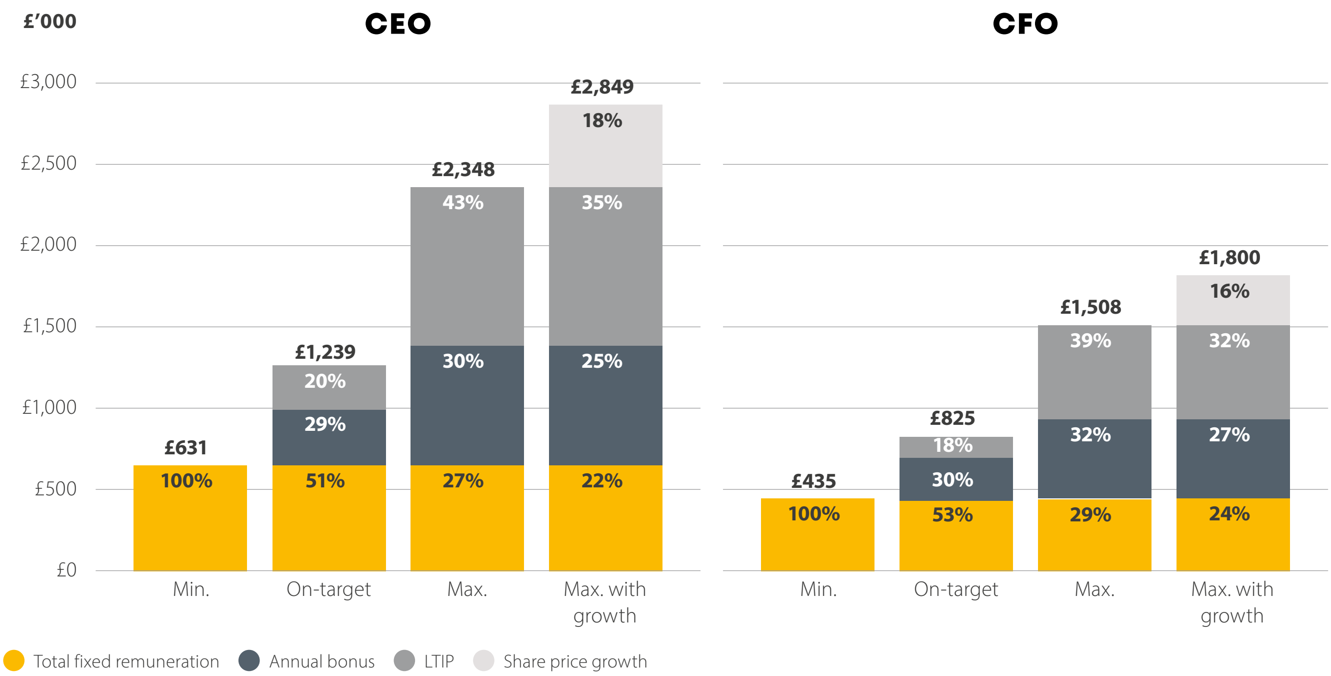
**Policy table** continued

| Element of remuneration | Purpose and link to strategy | Operation | Maximum potential value | Performance targets |
|---|---|---|---|---|
| **One-off share matching arrangement under the Long-Term Incentive Plan FY24 (no further matching awards will be granted)** | Designed to be retentive over the longer term, to incentivise the new management team to deliver a turnaround and a significant improvement in financial performance, and to closely align Executive Directors' interests with those of shareholders. | To participate in the arrangement, the Executive Directors were required to purchase ordinary shares with their own funds ('Investment Shares') and in return they received a matching award ('Matching Shares').<br><br>Awards of Matching Shares were made as nil cost options which will normally vest in two tranches after three years (2/3 of the award) and four years (1/3 of the award) subject to retention of the Investment Shares over the performance period, achievement of performance targets and continued service.<br><br>Additional two-year and one-year holding periods apply after the end of the three-year and four-year vesting periods respectively.<br><br>Failure to retain the Investment Shares over the full performance period will normally result in a pro-rata reduction in Matching Shares under award.<br><br>Recovery and withholding provisions apply in cases of misconduct, corporate failure, reputational damage, error in calculation of award and material misstatement of financial results.<br><br>Dividend equivalents may be paid for awards to the extent they vest.<br><br>The Committee retains discretion to adjust vesting levels in exceptional circumstances, including but not limited to regard of the overall performance of the Company or the grantee's personal performance. | **Investment Shares**<br>Executive Directors were able to invest up to an overall maximum of 100% of annual salary.<br><br>**Matching Shares**<br>Executive Directors could receive an award equal to up to four times the value of Investment Shares purchased, i.e. up to 400% of salary. The number of awards was based on the share price at the time of grant.<br><br>Awards to Executive Directors were subject to an overall cap of 450,000 shares in aggregate (CEO: 267,656 shares; and CFO: 182,344 shares).<br><br>No further awards under the Long-Term Incentive Plan may be made in addition to the Matching Shares in the same financial year.<br><br>A 10% in ten years dilution limit governing the issue of new shares to satisfy all share schemes operated by the Company will apply. | Not applicable. |
| **Share ownership guidelines** | To increase alignment between Executives and shareholders. | Executive Directors are required to retain at least 50% of their net of tax vested awards until the in-employment shareholding guideline is met.<br><br>Nil cost options which have vested but are yet to be exercised and deferred bonus awards subject to a time condition only may be considered to count towards the in-employment shareholding on a notional post-tax basis. | Executive Directors are required to build up and maintain an in-employment shareholding worth 200% of salary (100% for other senior management).<br><br>Executive Directors are normally required to hold shares at a level equal to the lower of their shareholding at cessation and 200% of salary for two years post-employment (excluding shares purchased with own funds and any shares from share plan awards made before the adoption of the previous Policy (approved on 29 January 2021)). | Not applicable. |

| Element of remuneration | Purpose and link to strategy | Operation | Maximum potential value | Performance targets |
|---|---|---|---|---|
| **Chair and Non-Executive Directors' fees and benefits** | To provide compensation in line with the demands of the roles at a level that attracts high calibre individuals and reflects their experience and knowledge. | Fees are normally reviewed annually taking into account factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity.<br><br>The Chair is paid an all-inclusive fee for all Board responsibilities.<br><br>Fees for the other Non-Executive Directors may include a base fee and additional fees for further responsibilities (for example, for chairing Board Committees or for holding the office of Senior Independent Director).<br><br>The Company repays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties as a Director, including travel, hospitality-related and other modest benefits and any tax liabilities thereon, if appropriate.<br><br>If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload. | No prescribed maximum fee or maximum fee increase.<br><br>Increases will be informed by taking into account internal benchmarks such as the salary increase for the general workforce and will have due regard to the factors set out in the 'Operation' column of this table. | Not applicable. |

## Illustration of the application of the Policy

The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our Policy results in a significant proportion of remuneration received by Executive Directors being dependent on performance. The charts below illustrate how the Policy would function for minimum, on-target and maximum performance in the second year of the Policy.



# DIRECTORS' REMUNERATION POLICY CONTINUED

## Illustration of the application of the Policy continued

### Assumptions for the chart above

- **Minimum:** comprises fixed pay for the year made up of base salary (applying from 1 October 2024), the value of pension at 7.5% of annual base salary and the estimated value of benefits using FY24 values.
- **On-target:** bonus achieved at 50% of the maximum opportunity, i.e. 62.5% of salary and with the on-target level of vesting assumed to be 25% of the face value of grant.
- **Maximum:** full bonus achieved and the share matching arrangement vesting in full, i.e. 125% of salary bonus pay-out and an LTIP grant of 175% of salary for CEO and 150% for CFO.
- Share price appreciation of 50% has been assumed for the LTIP awards under the final 'Max. with growth' scenario.
- Amounts relating to all-employee share schemes have, for simplicity, been excluded from the charts.

## Selection of performance measures and targets

### Annual bonus

The Executive Directors' annual bonus arrangements are focused on the achievement of the Company's short and medium-term financial objectives, with financial measures selected to closely align the performance of the Executive Directors with the strategy of the business and with shareholder value creation. Where non-financial objectives are set, these are chosen to support the delivery of the longer-term strategic milestones and which link to those KPIs of most relevance to each Director's individual responsibilities.

Details of the measures used for the annual bonus are provided in the Annual Report on Remuneration.

### Long-Term Incentive Plan

One of the primary aims of the share matching arrangement was to motivate participants to make a substantial investment in the Group and to achieve very stretching adjusted EPS and ROIC growth targets aligned to the delivery of the STAR strategy.

The share matching arrangement operated for the first year of the 2024 Policy period only, after which the Committee has returned to making annual awards under our normal LTIP. The Committee will review the choice of performance measures and the appropriateness of the performance targets prior to each LTIP grant. The target ranges for LTIP awards will be set as sliding scales which will be calibrated at the time of award taking account of internal and external forecasts, to encourage continuous improvement and incentivise the delivery of stretch performance. Details of the measures, weightings and targets for the FY25 awards are set out in the Annual Report on Remuneration.

## Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- determining the extent of vesting;
- treatment of awards and/or payments on a change of control or restructuring of the Group;
- whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or special dividends);
- what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year;
- the ability, within the Policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards. Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders; and
- the ability to override formulaic outcomes in line with Policy.

All assessments of performance are ultimately subject to the Committee's judgement and discretion is retained to adjust payments in appropriate circumstances as outlined in this Policy. Any discretion exercised (and the rationale) will be disclosed.

## Legacy arrangements

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any previous commitments entered into with current or former Directors (such as the payment of a pension or the unwinding of legacy share schemes or historical share awards granted before the approval of this Policy) that remain outstanding.

## Approach to recruitment remuneration

New Executive Directors will be offered a base salary in line with the Policy. This will take into consideration a number of factors including external market forces, the expertise, experience and calibre of the individual and current level of pay. Where the Committee has set the salary of a new appointment at a discount to the market level initially until proven, an uplift or a series of planned increases may be applied in order to bring the salary to the appropriate market position over time. For external and internal appointments, the Committee may agree that the Company will meet appropriate relocation and/or related incidental expenses as appropriate.

Annual bonus awards, LTIP awards and pension contributions would not be in excess of the levels stated in the Policy and, if appropriate, may include participation in the matching arrangement in FY24.

Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. An LTIP award can be made shortly following an appointment (assuming the Company is not in a close period). In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment.

In addition, the Committee may offer additional cash and/or share-based buyout awards when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration given up at the individual's former employer. This includes the use of awards made under 9.4.2 of the Listing Rules. Such awards would be capped at a reasonable estimate of the value forgone and would reflect, as far as possible, the delivery mechanism, time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment and/or in the next published Annual Report.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy.

## Service contracts, letters of appointment and policy on payments for loss of office

### Executive Directors

The Company's policy is that Executive Directors should normally be employed under a contract which may be terminated by either the Company or the Executive Director giving no more than 12 months' notice.

The Company may terminate the contract with immediate effect with or without cause by making a payment in lieu of notice by monthly instalments of salary and benefits, with reductions for any amounts received from providing services to others during this period. There are no obligations to make payments beyond those disclosed elsewhere in this report.

The Remuneration Committee strongly endorses the obligation on an Executive Director to mitigate any loss on early termination and will seek to reduce the amount payable on termination where it is appropriate to do so. The Committee will also take care to ensure that, while meeting its contractual obligations, poor performance is not rewarded. The Executive Directors' contracts contain early termination provisions consistent with the Policy outlined above.

The Group may pay outplacement and professional legal fees incurred by Executives in finalising their termination arrangements, where considered appropriate, and may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans.

A pro-rated bonus may be paid subject to performance, for the period of active service only. Outstanding share awards may vest in accordance with the provisions of the various scheme rules.

Under the Deferred Bonus Plan, the default treatment is that any outstanding awards will continue on the normal timetable, save for forfeiture for serious misconduct. Clawback and malus provisions will also apply. On a change of control, awards will generally vest on the date of a change of control, unless the Committee permits (or requires) awards to roll over into equivalent shares in the acquirer.

Under the LTIP, any outstanding awards will ordinarily lapse; however, in 'good leaver' cases the default treatment is that awards will vest subject to the original performance condition and time pro-ration and the holding period will normally continue to apply.

For added flexibility, the rules allow for the Committee to decide not to pro-rate (or pro-rate to a lesser extent) if it decides it is appropriate to do so, and to allow vesting to be triggered at the point of leaving by reference to performance to that date, rather than waiting until the end of the performance period. On a change of control, any vesting of awards will be subject to assessment of performance against the performance conditions and normally be pro-rated. The Committee has the flexibility to decide not to pro-rate (or to pro-rate to a lesser extent) if it decides it is appropriate to do so.

Where a buy-out award is made under the Listing Rules then the leaver provisions would be determined as part of the terms of the award.

### Chair and Non-Executive Directors

All Non-Executive Directors have letters of appointment rather than service contracts and are appointed on a rolling annual basis, which may be terminated on giving up to three months' notice at any time by either party.

Chair and Non-Executive Director appointments are subject to Board approval and election by shareholders at each Annual General Meeting.

Key details of the service contracts and letters of appointment of the current Directors can be found in the Annual Report on Remuneration and all service contracts and letters of appointment are available for inspection at the Company's registered office.

## External appointments

The Company recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such Non-Executive duties can broaden a Director's experience and knowledge which can benefit Avon Technologies. Subject to approval by the Board, Executive Directors are allowed to accept Non-Executive appointments, provided that these appointments are not likely to lead to conflicts of interest, and the Committee will consider its approach to the treatment of any fees received by Executive Directors in respect of Non-Executive roles as they arise.

# ANNUAL REPORT ON REMUNERATION

## Role and composition of the Remuneration Committee

The Board is ultimately accountable for executive remuneration and delegates this responsibility to the Remuneration Committee. The Remuneration Committee is responsible for developing and implementing a Remuneration Policy that supports the Group's strategy and for determining the Executive Directors' individual packages and terms of service together with those of the other members of the Executive Committee. When setting the remuneration terms for Executive Directors, the Committee reviews and has regard to workforce remuneration and related policies and takes close account of the UK Corporate Governance Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

The Remuneration Committee's terms of reference are available on the Company's website and include:

- determining and agreeing with the Board the policy for the remuneration of the Company's CEO, CFO, Chair and Company Secretary and such other members of the senior management team as it chooses to consider or is designated to consider (currently the Executive Committee), having regard to remuneration trends across the Group;
- putting in place a remuneration structure that supports strategy and promotes long-term sustainable success – with executive remuneration aligned to Company purpose and values and clearly linked to the successful delivery of the Company's long-term strategy – and which attracts, retains and motivates executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- reviewing the pay arrangements put in place for the broader workforce;
- within the terms of the agreed policy, determining the total individual remuneration package of each Executive Director including, where appropriate, bonuses, incentive payments, share options and pension arrangements;
- determining the targets for the performance-related bonus schemes for the Executive Directors and the Group Executive management team;
- reviewing the design of all share incentive plans for approval by the Board and shareholders;
- for any such discretionary plans, determining each year whether awards will be made, the overall amount of such awards, the individual awards to Executive Directors and the Group Executive management team (and others) and the performance targets to be used; and
- agreeing termination arrangements for senior executives.

The Committee currently comprises Victor Chavez (Chair), Bruce Thompson, Bindi Foyle and Maggie Brereton.

By invitation of the Committee, meetings are also attended by the CEO, CFO and Company Secretary (who acts as secretary to the Committee), who are consulted on matters discussed by the Committee, unless those matters relate to their own remuneration. Advice or information is also sought directly from other employees where the Committee feels that such additional contributions will assist the decision-making process.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Role and composition of the Remuneration Committee continued

The Committee is authorised to take such internal and external advice as it considers appropriate in connection with carrying out its duties, including the appointment of its own external remuneration advisors. During the period, the Committee was assisted in its work by FIT Remuneration Consultants LLP ('FIT'). FIT was appointed in December 2019 and has provided advice in relation to general remuneration matters and the review of the Remuneration Policy. Fees paid to FIT in relation to advice provided to the Committee during the current period were £31,540 (excluding VAT), charged on a time/cost basis. FIT also provided advice to the Company in relation to Non-Executive Director fees and on technical share plan implementation matters but other than this did not provide any other services to the Company.

FIT is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice it received from FIT was objective and independent.

The Committee addressed the following main topics during the financial period:

- engaged extensively with shareholders in advance of the 2024 AGM to understand the views of shareholders in respect of the 2024 Directors' Remuneration Policy. At the conclusion of the consultation exercise, the Committee wrote to our largest shareholders with details of the Committee's conclusions;
- assessed whether our remuneration framework is appropriately aligned with our culture and values and motivates our leaders to achieve the Group's strategic objectives;
- reviewed guidance from investor bodies and institutional shareholders;
- reviewed and approved the remuneration packages for our current Executive Directors;
- approved the annual bonus outcome for the 2022/23 financial period and received updates on the 2023/24 bonus scheme (financial performance and strategic measures);
- reviewed and confirmed the performance outcomes of the LTIP awards granted in February 2021;
- monitored the performance of the outstanding awards against their performance targets;
- approved restricted stock awards for a select group of key employees as a retention tool; and
- approved the one-off share matching awards to Executive Directors after the AGM in January 2024 and the terms of LTIP awards granted to other senior executives.

Since the end of the 2023/24 financial period, the Committee has:

- approved annual bonus outcomes for the Executive Directors and the Executive Board, following completion of the external audit in November 2024;
- agreed the annual bonus structure for the year ending 30 September 2025; and
- agreed the LTIP metric and targets for awards to be granted in 2024/25.

The information that follows has been audited (where indicated) by the Company's auditor, KPMG LLP.

### Single total figure of remuneration for Directors for the year ended 30 September 2024 (audited)

Directors' single total figures of remuneration for the year ended 30 September 2024 were as follows:

| | | Basic salary and fees £'000 | Pension[1] £'000 | Other benefits[2] £'000 | Fixed remuneration sub-total £'000 | Annual bonus £'000 | LTIP[6] £'000 | Variable remuneration sub-total £'000 | Total remuneration £'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Current Executive Directors** | | | | | | | | | |
| Jos Sclater | 2024 | 550 | 41 | 16 | 607 | 688 | - | 688 | 1,295 |
| | 2023 | 376 | 29 | 12 | 417 | 93 | - | 93 | 510 |
| Rich Cashin | 2024 | 375 | 28 | 16 | 419 | 469 | 124[5] | 593 | 1,012 |
| | 2023 | 359 | 27 | 14 | 400 | 90 | - | 90 | 490 |
| **Non-Executive Directors** | | | | | | | | | |
| Bruce Thompson | 2024 | 183 | - | - | 183 | - | - | - | 183 |
| | 2023 | 175 | - | - | 175 | - | - | - | 175 |
| Chloe Ponsonby[3] | 2024 | 34 | - | - | 34 | - | - | - | 34 |
| | 2023 | 65 | - | - | 65 | - | - | - | 65 |
| Bindi Foyle | 2024 | 65 | - | - | 65 | - | - | - | 65 |
| | 2023 | 60 | - | - | 60 | - | - | - | 60 |
| Victor Chavez | 2024 | 57 | - | - | 57 | - | - | - | 57 |
| | 2023 | 50 | - | - | 50 | - | - | - | 50 |
| Maggie Brereton[4] | 2024 | 26 | - | - | 26 | - | - | - | 26 |
| | 2023 | - | - | - | - | - | - | - | - |

**Notes to total figure of remuneration table**

1. Rich Cashin was a member of the Group's money purchase scheme in FY24. Contributions to the scheme were £5k. Remaining pension contributions for Rich Cashin and Jos Sclater were paid as a salary supplement.
2. Benefits for FY24 included a car allowance, the cost of private health insurance, critical illness cover and executive medical.
3. Chloe Ponsonby stepped down from the Board on 31 March 2024.
4. Maggie Brereton joined the Board as Non-Executive Director on 1 April 2024.
5. Based on an assessment undertaken to 5 November 2024, the TSR performance is tracking at 61.25% vesting (or 31.1% of the whole award) and is reflected in the above table. Rich Cashin's LTIP figure in the single figure table reflects the provisional TSR vesting outcome and has been valued using a share price of 1,255 pence, being the three-month average share price to 30 September 2024.
6. The notional non-cash IFRS 2 share-based payment expense in respect of the Directors was $754k (2023: $332k).

### Annual bonus for the year ended 30 September 2024 (audited)

The annual bonus opportunity for Executive Directors for FY24 was 125% of salary and this was based on absolute Group operating profit (50%), average working capital turns (30%) and strategic objectives (20%).

The targets applying to each measure and performance against them are set out in the table below:

| Including Armour | Threshold (0% payable) | Target (50% payable) | Stretch (100% payable) | Actual/ reported | % achievement | Bonus payable (% of maximum) |
|---|---|---|---|---|---|---|
| Absolute Group adjusted operating profit (50%) | $26.5m | $29.4m | $30.9m | $31.6m | 100% | 50% |
| Average working capital turns (30%) | 3.6 | 4.0 | 4.2 | 4.5 | 100% | 30% |
| Strategic objectives (20%) | | Set out in more detail below | | | 100% | 20% |
| | | | | | Total | 100% |

- Absolute Group operating profit means adjusted operating profit as defined in the Adjusted Performance Measures section of the 2024 Annual Report.
- Average Group working capital turns means the ratio of the 12-month average month end working capital (defined as the total of inventory, receivables and payables excluding lease liabilities) to revenue as defined in the Adjusted Performance Measures section of the 2024 Annual Report.

The strategic element of the bonus for FY24 was based on the following broad categories with objectives assigned to each. The categories and achievements are set out in the table below:

| | |
|---|---|
| Grow faster than our markets by successfully ramping up production on key programmes | Ramp up on NG IHPS, ACH and EPIC helmet programmes progressed well and rebreather deliveries were made to plan. Revenue grew by 12%, significantly ahead of the market. |
| Build the foundations for medium-term growth by increasing the order book and pipeline | Order book $89.4m higher than prior year. Pipeline significantly larger and more visible. Key strategic wins included the UK General Service Respirator, Australia masks, German rebreathers and the Swedish Police. |
| Ensure the long-term future of the Group by developing products to deliver long-term growth | Good success winning DOD technology/product development programmes, CBRN suit launched and the MITR half mask launched and on track for full system launch next year. |
| Create a strong platform for margin expansion and strong cash flow | Margin and cash flow significantly ahead of budget and market expectations. Both uplifts were delivered on a sustainable basis. Investment in R&D went up 12% in the year on a gross basis, with no expenditure being capitalised. Scrap as a percentage of revenue was down from 3.9% to 1.6% despite the new product ramp-up. |
| Outmanage peers by ensuring excellent strategy execution | Following a period of upheaval, we now have SBU teams with capable, motivated and aligned people, brought together by a common set of values. The Group is taking on increasingly complex projects and we have strengthened our programme management capability. |

Based on the above assessment, a bonus of 100% of maximum (or 125% of salary) was earned. The Committee believes this is an appropriate outcome and reflects underlying business performance during the year. In line with the Policy, one quarter of the bonus will be deferred in shares for two years.

### Incentive awards vesting (audited)

Awards were granted on 1 February 2022 under the LTIP to the former CEO and on 8 March 2022 to current CFO Rich Cashin and these were based on three-year performance targets. Half of the award was subject to a relative TSR condition (measuring performance against the constituents of the FTSE 250 excluding investment trusts) and the other half was subject to EPS growth targets.

The TSR measurement period will end on 1 February 2025 and the Company's TSR performance will be reviewed and determined at this point. The Company delivered an adjusted basic EPS of 69.9c, which was below the threshold growth target. Therefore, this element of the award will lapse.

| | Weighting | Threshold | Maximum | Actual performance | % vesting |
|---|---|---|---|---|---|
| TSR | 50% | Median | Upper quintile | Between median and upper quartile (10.8% of TSR) | 61.25% (estimated) |
| Adjusted basic EPS | 50% | 100c | 140c | 69.9c | 0% |

Based on an assessment undertaken to 5 November 2024, the TSR performance is 10.8% which is tracking at 61.25% vesting and is reflected in the above table. Rich Cashin's LTIP figure in the single figure table reflects the provisional TSR vesting outcome of 31.1% and has been valued using a share price of 1,255p, being the three-month average share price to 30 September 2024.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Single total figure of remuneration for Directors for the year ended 30 September 2024 (audited) continued

**LTIP awards granted in the year ended 30 September 2024 (audited)**

The table below provides details of share awards made to Jos Sclater and Rich Cashin on 26 January 2024:

| | Type of award | Basis of award | Number of shares under award[1] | Face value of award £'000 | % vesting at threshold | End of performance period |
|---|---|---|---|---|---|---|
| Jos Sclater | Nil cost option | Matching award 4x salary | 234,715 | 2,201 | 12.5% | 30 September 2026 |
| Rich Cashin | Nil cost option | Matching award 4x salary | 159,903 | 1,500 | 12.5% | 30 September 2026 |

1 The total number of shares under the award was determined by dividing 100% of base salary as at 1 October 2023 x4 by £9.378 (the average of the closing prices for the five dealing days preceding the grant date of 26 January 2024).

Jos Sclater and Rich Cashin designated 72,230 and 46,969 of their previously purchased shares in the Company respectively as 'investment shares' for the purposes of the matching award. This equated to an investment of 100% of base salary, and these investment amounts (£) were matched on a 4:1 basis. The value of the matched amounts was divided by £9.378 (being the average of the closing prices for the five dealing days preceding the grant date of 26 January 2024). This resulted in 234,715 awards being granted to Jos Sclater and 159,903 awards to Rich Cashin.

Vesting of this award will be based on three-year performance with 70% on adjusted basic earnings per share (EPS) and 30% on return on invested capital (ROIC), each independently assessed as follows:

| | FY26 EPS (70%) | FY26 ROIC (30%) | Match |
|---|---|---|---|
| Threshold | 90c | 16% | 0.5:1 (i.e. 12.5% vesting) |
| Normal LTIP maximum | 125c | 18% | 0.75:1 (i.e. 43.75% vesting) |
| Matching award maximum | 150c | 20% | 4:1 (i.e. 100% vesting) |

Two-thirds of the awards will be eligible to vest after three years and the remaining one-third after four years.

The Remuneration Committee also retains a general discretion to reduce the extent of vesting of the awards generally if it considers that the underlying business performance of the Company does not justify vesting.

### Directors' shareholdings and share interests and position under shareholding guidelines (audited)

Beneficial interests of Directors, their families and trusts in ordinary shares of the Company at 30 September 2024 were:

| | Number of shares owned outright (including connected persons) | Unvested shares subject to performance conditions[1] | Shareholding as a % of salary as at 30 September 2024 | Shareholding guidelines (200% of salary) met? |
|---|---|---|---|---|
| Jos Sclater | 73,804[2] | 319,322 | 163.6% | No |
| Rich Cashin | 48,875[2] | 241,995 | 159.1% | No |
| Bruce Thompson | 41,000 | - | N/A | N/A |
| Bindi Foyle | 2,000 | - | N/A | N/A |
| Chloe Ponsonby[3] | 4,550 | - | N/A | N/A |
| Victor Chavez | 3,048 | - | N/A | N/A |
| Maggie Brereton | 1,565 | - | N/A | N/A |

1 Unvested LTIP awards.

2 Includes 1,553 deferred bonus shares for Jos Sclater, and 2,675 deferred bonus shares for Rich Cashin.

3 Chloe Ponsonby stepped off the Board on 31 March 2024.

### Outstanding LTIP awards (audited)

| | Award date | Award held at 1 October 2023 | Granted in the period | Vested in the period | Lapsed in the period | Outstanding awards at 30 September 2024 |
|---|---|---|---|---|---|---|
| Jos Sclater | 26.01.24 | - | 234,715 | - | - | 234,715 |
| | 18.01.23 | 84,607 | - | - | - | 84,607 |
| Rich Cashin | 26.01.24 | - | 159,903 | - | - | 159,903 |
| | 21.12.22 | 49,406 | - | - | - | 49,406 |
| | 08.03.22 | 32,686 | - | - | - | 32,686 |

The awards granted in 2022 and 2023 are subject to two performance criteria. Half the awards are subject to a relative TSR measure and the other half are subject to an EPS growth condition. The 2024 one-off matching awards are subject to EPS and ROIC conditions as set out earlier in this report.

## Dilution

The Company reviews the awards of shares made under the all-employee and executive share plans in terms of their effect on dilution limits in any rolling ten-year period. In respect of the 5% and 10% limits recommended by the Investment Association, in the ten years ending on 30 September 2024, the Company has not issued any new shares in this period.

It remains the Company's practice to use an Employee Share Ownership Trust (ESOT) in order to meet its liability for shares awarded under the LTIP.

At 30 September 2024 there were 555,205 shares held in the ESOT which will either be used to satisfy awards granted under the LTIP to date, or in connection with future awards. A hedging committee ensures that the ESOT holds sufficient shares to satisfy existing and future awards made under the LTIP by buying shares in the market or recommending the Company issues new shares. Shares held in the ESOT do not receive dividends.

As at 30 September 2024, the market price of Avon Technologies plc shares was £12.20 (2023: £6.18). During the year ended 30 September 2024 the highest and lowest daily closing market prices were £5.93 and £13.78 respectively.

## Share Incentive Plan

The Company currently operates the Avon Rubber p.l.c. Share Incentive Plan (SIP), approved by shareholders at the AGM in February 2012. All UK tax resident employees of the Company and its subsidiaries are entitled to participate. Under the SIP, participants purchase shares in the Company monthly using deductions from their pre-tax pay. Jos Sclater and Rich Cashin purchased 321 shares under the SIP during the period. The maximum contribution each month under the SIP is currently £150, a sum which is set by the Government.

## Payments to past Directors, including payments for loss of office (audited)

There were no payments to past Directors, including payments for loss of office, during the year to 30 September 2024.

Paul McDonald stepped down from the Board and his role as CEO on 30 September 2022. As a good leaver, Paul was allowed to keep his unvested LTIP awards subject to achievement of performance criteria and a time pro-rata reduction. The EPS portion of the LTIP award granted to Paul on 1 February 2022 failed to meet the threshold performance conditions and this element of the award will lapse. The performance period for the TSR element ends on 31 January 2025 and will be assessed after this date.

## Service contracts and letters of appointment

The table below summarises key details in respect of each Executive Director's contract.

| | Contract date | Company notice period | Executive notice period |
|---|---|---|---|
| Jos Sclater | 17 October 2022 | 12 months | 12 months |
| Rich Cashin | 6 January 2022 | 12 months | 12 months |

The date of each Non-Executive appointment is set out below, together with the date of their last re-election by shareholders.

| | Date of initial appointment | Date of last re-election |
|---|---|---|
| Maggie Brereton | 1 April 2024 | N/A |
| Bruce Thompson | 1 March 2020 | 26 January 2024 |
| Bindi Foyle | 1 May 2020 | 26 January 2024 |
| Victor Chavez | 1 December 2020 | 26 January 2024 |

All service contracts and letters of appointment are available for inspection at the Company's registered office.

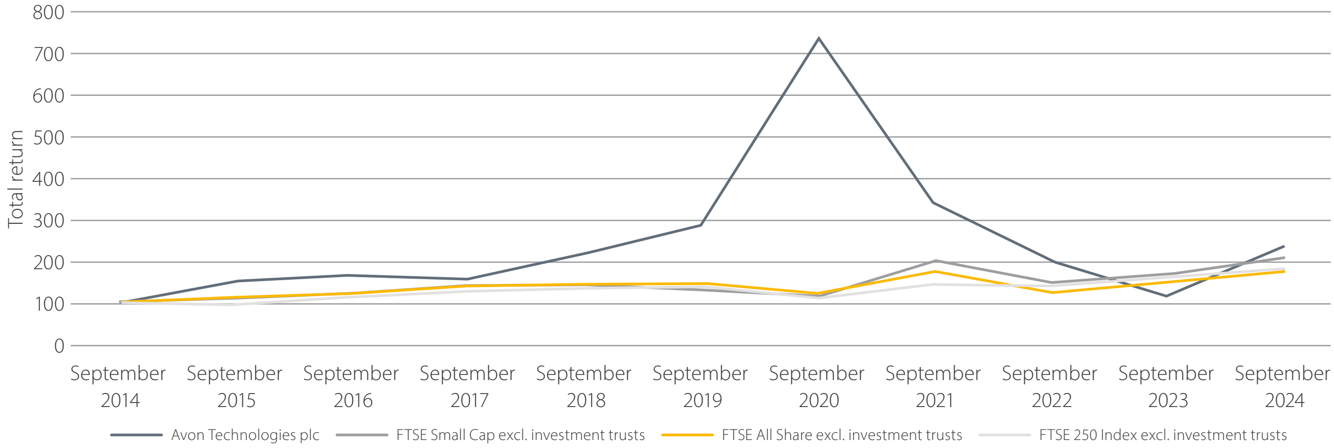
## Other appointments

Jos Sclater remains a Director of two secure companies within the Ultra Group which were established to safeguard technology critical to UK national security as part of the acquisition by Cobham in 2021. Jos Sclater does not receive any remuneration for these services.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Total shareholder return performance graph

The following graph illustrates the total return, in terms of share price growth and dividends on a notional investment of £100 in the Company over the last ten years relative to the FTSE Small Cap Index (excluding investment trusts), the FTSE 250 Index (excluding investment trusts) and the FTSE All-Share Index (excluding investment trusts). These indices were chosen by the Remuneration Committee as a competitive indicator of general UK market performance for companies of a broadly similar current and past size.




Source: Datastream (a Refintiv product)

### Chief Executive Officer's remuneration

The total remuneration figures, including annual bonus and vested LTIP awards (shown as a percentage of the maximum that could have been achieved), for the CEO for each of the last ten financial periods are shown in the table below.

Peter Slabbert retired on 30 September 2015. Rob Rennie stood down from the Board and was replaced by Paul McDonald on 15 February 2017. Paul McDonald stepped down as CEO on 30 September 2022 and was replaced by Jos Sclater on 16 January 2023.

| Financial period | CEO | CEO single figure of total remuneration £'000 | Annual bonus pay-out against maximum opportunity | Long-term incentive vesting |
|---|---|---|---|---|
| 2024 | Jos Sclater | 1,295 | 100% | - |
| 2023 | Jos Sclater | 510 | 20% | - |
| 2022 | Paul McDonald | 873 | 44% | 0% |
| 2021 | Paul McDonald | 819 | 0% | 50% |
| 2020 | Paul McDonald | 1,686 | 66% | 100% |
| 2019 | Paul McDonald | 928 | 55% | 80% |
| 2018 | Paul McDonald | 734 | 80% | 84% |
| 2017 | Paul McDonald[1] | 663 | 81% | 99% |
| 2017 | Rob Rennie | 213 | 57% | - |
| 2016 | Rob Rennie | 484 | 52% | - |
| 2015 | Peter Slabbert | 1,676 | 91% | 100% |
| 2014 | Peter Slabbert | 1,529 | 91% | 96% |

1 Includes remuneration received in the period prior to his appointment as Director in 2017.

## Percentage change in remuneration of Directors compared with other employees

The following table shows the percentage change in each Executive and Non-Executive Director's remuneration compared with the average change for all employees of the Company for the year ended 30 September 2024. Changes for prior periods are also shown which are building up over time to cover a rolling five-year period.

| | Salary/fee | | | | Pension and other benefits | | | | Annual bonus | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** | **2021** | **2024** | **2023**[12] | **2022** | **2021** |
| **Current Directors** | | | | | | | | | | | | |
| Jos Sclater[1] | 46.3% | - | - | - | 40.7% | - | - | - | 639.8% | - | - | - |
| Rich Cashin[2] | 4.5% | 80.4% | - | - | 5.8% | 105.0% | - | - | 421.1% | (15.1)% | - | - |
| Bruce Thompson[3] | 4.5% | 0.0% | 13.6% | 541.7% | - | - | - | - | - | - | - | - |
| Bindi Foyle[4] | 8.9% | 0.0% | 5.3% | 235.3% | - | - | - | - | - | - | - | - |
| Victor Chavez[5] | 14.9% | 0.0% | 19.0% | - | - | - | - | - | - | - | - | - |
| Maggie Brereton[6] | - | - | - | - | - | - | - | - | - | - | - | - |
| **Past Directors** | | | | | | | | | | | | |
| Paul McDonald[7] | - | (33.3)% | 2.8% | 22.0% | - | (45.3)% | (17.6)% | 15.2% | - | (100.0)% | - | (100.0)% |
| Nick Keveth[8] | - | - | (48.6)% | 22.8% | - | - | (44.8)% | 13.6% | - | - | - | (100.0)% |
| Pim Vervaat[9] | - | - | - | (58.9)% | - | - | - | - | - | - | - | - |
| David Evans[9] | - | - | - | (82.9)% | - | - | - | - | - | - | - | - |
| Chloe Ponsonby[10] | (47.8)% | 0.0% | (3.0)% | 19.6% | - | - | - | - | - | - | - | - |
| **All employees**[11] | 11.3% | 5.3% | 3.2% | 4.7% | 10.8% | 11.2% | 3.9% | 6.8% | 451.3% | (36.8)% | N/A | (100.0)% |

1 Jos Sclater joined the Board on 16 January 2023.
2 Rich Cashin joined the Board on 31 March 2022.
3 Bruce Thompson was appointed as Chair on 2 December 2020.
4 Bindi Foyle was appointed to the Board as Non-Executive Director with effect from 1 May 2020 and took over as Chair of the Audit Committee on 29 January 2021.
5 Victor Chavez was appointed to the Board with effect from 1 December 2020 and took over as Chair of the Remuneration Committee on 1 April 2024.
6 Maggie Brereton joined the Board on 1 April 2024.
7 Paul McDonald stepped off the Board on 30 September 2022.
8 Nick Keveth stepped off the Board on 31 March 2022.
9 Pim Vervaat and David Evans stepped off the Board on 29 January 2021 and 2 December 2020 respectively.
10 Chloe Ponsonby stepped off the Board on 31 March 2024.
11 As the only Avon Technologies plc employees are the CEO and the CFO, comparative figures for all UK employees of the Group have been set out on a voluntary basis. To aid comparison, the group of employees selected are those full-time UK employees who were employed over the complete period.
12 In 2021 no bonuses were payable to Directors or employees, meaning percentage changes are not applicable for 2022.

## Chief Executive Officer to employee pay ratio

The table below sets out the ratio between the total pay of the CEO and the total pay of the employees at the 25th, 50th (median) and 75th percentiles of the UK workforce.

The reward policies and practices across the Group are considered by the Committee in the design process and implementation of the Remuneration Policy each year for the Executive Directors. The Committee is satisfied that the median pay ratio for FY24 is consistent with the pay, reward and progression policies for UK employees. Year-on-year movements in the CEO pay ratio are likely to be volatile due to the wide range of incentive outcomes for the CEO single figure, but the Remuneration Committee does note the ratio and will monitor long-term trends. The increase in 2024 ratios from the 2023 ratios is mainly due to the higher CEO's bonus outcome in 2024.

| Financial period | Method | 25th percentile | Median | 75th percentile |
|---|---|---|---|---|
| 2024 | A | 43:1 | 36:1 | 20:1 |
| 2023 | A | 26:1 | 21:1 | 13:1 |
| 2022 | A | 36:1 | 28:1 | 19:1 |
| 2021 | A | 36:1 | 29:1 | 20:1 |

The 25th, 50th and 75th percentile ranked individuals have been identified using Option A in accordance with the reporting regulations, selected on the basis that this provides the most robust and statistically accurate means of identifying the relevant employees. The day by reference to which the 25th, 50th and 75th percentile employees were determined was 30 September 2024. The CEO pay figure is the total remuneration figure as set out in the single figure table and then annualised and equivalent figures (on a full-time equivalent basis) have been calculated for the relevant 25th, 50th and 75th percentile employees.

The total pay and benefits figures used to calculate the ratios for each of the 25th percentile, median and 75th percentile employees are set out below:

| Financial period | 25th percentile | Median | 75th percentile |
|---|---|---|---|
| 2024 | £29,814 | £35,938 | £63,377 |

The increase in 2024 ratio from the 2023 ratio is mainly due to the CEO's higher bonus outcome in 2024.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Chief Executive Officer's remuneration continued

#### Chief Executive Officer to employee pay ratio continued

The salary element (including overtime and other pay allowances) for each of these figures is set out below:

| Financial period | 25th percentile | Median | 75th percentile |
|---|---|---|---|
| 2024 | £29,561 | £35,326 | £56,396 |

The reward policies and practices across the Group are considered by the Committee in the design process and implementation of the Remuneration Policy each year for the Executive Directors. The Committee is satisfied that the median pay ratio for FY24 is consistent with the pay, reward and progression policies for UK employees. Year-on-year movements in the CEO pay ratio are likely to be volatile due to the wide range of incentive outcomes for the CEO single figure, but the Remuneration Committee does note the ratio and will monitor long-term trends.

The Committee is satisfied that CEO remuneration is reasonable and consistent with the Company's wider policies on employee pay, reward and progression; see page 111 for further details.

### Relative importance of spend on pay

The following table shows the change in Group expenditure between the current and previous financial periods on remuneration and associated costs for all employees globally, set against distributions to shareholders and other uses of profit or cash flow, being profits retained within the business, investments in research and development and other capital expenditure.

| | 2024 $m | 2023 $m | % change |
|---|---|---|---|
| Overall expenditure on pay (note 6.1) | 90.7 | 83.2 | 9.0% |
| Dividends paid | 6.8 | 13.4 | (49.3)% |
| Loss retained (profit/loss for the period less dividends) | (3.8) | (27.8) | (86.3)% |
| Total R&D expenditure | 11.4 | 10.2 | 11.8% |
| Other capital expenditure (excluding capitalised development costs) | 11.2 | 7.9 | 41.8% |

### Implementation of Policy for the year ended 30 September 2025

#### Basic salary

Salaries have been increased by 4% to £572,302 and £389,889 for Jos Sclater and Rich Cashin respectively. This is in line with the average increase across the global and wider UK workforce of 4%.

| | 2025 £ | 2024 £ |
|---|---|---|
| Jos Sclater | 572,302 | 550,291 |
| Rich Cashin | 389,889 | 374,894 |

#### Non-Executive Director fees

Fees have been increased by 4% for the Non-Executive Directors, in line with the average increase across the global and wider UK workforce of 4%.

| | 2025 £ | 2024 £ |
|---|---|---|
| Chair | 190,190 | 182,875 |
| Non-Executive Director | 54,340 | 52,250 |
| Committee Chair | 10,868 | 10,450 |
| Senior Independent Director | 10,868* | 10,450 |

* There is a maximum additional fee of £16,302 (FY24: £15,675) if the Senior Independent Director also chairs a Committee.

#### Benefits

Benefits remain unchanged and include a car allowance, the cost of private health insurance, life insurance, critical illness insurance and executive medical.

#### Pension

The Executive Directors receive a contribution towards pension of 7.5% of basic salary, paid either as a non-pensionable salary supplement or delivered through the Group's money purchase scheme. This contribution rate is in line with the UK workforce rate.

### Annual bonus

For the 2025 financial period, the maximum opportunity under the annual bonus plan will be 125% of base salary for both Executive Directors. 25% of the total bonus payment will be deferred into shares for two years.

Bonuses will be based on absolute Group adjusted operating profit (50%), average working capital turns (30%) and strategic objectives (20%). The actual targets are commercially sensitive and will be disclosed on a retrospective basis.

### 2025 LTIP awards

The Committee expects to make LTIP awards to senior executives in 2025 with a face value of 175% of salary for the CEO and 150% for the CFO.

For the 2025 LTIP awards, the measures will be based 50% on EPS, 30% on ROIC and 20% on absolute TSR. The switch from a relative to an absolute TSR measure ensures there is greater transparency and clarity on targets for participants and reflects the lack of a clear peer group. The EPS and ROIC targets will relate to performance for the year ending 30 September 2027.

The targets for last year's one-off LTIP award reflected targets set in the normal course of events plus an additional "matching scheme". The matching scheme came with additional stretch targets for the opportunity above 175% of salary provided that the recipients invested one times their gross salary (roughly two times net salary) into shares in the Group. In determining the targets for the 2025 LTIP, the Committee has sought to include an appropriate degree of stretch on the 'normal' part of last year's LTIP and to ensure that there would only be a full pay-out if excellent performance is delivered. The table below sets out the targets for the 2025 LTIP and, for information, how they compare with targets attached to last year's 'normal' and 'one off' matching awards.

**Revised proposal for the FY25 LTIP structure**

| **Normal LTIP** (maximum 175% of salary) | | **FY25 (normal 175%) LTIP[3]** | **FY24 (normal 175% and one-off 225%) LTIP[1]** |
|---|---|---|---|
| Adjusted EPS | *Weighting* | *50%* | *70%* |
| | Threshold | 100c | 90c |
| | Maximum | 140c | 125c |
| | Exceptional (one-off) | N/A | 150c |
| ROIC | *Weighting* | *30%* | *30%* |
| | Threshold | 18% | 16% |
| | Maximum | 22% | 18% |
| | Exceptional (one-off) | N/A | 20% |
| Absolute TSR[2] | *Weighting* | *20%* | *N/A* |
| | Threshold | £16 | N/A |
| | Maximum | £20 | N/A |

1. The normal FY24 LTIP matching grant delivered an award equivalent to a normal 175% of salary LTIP award based on the Threshold and Maximum targets disclosed above. The additional one-off element of the FY24 matching grant (equivalent to an additional 225% of salary subject to personal investment in shares of 100% of salary) was based on delivering the Exceptional targets of 150 cents (EPS) and 20% (ROIC).
2. For the normal FY25 LTIP the absolute TSR metric will be measured by reference to the three-month average share price for the period 1 July 2027 to 30 September 2027. Any ordinary dividends paid over the three-year performance period (1 October 2024 to 30 September 2027) will be added to the three-month average share price.
3. The Committee retains discretion to adjust the targets or outcomes in the event of share buyback, special dividends and/or M&A.

The Committee believes the EPS, ROIC and absolute TSR targets for 2025 are stretching when considered against actual performance for 2024 and internal forecasts and relative to market consensus.

### Statement of shareholder voting on the Remuneration Report

The shareholder vote on the Remuneration Report for the year ended 30 September 2023 at the AGM which took place on 26 January 2024 was as follows:

| **Resolution** | **Votes for (including discretionary)** | **% for** | **Votes against (excluding withheld)** | **% against** | **Total (excluding withheld and third party discretionary)** | **Withheld** |
|---|---|---|---|---|---|---|
| Approval of the Directors' Remuneration Policy | 22,107,214 | 97.45% | 579,010 | 2.55% | 22,686,224 | 2,803 |
| Approval of the Directors' Remuneration Report | 22,631,170 | 99.76% | 55,394 | 0.24% | 22,686,564 | 2,463 |

This Remuneration Report has been approved by the Board of Directors and signed on its behalf by:

**Victor Chavez CBE**
Chair of the Remuneration Committee
19 November 2024

# Directors' Report

The Directors submit the Annual Report and audited financial statements of Avon Technologies plc ('the Company') and the Avon Technologies Group of companies ('the Group'). The financial period represents the year ended 30 September 2024 (prior financial period 52 weeks ended 30 September 2023). The Company has adopted a calendar year end to align with the majority of listed peers, and certain subsidiary companies.

The Company is a public limited company incorporated and domiciled in England and Wales with company registration number 32965. The Company's subsidiary undertakings, including those located outside the UK, are listed in note 7.3 of the financial statements.

## Strategic Report

The Strategic Report, which contains a review of the Group's business (including by reference to key performance indicators), a description of the principal risks and uncertainties facing the Group, and commentary on likely future developments, is set out on pages 4 to 76 and is incorporated into this Directors' Report by reference.

## Financial results and dividend

The Group statutory profit for the period after taxation amounts to $3m (2023: loss $14.4m). Full details are set out in the Consolidated Statement of Comprehensive Income on page 132.

An interim dividend of 7.2c per share (converted to 5.63p) was paid on 6 September 2024 (2023: 14.3c).

The Directors recommend a final dividend of 16.1c per share, which will be converted into GBP prior to payment to shareholders (2023: 15.3c), resulting in a total dividend distribution per share for the year ended 30 September 2024 of 23.3c per share (2023: 29.6c).

## Share capital

The Company only has one class of share capital, which comprises ordinary shares of £1 each. As at 19 November 2024 the Company has 30,258,194 shares in issue, with 765,098 held in treasury, and no shares were issued during the period. All shares forming part of the ordinary share capital have the same rights and carry one vote each. There are no unusual restrictions on the transfer of a share. Further details of the shares in issue during the financial year are set out in note 2.3 of the financial statements.

The full rights and obligations attaching to the Company's shares as well as the powers of Directors are set out in the Company's Articles of Association ('the Articles'), copies of which can be obtained from Companies House or by writing to the Company Secretary. Shareholders are entitled to receive the Company's reports and accounts, to attend and speak at general meetings, to exercise voting rights in person or by appointing a proxy and to receive a dividend where declared or paid out of profits available for that purpose. There are no restrictions on the transfer of issued shares or on the exercise of voting rights attached to them, except where the Company has suspended their voting rights or prohibited their transfer following a failure to respond to a notice to shareholders under section 793 of the Companies Act 2006, or where the holder is precluded from transferring or voting by the Financial Services Authority's Listing Rules or the City Code on Takeovers and Mergers.

The 555,205 shares held in the name of the Employee Share Ownership Trust are held as a hedge against awards previously made or to be made pursuant to the Long-Term Incentive Plan and are held on terms which provide voting rights to the trustee. In FY24 the trust acquired 301,947 shares (2023: nil).

The Company is not aware of any agreements between its shareholders which may restrict the transfer of their shares or the exercise of their voting rights, the only exception to this being that the trustee of the Employee Share Ownership Trust has waived its rights to dividends.

At the Company's last AGM held on 26 January 2024, shareholders authorised the Company to make market purchases of up to 3,025,819 of the Company's issued ordinary shares. No shares were purchased under this authority during the period. A resolution will be put to shareholders at the forthcoming AGM to renew this authority.

The Directors require authority to allot unissued share capital of the Company and to disapply shareholders' statutory pre-emption rights. Such authorities were granted at the 2024 AGM and resolutions to renew these authorities will be proposed at the 2025 AGM; see explanatory notes on pages 177 to 179. No shares were allotted under this authority during the period.

## Substantial shareholdings

As at 24 September 2024 the following shareholders held 3% or more of the Company's issued share capital:

| | |
|---|---|
| Alantra EQMC Asset Management SGIIC SA | 16.88% |
| Kempen Capital Management Nv | 8.26% |
| Aberforth Partners LLP | 8.24% |
| Schroder Investment Management Limited | 6.68% |
| Royal London Asset Management Limited | 4.17% |
| NFU Mutual | 3.36% |
| Hargreaves Lansdown Stockbrokers | 3.29% |
| Invesco Asset Management Limited | 3.22% |

## Significant agreements – change of control

The only significant agreements to which the Company is a party which take effect, alter or terminate upon a change of control of the Company following a takeover bid are the Company's:

- revolving credit facility agreement; and
- Long-Term Incentive Plan ('the Plan').

The unsecured revolving credit facility of $200m provided by Barclays Bank PLC, HSBC UK Bank PLC, Comerica Bank Inc., and Wintrust Bank N.A. contains a provision which, in the event of a change of control of the Company, gives each lending bank the right to cancel its commitments to the Company and to declare all the outstanding amounts and accrued interest owed to such lending bank immediately due and payable. If a lending bank does not exercise this right within 15 business days of being notified of the change of control, it shall not be able to cancel its commitments or require repayment of its share of the amounts outstanding under the facility in respect of such change of control.

A change of control will be deemed to have occurred if any person or group of persons acting in concert (as defined in the City Code on Takeovers and Mergers) gains direct or indirect control of the Company.

Under the rules of the Plan, on a takeover a proportion of each outstanding grant will vest. The number of shares that vest is to be determined by the Remuneration Committee, including by reference to the extent to which the performance conditions have been satisfied and the amount of time that has passed since the award was made.

It is also possible that the trustee of the pension plan would seek to review the current funding arrangements and deficit recovery plan as part of or following a change of control, particularly if that resulted in a weakening of the employer covenant.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control, except in relation to the Long-Term Incentive Plan as described above.

## Directors

The current Directors as at 19 November 2024 and their biographies are shown on page 79. Maggie Brereton was appointed to the Board on 1 April 2024 following the departure of Chloe Ponsonby on 31 March 2024.

According to the Articles of Association, all Directors are subject to election by shareholders at the first AGM following their appointment, and to re-election thereafter at intervals of no more than three years. In line with best practice reflected in the UK Corporate Governance Code, all current Directors will be standing for re-appointment at the forthcoming AGM to be held on 31 January 2025.

The remuneration of the Directors including their respective shareholdings in the Company is set out in the Remuneration Report on page 106.

The Company's rules about the appointment and replacement of Directors, together with the powers of Directors, are contained in the Articles. Changes to the Articles must be approved by special resolution of the shareholders.

## Directors' and Officers' indemnity insurance

In accordance with the Company's Articles and subject to the provisions of the Companies Act 2006 ('the Act'), the Company maintains, at its expense, Directors' and Officers' liability insurance to provide cover in respect of legal action against its Directors. This was in force throughout the financial year and remains in force as at the date of this report.

The Company's Articles allow the Company to provide the Directors with funds to cover the costs incurred in defending legal proceedings. The Company is therefore treated as providing an indemnity for its Directors and Company Secretary which is a qualifying third-party indemnity provision for the purposes of the Act.

## Conflicts of interest

During the period no Director held any beneficial interest in any contract significant to the Company's business, other than a contract of employment. The Company has procedures set out in the Articles for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board as soon as reasonably practicable.

## Research and development

The Group continues to utilise its technical and materials expertise to remain at the forefront of innovative technology and produce specialist products and services to maximise the performance and capabilities of its customers. The Group maintains its links to key universities in the US and UK and continues to work with new and existing customers and suppliers to develop its knowledge and product range. Total Group expenditure on research and development in the year was $11.4m (2023: $10.2m), further details of which are contained in the Strategic Report on page 39.

## Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 85 to 88. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

## Stakeholder engagement

The Board factors stakeholder opinions and feedback into its decisions to ensure the impact on key stakeholders' needs and concerns is considered. More information on how the Board engages with stakeholders can be found in the Section 172 Statement on pages 48 and 49.

## Employee share schemes and plans

The Group encourages its employees to share in the future success of the Group and operates three share-based incentive plans. The Avon Rubber Share Incentive Plan (SIP) is open to all eligible UK employees. Under the SIP participants are able to purchase shares in the Company monthly using deductions from their pre-tax pay. The Avon Rubber Employee Stock Purchase Plan (ESPP) is open to all eligible US employees. Under the ESPP, participants are able to purchase shares in the Company at a discounted rate from payroll deductions. The Avon Rubber Long-Term Incentive Plan (LTIP) is designed to align Executive Directors' and senior employees' interests with those of shareholders and to incentivise the delivery of sustainable earnings growth and superior shareholder returns. Discretionary awards are granted under the LTIP over a fixed number of shares by reference to salary, with awards ordinarily vesting, subject to meeting performance criteria, on the third anniversary of the grant date.

## Environmental and corporate social responsibility

Matters relating to environmental and corporate social responsibility including reference to our policy on diversity are set out in the People section on pages 52 to 55.

## Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included within the Corporate Social Responsibility Report on page 57.

## Political and charitable contributions

No political contributions were made during the period or the prior period. Contributions for charitable purposes amounted to $108,511 (2023: $124,706) consisting of numerous small donations to various community charities in Wiltshire, Maryland, Michigan, New Hampshire, California and Ohio.

## Policy on employee disability

Avon provides support, training and development opportunities to all our employees irrespective of any disabilities they may have. We give full and fair consideration to disabled applicants, and where an existing employee becomes disabled during their employment, we will make every effort to enable them to continue their employment with Avon in their original or an alternative role.

## Financial instruments

An explanation of the Group policies on the use of financial instruments and financial risk management objectives is contained in note 5.4 of the financial statements.

## Independent auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Auditor

KPMG LLP has expressed its willingness to continue in office as independent auditor and a resolution to re-appoint it and authorising the Board to agree its remuneration will be proposed at the AGM.

## Annual General Meeting

The Company's AGM will be held at our Hampton Park West facility, Semington Road, Melksham, Wiltshire SN12 6NB, on 31 January 2025 at 10.30 am. Registration will be from 10.00 am. The Notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting and can be found on pages 175 to 181.

## Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK adopted International Accounting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Parent Company.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The Auditor's Report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## Directors' confirmations

Each of the Directors, whose names and functions are listed on pages 78 and 79, confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include 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.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report and Responsibilities Statement were approved by the Board of Directors on 19 November 2024 and are signed on its behalf by:

**Jos Sclater**
Chief Executive Officer
19 November 2024

"We are excited by the ability of the organisation to change and translate strategy into action. We have built a culture where improving processes is becoming the Avon way of life, we have much more capable people and the pace of change is accelerating.

# ADJUSTED PERFORMANCE MEASURES

## CONTENTS

## Adjusted Performance Measures

### PERFORMANCE MEASUREMENT

The Directors assess the operating performance of the Group based on both statutory and adjusted measures. Adjusted measures include operating profit, net finance costs, taxation and earnings per share, as well as other measures not defined under IFRS including orders received, closing order book, operating profit margin, return on invested capital, cash conversion, net debt excluding lease liabilities, average working capital turns, scrap levels, inventory turns, productivity and constant currency equivalents for relevant metrics. These measures are collectively described as Adjusted Performance Measures (APMs) in this Annual Report.

The Directors believe that the APMs provide a useful comparison of business trends and performance. The APMs exclude exceptional items considered unrelated to the underlying trading performance of the Group. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operational performance.

### ADJUSTED PERFORMANCE MEASURES

The following table summarises the statutory and adjusted profit and loss account measures for the year together with the adjustments made to each line item.

| | Year ended 30 September 2024 | | | 52 weeks ended 30 September 2023 | | |
|---|---|---|---|---|---|---|
| | Adjusted $m | Adjustments $m | Total $m | Adjusted $m | Adjustments $m | Total $m |
| **Continuing operations** | | | | | | |
| **Revenue** | 275.0 | - | 275.0 | 243.8 | - | 243.8 |
| Cost of sales | (168.2) | (1.0) | (169.2) | (157.9) | - | (157.9) |
| **Gross profit** | 106.8 | (1.0) | 105.8 | 85.9 | - | 85.9 |
| Sales and marketing expenses | (16.1) | - | (16.1) | (14.9) | - | (14.9) |
| Research and development costs | (11.5) | (2.6) | (14.1) | (10.0) | (0.2) | (10.2) |
| General and administrative expenses | (47.6) | (17.3) | (64.9) | (39.8) | (33.6) | (73.4) |
| **Operating profit/(loss)** | 31.6 | (20.9) | 10.7 | 21.2 | (33.8) | (12.6) |
| | | | | | | |
| **EBITDA** | 43.4 | (10.8) | 32.6 | 35.7 | (2.9) | 32.8 |
| Depreciation, amortisation and impairment | (11.8) | (10.1) | (21.9) | (14.5) | (30.9) | (45.4) |
| **Operating profit/(loss) (1)** | 31.6 | (20.9) | 10.7 | 21.2 | (33.8) | (12.6) |
| Net finance costs (2) | (6.3) | (2.1) | (8.4) | (7.2) | (0.4) | (7.6) |
| **Profit/(loss) before taxation** | 25.3 | (23.0) | 2.3 | 14.0 | (34.2) | (20.2) |
| Taxation (3) | (4.4) | 5.1 | 0.7 | (1.9) | 5.7 | 3.8 |
| Profit/(loss) for the period from continuing operations | 20.9 | (17.9) | 3.0 | 12.1 | (28.5) | (16.4) |
| | | | | | | |
| **Discontinued operations – profit from discontinued operations (4)** | - | - | - | - | 2.0 | 2.0 |
| **Profit/(loss) for the period (5)** | 20.9 | (17.9) | 3.0 | 12.1 | (26.5) | (14.4) |
| **Basic earnings/(loss) per share (6)** | 69.9c | (59.9c) | 10.0c | 40.3c | (88.3)c | (48.0)c |
| **Diluted earnings/(loss) per share (6)** | 67.6c | (57.9c) | 9.7c | 40.3c | (88.3)c | (48.0)c |

## 1 Adjustments to operating profit

Adjusted operating profit excludes discontinued operations and exceptional items considered unrelated to the underlying trading performance of the Group. Transactions are classified as exceptional where they relate to an event that falls outside of the underlying trading activities of the business and where individually, or in aggregate, the Directors consider they have a material impact on the financial statements.

| | 2024 $m | 2023 $m |
|---|---|---|
| **Operating profit/(loss)** | 10.7 | (12.6) |
| Amortisation of acquired intangibles | 6.2 | 6.3 |
| Impairment of other non-current assets (excluding restructuring-related impairments) | 1.7 | 0.5 |
| Transformational, restructuring and transition costs | 10.8 | 2.9 |
| Acceleration of software amortisation – transformational | 1.6 | - |
| Acceleration of Irvine depreciation and amortisation – transformational | 0.6 | - |
| Impairment of goodwill | - | 23.4 |
| Restructuring-related impairment of non-current assets | - | 0.7 |
| **Adjusted operating profit** | 31.6 | 21.2 |
| Depreciation | 7.4 | 9.2 |
| Other amortisation charges | 4.4 | 5.3 |
| **Adjusted EBITDA** | 43.4 | 35.7 |

### Amortisation of acquired intangibles

Amortisation charges for acquired intangible assets of $6.2m (2023: $6.3m) are considered exceptional as they do not change each period based on underlying business trading and performance.

### Impairment of other non-current assets

Review of the Group's non-current assets resulted in a $1.7m exceptional impairment loss (2023: $0.5m) as the carrying value of a product group level CGU exceeded its estimated recoverable amount. Further details are provided in note 3.1. The impairment losses are significant items resulting from changes in assumptions for future recoverable amounts. As such they are considered unrelated to trading performance.

### Transformational, restructuring and transition costs

Current year transformational costs excluding depreciation and amortisation charges were $10.8m. These include $7.4m related to planned footprint optimisation through closure of the Irvine, California, facility, and $3.4m related to other transformational programmes as reconciled in the Financial Review on page 36. Transformational spend relates to costs directly related to transformation initiatives as described in the CEO Review on page 12, and will be incurred until these programmes are completed FY25 spend on transformational costs of this nature is expected to be at similar levels to FY24.

Transformational accelerated depreciation and amortisation charges were $2.2m. These include $1.6m related to one of the Group's legacy ERP systems, and $0.6m for assets held in Irvine that are not expected to transfer to Cleveland on closure. This acceleration of charges is considered a change in accounting estimate during the year.

Prior period costs were $2.9m. These include $1.4m restructuring costs related to the right-sizing of operations and $1.5m transition costs related to the transfer of legacy Team Wendy operations onto a Group controlled ERP system.

These costs are considered exceptional as they relate to specific activities which do not form part of the underlying business trading and performance.

### Impairment of goodwill

In the prior period, review of the Team Wendy CGU resulted in impairment to goodwill of $23.4m as the carrying value of the CGU exceeded its estimated recoverable amount. Further details are provided in note 3.1. The impairment was a significant item based on forecast assumptions for future cash flows. As such it was considered unrelated to trading performance.

### Restructuring-related impairment of non-current assets

In the prior period restructuring-related impairment of non-current assets was $0.7m. This related to the closure of one of our US offices, with a $0.5m impairment to right of use assets and $0.2m impairment to plant and machinery. These costs are considered exceptional as they relate to a specific office closure which does not form part of the underlying business trading and performance.

## 2 Adjustments to net finance costs

Adjusted net finance costs exclude exceptional items considered unrelated to the underlying trading performance of the Group.

| | 2024 $m | 2023 $m |
|---|---|---|
| Net finance costs | 8.4 | 7.6 |
| Defined benefit pension unwind discount | (2.1) | (0.4) |
| **Adjusted net finance costs** | 6.3 | 7.2 |

$2.1m (2023: $0.4m) unwind of discounting on the UK defined benefit pension scheme liability is treated as exceptional given the scheme relates to employees employed prior to 31 January 2003 and was closed to future accrual of benefits on 1 October 2009 (note 6.2).

## 3 Adjustments to taxation

Adjustments to taxation represent the tax effects of the adjustments to operating profit and net finance costs. Except for the impairment to goodwill, adjusting items do not have significantly different effective tax rates compared to statutory rates, with an overall effective rate of 22% (2023: 17%).

In the prior period the $23.4m impairment to goodwill resulted in a tax credit of $3.4m (effective tax rate 14.5%), which explains the lower overall rate compared to statutory rates on the total level of adjustments.

## 4 Profit from discontinued operations

Adjusted profit measures for the prior period exclude the result from discontinued operations relating to the divestment of milkrite | InterPuls and closure of the Armour business (note 2.2). Discontinued operations related to milkrite | InterPuls ended on 30 September 2023. Total profit after tax from discontinued operations was $2.0m in 2023.

## 5 Adjustments to profit/loss

| | 2024 $m | 2023 $m |
|---|---|---|
| **Profit/(loss) for the period** | 3.0 | (14.4) |
| Amortisation of acquired intangibles | 6.2 | 6.3 |
| Transformational, restructuring and transition costs | 10.8 | 2.9 |
| Restructuring-related impairment of non-current assets | - | 0.7 |
| Acceleration of software amortisation – transformational | 1.6 | - |
| Acceleration of Irvine depreciation and amortisation – transformational | 0.6 | - |
| Impairment of other non-current assets (excluding restructuring-related impairments) | 1.7 | 0.5 |
| Impairment of goodwill | - | 23.4 |
| Defined benefit pension unwind discount | 2.1 | 0.4 |
| Tax on exceptional items | (5.1) | (5.7) |
| Profit from discontinued operations | - | (2.0) |
| **Adjusted profit for the period** | 20.9 | 12.1 |

## 6 Adjusted earnings per share

| **Weighted average number of shares** | 2024 | 2023 |
|---|---|---|
| Weighted average number of ordinary shares in issue used in basic calculation (thousands) | 29,895 | 29,996 |
| Potentially dilutive shares (weighted average) (thousands) | 1,022 | 263 |
| Diluted number of ordinary shares (weighted average) (thousands) | 30,917 | 30,259 |

| **Adjusted continuing earnings per share** | 2024 $ cents | 2023 $ cents |
|---|---|---|
| Basic | 69.9c | 40.3c |
| Diluted | 67.6c | 40.3c |

## 7 Net debt

| | 2024 $m | 2023 $m |
|---|---|---|
| Cash and cash equivalents | 14.0 | 13.2 |
| Bank loans | (57.5) | (77.7) |
| **Net debt excluding lease liabilities** | (43.5) | (64.5) |
| Lease liabilities | (21.9) | (20.9) |
| **Net debt including lease liabilities** | (65.4) | (85.4) |

## 8 Adjusted dividend cover ratio

| | 2024 $ cents | 2023 $ cents |
|---|---|---|
| Interim dividend | 7.2c | 14.3c |
| Final dividend | 16.1c | 15.3c |
| **Total dividend** | 23.3c | 29.6c |
| **Adjusted basic earnings per share** | 69.9c | 40.3c |
| **Adjusted dividend cover ratio** | 3.0 times | 1.4 times |

## 9 Return on invested capital

Return on invested capital (ROIC) is calculated as adjusted operating profit over average invested capital relating to continuing operations.

| | 2024 $m | 2023 $m |
|---|---|---|
| **Net assets** | 166.5 | 159.4 |
| **Net assets associated with discontinued operations** | - | (5.6) |
| **Net assets associated with continuing operations** | 166.5 | 153.8 |
| Net debt excluding lease liabilities | 43.5 | 64.5 |
| Lease liabilities | 21.9 | 20.9 |
| Pension | 17.2 | 40.2 |
| Derivatives | - | (0.9) |
| Net tax | (31.4) | (33.2) |
| **Total invested capital** | 217.7 | 245.3 |
| **Average invested capital** | 231.5 | 243.4 |
| **Adjusted operating profit** | 31.6 | 21.2 |
| **ROIC** | 13.7% | 8.7% |

| **Average invested capital** | 2024 $m | 2023 $m |
|---|---|---|
| Current period invested capital | 217.7 | 245.3 |
| Prior period invested capital | 245.3 | 241.5 |
| Average invested capital | 231.5 | 243.4 |

## Adjusted Performance Measures continued

### 10 Average working capital turns (AWCT)

AWCT is the ratio of the 12-month average month end working capital (defined as the total of inventory, receivables and payables excluding lease liabilities) to revenue, based on continuing operations.

| Continuing operations | 2024 $m | 2023 $m |
|---|---|---|
| 12-month average month end working capital | 60.8 | 65.7 |
| Revenue | 275.0 | 243.8 |
| **AWCT** | 4.52 | 3.71 |

### 11 Cash conversion

Cash conversion excludes the impact of exceptional items from operating cash flows and EBITDA.

| | 2024 $m | 2023 $m |
|---|---|---|
| Cash flows from continuing operations | 58.8 | 0.2 |
| Restructuring and transition costs paid | 9.7 | 2.3 |
| **Cash flows from continuing operations before exceptional items** | 68.5 | 2.5 |

| | 2024 $m | 2023 $m |
|---|---|---|
| Cash flows from continuing operations before exceptional items | 68.5 | 2.5 |
| Adjusted EBITDA | 43.4 | 35.7 |
| **Cash conversion** | 157.8% | 7.0% |

### 12 Constant currency reporting

Constant currency measures are calculated by translating the prior period at current period exchange rates.

| | 2023 constant currency $m | 2023 reported $m |
|---|---|---|
| Orders received | 260.1 | 258.7 |
| Closing order book | 137.1 | 135.8 |
| Revenue | 245.1 | 243.8 |
| Adjusted operating profit | 20.6 | 21.2 |
| Adjusted profit before tax | 13.4 | 14.0 |
| Adjusted basic earnings per share | 38.8c | 40.3c |

### 13 Scrap (% of revenue)

Scrap (% of revenue) is calculated by dividing the total value of scrap produced in the period by the revenue generated for the last 6 months.

Our mid-term targets are calculated by dividing the total value of scrap produced in the year by the revenue generated for the 12 month period.

| | 2024 H2 $m | 2024 H1 $m | 2023 H2 $m | 2023 H1 $m |
|---|---|---|---|---|
| Last 6 months of scrap | 2.4 | 2.1 | 5.5 | 3.1 |
| Last 6 months of revenue | 147.9 | 127.1 | 142.2 | 101.6 |
| **Group scrap (% of revenue)** | 1.6% | 1.7% | 3.9% | 3.1% |

## 14 Inventory turns

Inventory turns measure how many times the inventory was turned over in the period by dividing adjusted cost of sales over the last 12 months by the inventory value. Adjusted cost of sales excludes $0.5m plant and machinery exceptional impairment (note 3.2) and $0.5m acceleration of depreciation charges related to assets held in Irvine.

| | 2024 $m | 2023 $m |
|---|---|---|
| Inventory | 54.9 | 54.4 |
| Last 12 months adjusted cost of sales | 168.2 | 157.9 |
| **Group inventory turns** | 3.1 | 2.9 |

## 15 Productivity

Productivity measures how much revenue was generated per direct employee by dividing the revenue over the last 12 months by the total number of direct heads. Direct heads are employees completing manufacturing activities.

| | 2024 | 2023 |
|---|---|---|
| Direct headcount | 539 | 580 |
| Last 12 months of revenue | $275.0m | $243.8m |
| **Group productivity** | $510k | $420k |

| | 2024 | 2023 |
|---|---|---|
| Direct headcount | 342 | 346 |
| Last 12 months of revenue | $129.4m | $86.9m |
| **Team Wendy productivity** | $378k | $251k |

| | 2024 | 2023 |
|---|---|---|
| Direct headcount | 197 | 234 |
| Last 12 months of revenue | $145.6m | $156.9m |
| **Avon Protection productivity** | $739k | $671k |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**It is now 18 months since we launched the STAR strategy and we are making good progress. This is demonstrated by our much stronger financial performance, improving operating metrics and a fast-growing order book.**

# FINANCIAL STATEMENTS

## CONTENTS

# Independent Auditor's Report
## To the Members of Avon Technologies plc

### 1 Our opinion is unmodified

We have audited the financial statements of Avon Technologies plc ("the Company") for the year ended 30 September 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, and the Consolidated and Parent Company Statements of Changes in Equity, and the related notes, including the accounting policies sections in both the Group and Parent Company financial statements.

**In our opinion:**

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 1 February 2019. The period of total uninterrupted engagement is for the 6 financial periods ended 30 September 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

**Overview**

| | | |
|---|---|---|
| **Materiality:** group financial statements as a whole | $2.1m (2023:$2.05m)<br>0.76% (2023: 0.84%) of revenue | |
| **Coverage** | 100% (2023:100%) of revenue | |
| **Key audit matters** | **2024 vs 2023** | |
| **Recurring risks** | Goodwill impairment - Team Wendy (formerly Head Protection) | ↓ |
| **Parent Company** | Recoverability of Parent Company's investment in subsidiaries | ↔ |

### 2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We include below the key audit matters in decreasing order of audit significance, together with our key audit procedures to address those matters and as required for public interest entities our results from those procedures.

These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters. We continue to perform procedures over Recoverability of capitalised development expenditure. However, following a re-assessment of the capitalised development expenditure population, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

## 2 Key audit matters: our assessment of risks of material misstatement continued

| | The risk | Our response |
|---|---|---|
| **Goodwill Impairment – Team Wendy CGU**<br>Team Wendy Goodwill of \$62.9 million (2023: \$62.9 million)<br>Risk vs 2023: ↓<br>Refer to page 93 (Audit Committee Report), pages 138 (accounting policy) and pages 148, 149, and 150 (financial disclosures). | **Forecast-based assessment:**<br>• Goodwill is significant and at risk of impairment due to the level of revenue and margin growth required to support the carrying amount allocated to the Team Wendy Cash Generating Unit (CGU). Whilst the Group's transformation programme, announced in the year, positively impacts on forecast headroom, the estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.<br>• The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill in respect of the Team Wendy CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. In conducting our final audit work, we concluded that reasonably possible changes to the value in use of Team Wendy goodwill would not be expected to result in material impairment. The financial statements (pages 149 and 150 ) disclose the sensitivity estimated by the Group. | Our procedures included:<br>• **Historical comparison:** We assessed the accuracy of the group's forecasting by comparing actual cash flows in the period to the prior period forecasts;<br>• **Our sector experience:** We evaluated the assumptions used, in particular those relating to forecast revenue growth, gross profit margins based on our knowledge of the Group;<br>• **Benchmarking assumptions:** We compared the Group's assumptions to externally derived data in relation to key inputs such as revenue growth rates and discount rates, using our own valuation specialist;<br>• **Comparing valuations:** We compared the sum of the discounted cash flows (including the Avon Protection and Team Wendy CGUs) to the Group's market capitalisation to assess the reasonableness of the assumptions used;<br>• **Assess transparency:** We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the estimation of the recoverable amount of goodwill, including an assessment of whether the degree of aggregation in the disclosure of key assumptions was materially acceptable.<br>We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.<br>**Our results**<br>• We found the Group's conclusion that there is no impairment of the goodwill related to Team Wendy to be acceptable (2023: result: acceptable). |

| | The risk | Our response |
|---|---|---|
| **Recoverability of Parent Company's investments in subsidiaries**<br>(£212.7 million; 2023: £212.7 million)<br>Risk vs 2023: ↔<br>Refer to page 171 (accounting policy) and page 173 (financial disclosures). | **Low risk, high value**<br>The carrying amount of the Parent company's investments in subsidiaries represents 94.9% (2023: 96.7%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent company financial statements, this is considered to be the area that had the greatest effect on our overall Parent company audit. | Our procedures included:<br>• **Tests of detail:** We compared the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.<br>• **Assessing subsidiary audits:** We assessed the work performed by the subsidiary audit team and the group team on all of those subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets.<br>Where the net assets of a subsidiary were below the investment's carrying amount, our procedures also included:<br>• **Our sector experience:** Evaluating the current level of the subsidiary's trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market.<br>We performed the tests above rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.<br>**Our results:**<br>We found the company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable (2023: acceptable). |

### 3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at $2.1 million (2023: $2.05 million), determined with reference to a benchmark of total revenues, of which it represents 0.76% (2023: 0.84% of revenue). We consider total revenues to be the most appropriate benchmark as it better reflects the size of the business compared to the Group's profit before tax.

Materiality for the Parent company financial statements as a whole was set at £1.1 million (2023: £1.1 million), which is the component materiality for the Parent company determined by the group audit engagement team. This is lower than the materiality we would otherwise have determined with reference to a benchmark of Parent company total assets, of which it represents 0.5% (2023: 0.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

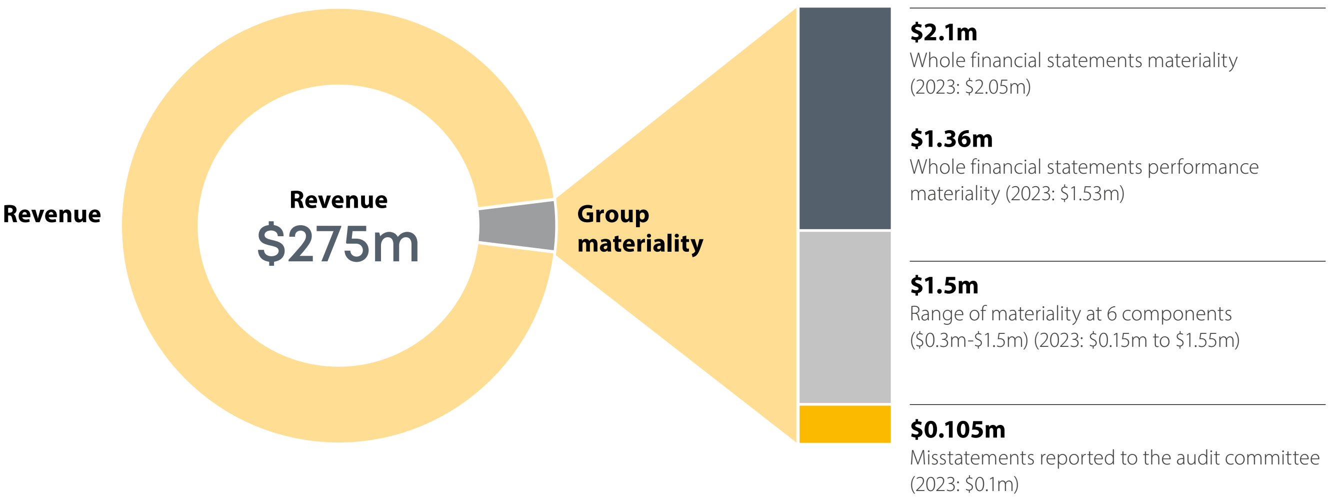
Performance materiality was set at 65% (2023: 75%) of materiality for the Group financial statements as a whole, which equates to $1.36 million (2023: $1.8 million). We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

Performance materiality was set at 75% (2023: 75%) of materiality for the Parent company financial statements as a whole which equates to £0.825 million (2023: £0.825 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $105,000 (2023: $100,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

**Revenue**
**$275m (2023: $243.8m Revenue)**

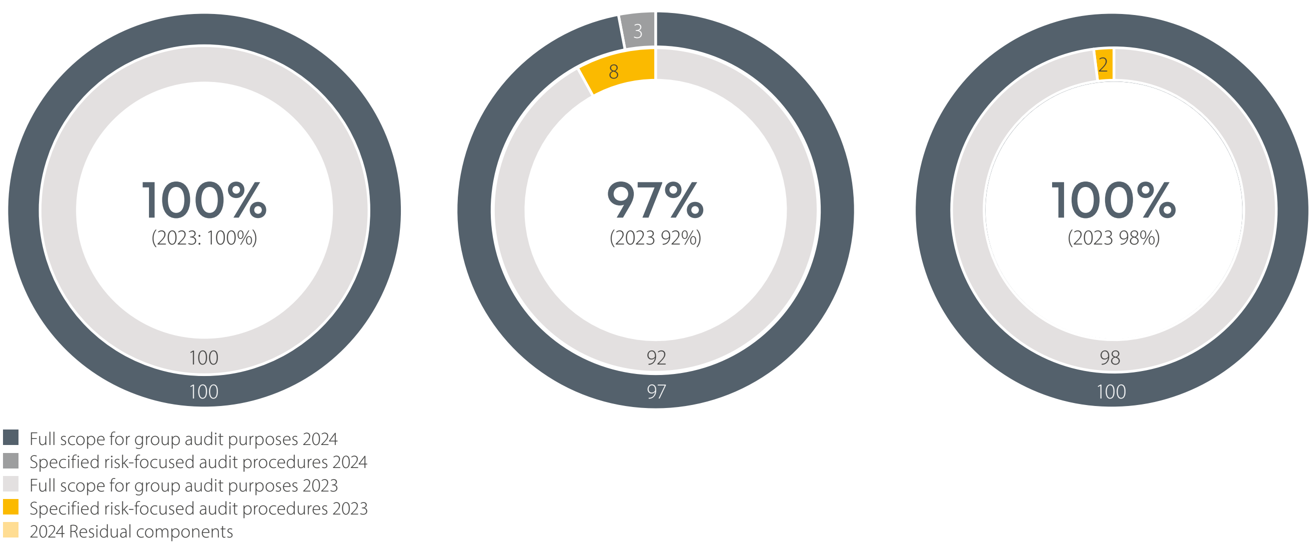
**Group Materiality**
**$2.1m (2023: $2.05m)**




**Group revenue**

**Group profit (2023: loss) before tax**

**Group total assets**



### 3 Our application of materiality and an overview of the scope of our audit continued

Of the Group's eight (2023: eight) reporting components, we subjected five (2023: five) to full scope audits for group purposes and one (2023: one) to specified risk-focused audit procedures over cash & cash equivalents (2023: cash & cash equivalents). The latter was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite. For the residual two components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from $0.3 million to $1.5 million (2023: $0.15 million to $1.55 million), having regard to the mix of size and risk profile of the Group across the components. The work on one of the components (2023: One of the components) included procedures performed by component auditors and the rest, including the audit of the Parent Company, was performed solely by the Group team. The Group team visited 5 (2023: 5) component locations in the UK and USA, to assess the audit risk and strategy. Video and telephone conference meetings were also held with the component auditors during which the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

### 4 The Impact of Climate Change on our audit

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements.

We performed a risk assessment of the impact of climate change on the financial statements and our audit approach.

Climate change impacts the Group in a variety of ways including the impact of climate risk on manufacturing and procurement, potential reputational risk associated with the Group's delivery of its climate related initiatives, and greater emphasis on climate related narrative and disclosure in the annual report.

The Group's exposure to climate change is primarily through the acquisition of materials in its supply chain and increased costs in relation to manufacturing end products. As part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this.

We have also read the Group's and the Parent Company's disclosure of climate related information in the front half of the annual report as set out on pages 64 to 69. On the basis of the procedures performed above, we concluded that the risk of climate change was not significant when we considered the nature of the Group's product range and relevant contractual terms. As a result, there was no material impact from this on our key audit matters.

### 5 Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- Achievement of anticipated savings from the Group's ongoing restructuring exercises;
- Competition in winning new bids;
- Dependence on a large customer or market.
- Inflationary pressures on the Group's cost base;

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

Our procedures also included:

- Comparing past budgets to actual results to assess the Directors' track record of budgeting accurately.
- Inspecting the confirmation from the lender of the level of committed financing including re-financing of existing facilities, and the associated covenant requirements.
- We assessed the completeness of the going concern disclosures.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- We have nothing material to add or draw attention to in relation to the Directors' statement on page 136 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 136 to be acceptable; and
- The related statement under the Listing Rules set out on page 88 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 6 Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included :

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes (annual bonus scheme & performance share plan) and performance targets for management and directors including the total shareholder return target and EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved the forensic professionals attending the Risk Assessment and Planning Discussion.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to the component audit team of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected accounts.
- For a sample of revenue recognised pre period end date, assessing whether revenue had been recognised in the appropriate period by comparing to dispatch notes or terms of specific sale agreements.
- Assessing significant accounting estimates for bias.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions regulation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: export control legislation recognising the Governmental nature of many of the group's customers, product regulation, health and safety, employment law, environmental legislation and anti-bribery & corruption legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 7 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement on page 88 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review Viability statement, set out on page 88 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

## 8 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## 9 Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 110, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule ("DTR") 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## 10 The purpose of our audit work and to whom we owe our responsibilities

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

**Paul Glendenning (Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

19 November 2024

# Consolidated Statement of Comprehensive Income
## For the year ended 30 September 2024

| | Note | Year ended 30 September 2024 $m | 52 weeks ended 30 September 2023 $m |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 2.1 | 275.0 | 243.8 |
| Cost of sales | | (169.2) | (157.9) |
| **Gross profit** | | 105.8 | 85.9 |
| Sales and marketing expenses | | (16.1) | (14.9) |
| Research and development costs | | (14.1) | (10.2) |
| General and administrative expenses | | (64.9) | (73.4) |
| **Operating profit/(loss)** | 2.1 | 10.7 | (12.6) |
| Net finance costs | 5.2 | (8.4) | (7.6) |
| **Profit/(loss) before taxation** | 2.5 | 2.3 | (20.2) |
| Taxation | 2.6 | 0.7 | 3.8 |
| Profit/(loss) for the period from continuing operations | | 3.0 | (16.4) |
| **Discontinued operations** | | | |
| Profit from discontinued operations | 2.2 | - | 2.0 |
| **Profit/(loss) for the period** | | 3.0 | (14.4) |
| **Other comprehensive income/(expense)** | | | |
| *Items that are not subsequently reclassified to the income statement* | | | |
| Remeasurement gain/(loss) recognised on retirement benefit scheme | 6.2 | 19.6 | (31.8) |
| Deferred tax relating to retirement benefit scheme | 2.6 | (5.0) | 6.9 |
| Deferred tax relating to change in tax rates | 2.6 | - | 1.1 |
| Deferred tax relating to other temporary differences | 2.6 | 0.1 | (0.2) |
| *Items that may be subsequently reclassified to the income statement* | | | |
| Deferred tax exchange differences offset in reserves | 2.6 | 1.1 | 0.8 |
| Other exchange differences offset in reserves | | (2.9) | (0.5) |
| Cash flow hedges | | (0.8) | 0.4 |
| Deferred tax relating to cash flow hedges | | 0.2 | - |
| **Other comprehensive income/(expense) for the period** | | 12.3 | (23.3) |
| **Total comprehensive income/(expense) for the period** | | 15.3 | (37.7) |
| **Earnings per share** | 2.3 | | |
| Basic | | 10.0c | (48.0c) |
| Diluted | | 9.7c | (48.0c) |
| **Earnings per share from continuing operations** | 2.3 | | |
| Basic | | 10.0c | (54.7c) |
| Diluted | | 9.7c | (54.7c) |

# Consolidated Balance Sheet
## At 30 September 2024

| | Note | At 30 September 2024 $m | At 30 September 2023 $m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 3.1 | 126.4 | 139.2 |
| Property, plant and equipment | 3.2 | 43.7 | 35.8 |
| Finance leases | 3.3 | 5.4 | 6.2 |
| Deferred tax assets | 2.6 | 31.1 | 40.1 |
| Derivative financial instruments | 5.4 | - | 0.6 |
| | | 206.6 | 221.9 |
| **Current assets** | | | |
| Inventories | 4.1 | 54.9 | 54.4 |
| Trade and other receivables | 4.2 | 36.9 | 58.3 |
| Derivative financial instruments | 5.4 | 0.2 | 0.3 |
| Current tax receivables | | 0.3 | - |
| Cash and cash equivalents | 4.4 | 14.0 | 13.2 |
| | | 106.3 | 126.2 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Borrowings | 5.1 | 3.9 | 4.3 |
| Current tax payables | | - | 0.7 |
| Trade and other payables | 4.3 | 36.4 | 34.6 |
| Provisions for liabilities and charges | 7.1 | 6.6 | 0.4 |
| | | 46.9 | 40.0 |
| **Net current assets** | | 59.4 | 86.2 |
| **Non-current liabilities** | | | |
| Borrowings | 5.1 | 75.5 | 94.3 |
| Derivative financial instruments | 5.4 | 0.2 | - |
| Deferred tax liabilities | 2.6 | - | 6.2 |
| Retirement benefit obligations | 6.2 | 17.2 | 40.2 |
| Provisions for liabilities and charges | 7.1 | 6.6 | 8.0 |
| | | 99.5 | 148.7 |
| **Net assets** | | 166.5 | 159.4 |
| **Shareholders' equity** | | | |
| Ordinary shares | 5.5 | 50.3 | 50.3 |
| Share premium account | 5.5 | 54.3 | 54.3 |
| Other reserves | | (15.7) | (13.9) |
| Cash flow hedging reserve | | - | 0.8 |
| Retained earnings | | 77.6 | 67.9 |
| **Total equity** | | 166.5 | 159.4 |

These financial statements on pages 132 to 167 were approved by the Board of Directors on 19 November 2024 and signed on its behalf by:

**Jos Sclater**
Chief Executive Officer

**Rich Cashin**
Chief Financial Officer

The accompanying accounting policies and notes form part of these financial statements.

Company number 00032965

# Consolidated Cash Flow Statement
## For the year ended 30 September 2024

| | Note | Year ended 30 September 2024 $m | 52 weeks ended 30 September 2023 $m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash flows from continuing operations | 4.4 | 58.8 | 0.2 |
| Cash flows from discontinued operations | 4.4 | 4.9 | 3.2 |
| Cash flows from operations | 4.4 | 63.7 | 3.4 |
| Retirement benefit deficit recovery contributions | 6.2 | (9.1) | - |
| Tax (paid)/received | | (0.7) | 3.7 |
| **Net cash flows from operating activities** | | 53.9 | 7.1 |
| **Cash flows used in investing activities** | | | |
| Proceeds from disposal of discontinued operations | 2.2 | - | 7.9 |
| Costs of disposal | 2.2 | - | (0.4) |
| Purchase of property, plant and equipment | 3.2 | (10.6) | (7.4) |
| Capitalised development costs and purchased software | 3.1 | (0.6) | (3.6) |
| Other finance income | 5.2 | 0.7 | 0.4 |
| Finance lease capital receipts | 3.3 | 1.0 | 0.5 |
| **Net cash flows used in investing activities** | | (9.5) | (2.6) |
| **Cash flows used in financing activities** | | | |
| Proceeds from loan drawdowns | 5.3 | 100.5 | 48.0 |
| Loan repayments | 5.3 | (120.7) | (24.0) |
| Finance costs paid in respect of bank loans and overdrafts | 5.2 | (6.5) | (6.3) |
| Finance costs paid in respect of leases | 5.2 | (0.9) | (0.7) |
| Repayment of lease liability | | (4.3) | (3.5) |
| Dividends paid to shareholders | 5.6 | (6.8) | (13.4) |
| Purchase of own shares – Long-Term Incentive Plan | 5.5 | (5.0) | - |
| Financing cash flows used in discontinued operations | | - | (0.9) |
| **Net cash flows used in financing activities** | | (43.7) | (0.8) |
| Net increase in cash and cash equivalents | | 0.7 | 3.7 |
| Cash and cash equivalents at the beginning of the period | | 13.2 | 9.5 |
| Effects of exchange rate changes | | 0.1 | - |
| **Cash and cash equivalents at the end of the period** | 4.4 | 14.0 | 13.2 |

# Consolidated Statement of Changes in Equity
## For the year ended 30 September 2024

| | Note | Share capital $m | Share premium $m | Hedging reserve $m | Other reserves $m | Retained earnings $m | Total equity $m |
|---|---|---|---|---|---|---|---|
| **At 1 October 2022** | | 50.3 | 54.3 | 0.4 | (14.2) | 119.7 | 210.5 |
| Loss for the period | | - | - | - | - | (14.4) | (14.4) |
| Net exchange differences offset in reserves | | - | - | - | 0.3 | - | 0.3 |
| Deferred tax relating to other temporary differences | 2.6 | - | - | - | - | (0.2) | (0.2) |
| Remeasurement loss recognised on retirement benefit scheme | 6.2 | - | - | - | - | (31.8) | (31.8) |
| Deferred tax relating to retirement benefit scheme | 2.6 | - | - | - | - | 6.9 | 6.9 |
| Deferred tax relating to change in tax rates | 2.6 | - | - | - | - | 1.1 | 1.1 |
| Interest rate swaps – cash flow hedge | 5.4 | - | - | 0.4 | - | - | 0.4 |
| Total comprehensive income for the period | | - | - | 0.4 | 0.3 | (38.4) | (37.7) |
| Dividends paid | 5.6 | - | - | - | - | (13.4) | (13.4) |
| Fair value of share-based payments | 6.3 | - | - | - | - | 0.7 | 0.7 |
| Deferred tax relating to employee share schemes charged directly to equity | 2.6 | - | - | - | - | (0.7) | (0.7) |
| **At 30 September 2023** | | 50.3 | 54.3 | 0.8 | (13.9) | 67.9 | 159.4 |
| Profit for the year | | - | - | - | - | 3.0 | 3.0 |
| Net exchange differences offset in reserves | | - | - | - | (1.8) | - | (1.8) |
| Deferred tax relating to other temporary differences | 2.6 | - | - | - | - | 0.3 | 0.3 |
| Remeasurement loss recognised on retirement benefit scheme | 6.2 | - | - | - | - | 19.6 | 19.6 |
| Deferred tax relating to retirement benefit scheme | 2.6 | - | - | - | - | (5.0) | (5.0) |
| Interest rate swaps – cash flow hedge | 5.4 | - | - | (0.8) | - | - | (0.8) |
| Total comprehensive income for the period | | - | - | (0.8) | (1.8) | 17.9 | 15.3 |
| Dividends paid | 5.6 | - | - | - | - | (6.8) | (6.8) |
| Own shares acquired | 5.5 | - | - | - | - | (5.0) | (5.0) |
| Fair value of share-based payments | 6.3 | - | - | - | - | 3.3 | 3.3 |
| Deferred tax relating to employee share schemes charged directly to equity | 2.6 | - | - | - | - | 0.3 | 0.3 |
| **At 30 September 2024** | | 50.3 | 54.3 | - | (15.7) | 77.6 | 166.5 |

Other reserves consist of the capital redemption reserve of $0.6m (2023: $0.6m) and the translation reserve of $(16.3)m (2023: $(14.5)m).

All movements in other reserves relate to the translation reserve.

# Accounting Policies and Critical Accounting Judgements
## For the year ended 30 September 2024

### Section 1 – Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Basis of preparation
Avon Technologies plc is a public limited company incorporated and domiciled in England and Wales and its ordinary shares are traded on the London Stock Exchange.

The financial period presents the year ended 30 September 2024 (prior financial period 52 weeks ended 30 September 2023). The Company has adopted a calendar year end to align with the majority of listed peers, and certain subsidiary companies.

With effect from 30 July 2024, the name of the Group was changed from Avon Protection plc to Avon Technologies plc.

The financial statements have been prepared in accordance with UK adopted International Accounting Standards. The financial statements have been prepared under the historical cost convention except for derivative instruments which are held at fair value through profit or loss.

#### Going concern
The Directors have prepared a going concern assessment covering the 12-month period from the date of approval of these financial statements. The assessment indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The Group has committed RCF facilities of $137m to May 2027. Related loan covenants include a limit of 3.0 times for the ratio of net debt, excluding lease liabilities, to bank-determined adjusted EBITDA (leverage), and a minimum limit of 3.5 times for the ratio of bank-determined adjusted EBITDA to interest payable on bank loans and overdrafts. At 30 September 2024 leverage was 0.91 times (2023: 1.94 times). Bank-determined adjusted EBITDA is calculated excluding certain items.

As part of the going concern assessment, the Directors considered sensitivity of financial covenants and liquidity headroom to a reverse stress test to determine the deterioration against the base case forecast required to break even with covenant levels. This demonstrated substantial headroom, with the downside movement required not considered plausible given the secured order book and mitigating actions available to reduce future cash outflows or expenses within management's control.

On this basis, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the approval of these financial statements. Accordingly the Group and Company continue to adopt the going concern basis in preparing their financial statements.

### Basis of consolidation
The consolidated financial statements incorporate the financial results and position of the Group and its subsidiaries.

Subsidiaries are those entities over which the Group has power, exposure or rights to variable returns from its involvement with the entity and the ability to use its power to affect the amount of the Group's returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases. Inter-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

### Revision to IFRS not applicable in 2024
Standards and interpretations issued by the IASB are only applicable if endorsed by the UK. The Group does not consider that any of the below standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a material impact on the consolidated financial statements. Effective dates are for annual periods beginning on or after the dates stated.

- Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current with covenants (effective 1 January 2024)
- Amendments to IFRS 16 Leases: lease liability in sale and leaseback (effective 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: supplier finance arrangements (effective 1 January 2024)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: lack of exchangeability (effective 1 January 2025)
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (effective 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027)
- BEPS: UK legislation on international tax system reform

### Foreign currencies
The results and financial position of all subsidiaries and associates that have a functional currency different from US dollars are translated into US dollars as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date; and
- income and expenses are translated at an average exchange rate for the month where the relevant rate approximates to the foreign exchange rates ruling at the dates of the transactions.

All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in entities with a functional currency other than US dollars, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When an entity with a functional currency other than US dollars is sold, the cumulative amount of such exchange difference is recognised in the Consolidated Statement of Comprehensive Income as part of the gain or loss on sale.

Foreign currency transactions are initially recorded in an entity's functional currency accounts at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets or liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except when deferred in equity as qualifying hedges.

### Business combinations
Business combinations are accounted for using the acquisition accounting method. Identifiable assets and liabilities acquired are measured at fair value at acquisition date. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Unwinding of discount on contingent consideration is included within finance costs. Changes to the fair value arising from changes in the contingent element, for example, expected cash to be paid or timing of when payments will be made, are included in general and administrative expenses.

## Revenue

Revenue is measured at the fair value of the consideration which is expected to be received in exchange for goods and services provided, net of trade discounts and sales-related taxes. The Group acts as a principal in all sales of goods and services.

Revenue is recognised when all of the following conditions are satisfied:

- a contract exists with a customer;
- the performance obligations within the contract have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to the performance obligations within the contract; and
- revenue is recognised as or when a performance obligation is satisfied.

### Sale of goods – point in time

Revenue from the sale of goods is recognised at a point in time when control of the goods has transferred to the customer, usually when the goods have been shipped to the customer in accordance with the contracted shipping terms or upon acceptance by the end customer.

### Sale of goods – over time

The Group has determined that for certain made-to-order military contracts performance obligations are satisfied over time, depicting the transfer of goods to the customer.

This is because under those contracts products are made to a customer's specification with no alternative use and if a contract is terminated by the customer, then the Group is entitled to reimbursement of costs incurred to date plus a reasonable profit margin.

A single method of measuring progress is selected for each related performance obligation and applied consistently, with an output-based method used to measure progress based on units certified by the end customer as a proportion of total units.

### Provision of services

Revenue from a contract to provide services, for example externally commissioned technical reports, funded research and development or training, is recognised over time as those services are provided. The Group recognises the amount of revenue from the services provided under a contract with reference to the costs incurred as a proportion of total expected costs.

### Contract assets and liabilities

Assets and liabilities arising from contracts with customers are separately identified. Contract assets relate to consideration recognised for work completed but not billed at the balance sheet date. Contract liabilities relate to consideration received but not recognised as revenue at the balance sheet date.

## Segment reporting

Segments are identified based on how management monitors the business. An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Operating segments are aggregated into a single reportable segment only when the segments have similar economic characteristics, and the segments are similar in each of the following respects:

- the nature of the products and services;
- the nature of the production processes;
- the type or class of customer for their products and services;
- the methods used to distribute their products or provide their services; and
- the nature of the regulatory environment.

The Group Executive team, being the Chief Operating Decision Maker, assesses the performance of operating segments based on adjusted measures of EBITDA, operating profit, net finance costs, taxation and earnings per share, as well as other measures not defined under IFRS, including orders received, closing order book, EBITDA margin, operating profit margin, return on invested capital, net debt excluding lease liabilities, average working capital turns and constant currency equivalents for relevant metrics. Further details on these measures can be found in the Adjusted Performance Measures section.

The Group has two operating and reportable segments: Avon Protection and Team Wendy. These have responsibility and empowerment to deliver their own specific strategic objectives, with resourcing, internal performance management and CODM reporting structures fully in place.

## Employee benefits

### Pension obligations and post-retirement benefits

The Group has both defined benefit and defined contribution plans. The defined benefit plan's asset or liability is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they occur, as part of other comprehensive income. Costs associated with investment management are deducted from the return on plan assets. Other expenses are recognised in the income statement as incurred.

For the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Contributions are expensed as incurred.

### Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives service from employees as consideration for equity instruments (options) of the Group. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market-based performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

# Accounting Policies and Critical Accounting Judgements
## For the year ended 30 September 2024 continued

### Intangible assets
#### Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Identifiable net assets include intangible assets other than goodwill. Any such intangible assets are amortised over their expected future lives unless they are regarded as having an indefinite life, in which case they are not amortised but subjected to annual impairment testing in a similar manner to goodwill.

Since the transition to IFRS, goodwill arising from acquisitions of subsidiaries after 3 October 1998 is included in intangible assets. It is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill arising from acquisitions of subsidiaries before 3 October 1998, which was set against reserves in the period of acquisition under UK GAAP, has not been reinstated and is not included in determining any subsequent profit or loss on disposal of the related entity.

Goodwill is tested for impairment at least annually or whenever there is an indication that the asset may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income. Subsequent reversals of impairment losses for goodwill are not recognised.

#### Development expenditure
Expenditure in respect of product development is capitalised where a positive outcome is assessed as being reasonably certain, taking account of commercial viability and technical feasibility. Assessment of commercial viability includes review of whether future economic benefits are probable for specific projects. Greater weight is placed on external market evidence as part of this assessment, including the existence of committed orders, and previous sales within an overall product category. Technical feasibility includes assessment of the ability to develop and scale production.

Subsequently capitalised costs are amortised over the expected useful lives of the related products (typically between five and ten years), representing the estimated period of sales. Amortisation begins when a development project is substantively complete and the related product is available for sale. Expenditure that does not meet these criteria is expensed as incurred. Development costs capitalised are tested for impairment annually or whenever there is an indication that the asset may be impaired. Any impairment, or subsequent reversal, is recognised immediately in the Consolidated Statement of Comprehensive Income.

UK development costs have not been treated as a realised loss by the Directors as they relate to specific R&D projects from which the Group is expected to obtain significant future economic benefit. External customer contributions to development projects are presented in revenue under the provision of services accounting policy, with related costs classified in cost of sales.

#### Computer software
Computer software comprises costs that are directly associated with the production of identifiable software products controlled by the Group and are probable of producing future economic benefits. Capitalised costs include employee costs and directly attributable overheads. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life from the date the software is available for use, generally between three and ten years.

#### Other intangible assets
Other intangible assets that are acquired by the Group as part of business combinations are stated at cost less accumulated amortisation and impairment losses. The useful lives take account of the differing natures of each of the assets acquired. The lives used are:

- brands and trademarks – four to fifteen years;
- customer relationships – three to fourteen years; and
- technology and licence agreements – two to ten years.

Amortisation is charged on a straight-line basis over the estimated useful lives of the assets through general and administrative expenses.

### Property, plant and equipment
Property, plant and equipment is stated at historical cost or deemed cost where IFRS 1 exemptions have been applied, less accumulated depreciation and any recognised impairment losses.

Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use including any qualifying finance expenses.

Land is not depreciated. Depreciation is provided on other assets estimated to write down the depreciable amount of relevant assets by equal annual instalments over their estimated useful lives.

In general, the lives used are:

- freehold – forty years;
- leasehold property – over the period of the lease; and
- plant and machinery:
  - computer hardware – three years;
  - presses – fifteen years; and
  - other plant and machinery – five to ten years.

Residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated net realisable value. Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the Consolidated Statement of Comprehensive Income.

### Leases
Right of use assets and lease liabilities are recognised at the commencement date of the contract for all leases conveying the right to control the associated asset for a period of time.

Right of use assets are initially measured at cost, which comprises initial measurement of the lease liability plus an estimate of dilapidation provisions where required. Subsequently right of use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Depreciation is calculated on a straight-line basis over the life of the lease.

The lease liability is initially measured at the present value of the lease payments due over the life of the lease. Lease payments are discounted at the rate implicit in the lease or if that is not readily determined using the Group's incremental borrowing rate.

The lease term is determined with reference to any non-cancellable period of lease contracts plus any periods covered by an option to extend/terminate the lease if it is considered reasonably certain that the option will/will not be exercised. In concluding whether or not it is reasonably certain an option will be exercised management has considered the strategic outlook for the Group and other operational factors.

Subsequently the lease liability is measured by increasing the carrying value to reflect interest on the liability and reducing the carrying value to reflect lease payments made.

### Exceptional items
Transactions are classified as exceptional where they relate to an event that falls outside of the underlying trading activities of the business and where individually or in aggregate the Directors consider they have a material impact on the financial statements.

### Finance leases
The Group acts as an intermediate lessor for certain legacy commercial premises where they are no longer required for operations and accounts for its interests in corresponding head leases and subleases separately.

Lease classification of the sublease between finance and operating is assessed with reference to the right of use asset arising from the head lease.

Following the sublet of additional properties in the period, finance lease assets have been transferred from right of use assets to a specific finance lease balance sheet classification as they are now considered collectively material.

Finance lease assets are initially measured at the present value of the lease receipts due over the life of the lease. Receipts are discounted at the rate implicit in the sublease or the corresponding head lease liability if the implicit rate cannot be readily determined.

### Inventories
Inventories are stated at the lower of cost, including all relevant overhead expenditure, and net realisable value. Inventory cost is valued using the most appropriate method based on the business use of inventory. In the majority of cases this is standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable incremental selling expenses. Provisions are generally based on ageing of inventory and forecast demand. Specific adjustments are made for obsolete or damaged items where appropriate.

### Financial instruments
#### Recognition and initial measurement
Trade receivables are initially recognised when they are originated and measured at the transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recognised at fair value. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument and measured at fair value.

#### Classification and subsequent measurement
Trade and other receivables and trade and other payables are classified as measured at amortised cost. The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15). Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### Derivative financial instruments and hedging
The Group classifies outstanding forward exchange contracts, interest rate swaps and corresponding hedged items as cash flow hedges and states them at fair value through the Consolidated Statement of Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in the income statement.

### Impairment
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

### Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Where there are a number of similar obligations, for example where a warranty has been given, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

If the provision is for a single item, for example a legal claim, costs associated with the most likely outcome are used as a best estimate.

Restructuring provisions are recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### Taxation
Income tax on the profit or loss for the period comprises current and deferred tax.

Taxable profit differs from accounting profit because it excludes certain items of income and expense that are recognised in the financial statements but are treated differently for tax purposes. Current tax is the amount of tax expected to be payable or receivable on the taxable profit or loss for the current period. This amount is then amended for any adjustments in respect of prior periods.

Current tax is calculated using tax rates that have been written into law (enacted) or irrevocably announced/committed by the respective government (substantively enacted) at the period end date. Current tax receivable (assets) and payable (liabilities) are offset only when there is a legal right to settle them net and the entity intends to do so. This is generally true when the taxes are levied by the same tax authority.

Because of the differences between accounting and taxable profits and losses reported in each period, temporary differences arise on the amount certain assets and liabilities are carried at for accounting purposes and their respective tax values. Deferred tax is the amount of tax payable or recoverable on these temporary differences.

Deferred tax liabilities arise where the carrying amount of an asset is higher than the tax value (more tax deduction has been taken). This can happen where the Group invests in capital assets, as governments often encourage investment by allowing tax depreciation to be recognised faster than accounting depreciation. This reduces the tax value of the asset relative to its accounting carrying amount. Deferred tax liabilities are generally provided on all taxable temporary differences. The periods over which such temporary differences reverse will vary depending on the life of the related asset or liability.

### **Taxation** continued

Deferred tax assets arise where the carrying amount of an asset is lower than the tax value. This can happen where the Group has trading losses, which cannot be offset in the current period but can be carried forward. Deferred tax assets are recognised only where the Group considers it probable that it will be able to use such losses by offsetting them against future taxable profits.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Taxable temporary differences can also arise on investments in foreign subsidiaries and associates and interests in joint ventures. Where the Group is able to control the reversal of these differences and it is probable that these will not reverse in the foreseeable future, then no deferred tax is provided. Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset is realised or the liability is settled. Similarly to current taxes, deferred tax assets and liabilities are offset only when there is a legal right to settle them net and the entity intends to do so. This normally requires both assets and liabilities to have arisen in the same country.

Income tax expense reported in the financial statements comprises current tax as well as the effects of changes in deferred tax assets and liabilities. Tax expense/credits are generally recognised in the same place as the items to which they relate. For example, the tax associated with a gain on disposal is recognised in the income statement, in line with the gain on disposal. Equally, the tax associated with pension obligation actuarial gains and losses is recognised in other comprehensive income, in line with the actuarial gains and losses.

### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently stated at amortised cost. Borrowing costs are expensed using the effective interest method.

### Dividends

Final dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by shareholders, while interim dividends are recognised in the period in which the dividends are paid.

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

### Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in context of the risks and opportunities identified in the TCFD disclosures. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- going concern and viability of the Group; and
- cash flow forecasts used in the impairment assessments of non-current assets including goodwill and development costs.

### Significant accounting judgements and estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The key areas where assumptions and estimates are significant to the financial statements are disclosed below.

#### Goodwill – impairment

Goodwill is tested for impairment at least annually or whenever there is an indication that the asset may be impaired. Goodwill is allocated to CGUs for the purpose of impairment testing.

Discounted cash flow projections and related assumptions for impairment testing of goodwill and related CGU asset groupings are a significant estimate that could result in future material adjustments to asset carrying amounts. Sensitivities are provided in note 3.1.

#### Estimating the defined benefit pension scheme assets and obligations

Measurement of defined benefit pension obligations requires estimation of future changes in inflation and mortality rates and the selection of a suitable discount rate.

An updated actuarial valuation for IAS 19 (revised) purposes was carried out by an independent team from the actuary (Aon) for year end using the projected unit credit method (note 6.2). In the second half of FY24 the actuarial valuation provider was changed to Aon, having previously been a separate third party. This change facilitated the use of detailed member-by-member calculations to estimate defined benefit obligations, as applied during full actuarial valuations. This approach refines roll-forward methodology used previously and is considered a change in accounting estimate under IAS 8.

The investments held by the pension scheme include both quoted and unquoted securities, the latter of which by their nature involve assumptions and estimates to determine their fair value. Where there is not an active market for the unquoted securities the fair value of these assets is estimated by the pension trustees based on advice received from the investment manager whilst also using any available market evidence of any recent transactions for an identical asset. The assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in fair value after the measurement date.

# Notes to the Group Financial Statements
## For the year ended 30 September 2024

### Section 2 – Results for the period

This section contains disclosures explaining the Group's results for the period, segmental information, earnings per share and taxation, and details of discontinued operations.

### 2.1 Operating segments

The Group Executive team is responsible for allocating resources and assessing performance of the operating segments. Operating segments are therefore reported in a manner consistent with the internal reporting provided to the Group Executive team.

The Group has two different continuing operating and reportable segments: Avon Protection and Team Wendy. During the year the previous Respiratory Protection segment was renamed Avon Protection, and the Head Protection segment was renamed Team Wendy. These were name changes only with no impact on previously reported segmental results.

| | Year ended 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Avon Protection $m | Team Wendy $m | Total $m | Adjustments and discontinued[1] $m | Total $m |
| Revenue | 145.6 | 129.4 | 275.0 | - | 275.0 |
| Operating profit/(loss) | 26.6 | 5.0 | 31.6 | (20.9) | 10.7 |
| Finance costs | | | (6.3) | (2.1) | (8.4) |
| Profit/(loss) before taxation | | | 25.3 | (23.0) | 2.3 |
| Taxation | | | (4.4) | 5.1 | 0.7 |
| Profit/(loss) for the period from continuing operations | | | 20.9 | (17.9) | 3.0 |
| Discontinued operations – result for the year | | | - | - | - |
| Profit/(loss) for the year | | | 20.9 | (17.9) | 3.0 |
| | | | | | |
| Basic earnings per share (cents) | | | 69.9c | (59.9c) | 10.0c |
| Diluted earnings per share (cents) | | | 67.6c | (57.9c) | 9.7c |

| | 52 weeks ended 30 September 2023 | | | | |
|---|---|---|---|---|---|
| | Avon Protection $m | Team Wendy $m | Total $m | Adjustments and discontinued[1] $m | Total $m |
| Revenue | 156.9 | 86.9 | 243.8 | - | 243.8 |
| Operating profit/(loss) | 29.3 | (8.1) | 21.2 | (33.8) | (12.6) |
| Finance costs | | | (7.2) | (0.4) | (7.6) |
| Profit/(loss) before taxation | | | 14.0 | (34.2) | (20.2) |
| Taxation | | | (1.9) | 5.7 | 3.8 |
| Profit/(loss) for the period from continuing operations | | | 12.1 | (28.5) | (16.4) |
| Discontinued operations – profit for the year | | | - | 2.0 | 2.0 |
| Profit/(loss) for the year | | | 12.1 | (26.5) | (14.4) |
| | | | | | |
| Basic earnings per share (cents) | | | 40.3c | (88.3c) | (48.0c) |
| Diluted earnings per share (cents) | | | 40.3c | (88.3c) | (48.0c) |

1. Refer to Adjusted Performance Measures section for a full breakdown of adjusted measures.

## Section 2 – Results for the period continued

### 2.1 Operating segments continued

Revenue analysed by geographic origin

| | 2024 $m | 2023 $m |
|---|---|---|
| Europe | 42.0 | 38.2 |
| US | 233.0 | 205.6 |
| Total | 275.0 | 243.8 |

Revenue by line of business

| | Year ended 30 September 2024 | | | 52 weeks ended 30 September 2023 | | |
|---|---|---|---|---|---|---|
| | Avon Protection $m | Team Wendy $m | Total $m | Avon Protection $m | Team Wendy $m | Total $m |
| US DOD | 39.6 | 83.1 | 122.7 | 67.1 | 42.5 | 109.6 |
| Commercial Americas | 40.9 | 30.2 | 71.1 | 30.5 | 27.0 | 57.5 |
| UK and International | 65.1 | 16.1 | 81.2 | 59.3 | 17.4 | 76.7 |
| | 145.6 | 129.4 | 275.0 | 156.9 | 86.9 | 243.8 |

US DOD revenues, sold directly and through indirect channels, represent the only customer which individually contributes more than 10% to Group revenues.

Revenue by nature of performance obligation

| | 2024 $m | 2023 $m |
|---|---|---|
| Sale of goods – point in time recognition | 225.3 | 219.7 |
| Sale of goods – over time recognition | 47.6 | 20.4 |
| Provision of services – over time recognition | 2.1 | 3.7 |
| | 275.0 | 243.8 |

Revenue from the sale of goods is recognised at a point in time when control of the goods has transferred to the customer, usually when the goods have been shipped to the customer in accordance with the contracted shipping terms.

The Group has determined that for certain made-to-order military good contracts performance obligations are satisfied over time, depicting the transfer of goods to the customer. A single method of measuring progress is selected for each related performance obligation and applied consistently. In the current financial period over time recognition applied to a single contract, with an output-based method used to measure progress based on customer acceptance of product.

Revenue from provision of services is recognised over time as those services are provided.

## **Section 2 – Results for the period** continued

### 2.2 Discontinued operations

At 30 September 2023 all armour orders had been delivered to customers, and Armour operations were fully closed. As such the Armour business was classified as discontinued in the prior period.

In September 2020 the Group divested of the milkrite | InterPuls business, resulting in its classification as discontinued. As part of the divestment, the Group entered into a Manufacturing Service Agreement with the purchasers to provide manufacturing support, which ended on 30 September 2023. As the activity under this agreement was not part of continuing operations, related revenue and costs were classified as discontinued.

| | Armour $m | milkrite \| InterPuls $m | 2024 $m | Armour $m | milkrite \| InterPuls $m | 2023 $m |
|---|---|---|---|---|---|---|
| Revenue | - | - | - | 30.5 | 6.2 | 36.7 |
| Cost of sales | - | - | - | (36.5) | (4.0) | (40.5) |
| Gross (loss)/profit | - | - | - | (6.0) | 2.2 | (3.8) |
| General and administrative expenses | - | - | - | (2.8) | - | (2.8) |
| Operating (loss)/profit | - | - | - | (8.8) | 2.2 | (6.6) |
| Finance costs | - | - | - | (0.2) | - | (0.2) |
| (Loss)/profit before taxation | - | - | - | (9.0) | 2.2 | (6.8) |
| Taxation | - | - | - | 1.8 | (0.5) | 1.3 |
| (Loss)/profit from discontinued operations related to trading | - | - | - | (7.2) | 1.7 | (5.5) |
| Gain on disposal before tax | - | - | - | 9.1 | - | 9.1 |
| Tax on disposal | - | - | - | (1.6) | - | (1.6) |
| Gain on disposal after tax | - | - | - | 7.5 | - | 7.5 |
| Total profit from discontinued operations | - | - | - | 0.3 | 1.7 | 2.0 |
| Basic earnings per share | - | - | - | 1.0c | 5.7c | 6.7c |
| Diluted earnings per share | - | - | - | 1.0c | 5.7c | 6.7c |

#### Gain on disposal – Armour

In the second half of 2023, the Group completed the sale of Armour assets at the Lexington facility for cash consideration of $7.4m. The sale agreement also included a sublease of the Lexington facility to the purchaser. The Group retained its lease liabilities relating to the Lexington head lease. The Group also separately disposed of other Armour assets for cash consideration of $0.5m.

The total gain on disposal relating to Armour operations is reconciled below:

| | 2023 $m |
|---|---|
| Cash consideration received – Lexington | 7.4 |
| Cash consideration received – other assets | 0.5 |
| Inventories disposed | (2.0) |
| Plant and machinery disposed | (0.5) |
| Finance lease adjustment | 4.1 |
| Transaction costs | (0.4) |
| Gain on disposal before tax | 9.1 |
| Tax on disposal | (1.6) |
| Gain on disposal after tax | 7.5 |

The finance lease adjustment recognises the present value of the finance lease receipts over the sublease term. The right of use lease asset for the Lexington site was previously impaired to $nil in the 2021 financial period. Cash consideration was fully paid in the prior period.

## Section 2 – Results for the period continued

### 2.2 Discontinued operations continued

Cash flows from discontinued operations included in the cash flow statement are as follows:

| | 2024 $m | 2023 $m |
|---|---|---|
| Cash flows from discontinued operating activities | 4.9 | 3.2 |
| Financing cash flows used in discontinued operations | - | (0.9) |
| Net cash flows from discontinued operations | 4.9 | 2.3 |

### 2.3 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held in the employee share ownership trust. The Company has dilutive potential ordinary shares in respect of the Performance Share Plan.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below. As the Group was loss making on a statutory basis in the prior period, basic and diluted earnings per share are equivalent.

| Weighted average number of shares | 2024 | 2023 |
|---|---|---|
| Weighted average number of ordinary shares in issue used in basic calculations ('000) | 29,895 | 29,996 |
| Potentially dilutive shares (weighted average) ('000) | 1,022 | 263 |
| Diluted number of ordinary shares (weighted average) ('000) | 30,917 | 30,259 |

| Earnings | 2024 $m | 2023 $m |
|---|---|---|
| Basic | 3.0 | (14.4) |
| Basic – continuing operations | 3.0 | (16.4) |
| Basic – discontinued operations | - | 2.0 |

| Earnings per share | 2024 $ cents | 2023 $ cents |
|---|---|---|
| Basic | 10.0c | (48.0c) |
| Basic – continuing operations | 10.0c | (54.7c) |
| Basic – discontinued operations | - | 6.7c |
| Diluted | 9.7c | (48.0c) |
| Diluted – continuing operations | 9.7c | (54.7c) |
| Diluted – discontinued operations | - | 6.7c |

## **Section 2 – Results for the period** continued

### 2.4 Expenses by nature

| **Continuing operations** | **2024 $m** | **2023 $m** |
|---|---|---|
| Employee and other staff costs[1] | 94.5 | 75.6 |
| Legal and professional fees | 8.7 | 9.1 |
| Depreciation and amortisation charges (notes 3.1 and 3.2) | 20.2 | 20.8 |
| Impairment charges – non-current assets | 1.7 | 24.6 |
| Foreign exchange gains | (1.0) | (1.0) |
| Transportation expenses | 4.7 | 5.2 |
| Material costs | 82.9 | 84.1 |
| Transformational costs | 10.8 | 2.9 |
| Other expenses | 41.8 | 35.1 |
| Total cost of sales, selling and marketing expenses, research and development costs and general and administrative expenses | 264.3 | 256.4 |

1. Employee costs disclosed in note 2.4 are presented on a continuing basis for staff-related costs expensed to the Consolidated Statement of Comprehensive Income. They do not therefore reconcile to note 6.1 for the prior period which includes discontinued costs.

### 2.5 Profit before taxation

| **Profit before taxation is shown after charging:** | **2024 $m** | **2023 $m** |
|---|---|---|
| Loss on disposal of property, plant and equipment (excluding assets related to 2023 Armour disposal, note 2.2) | - | 0.3 |
| Repairs and maintenance of property, plant and equipment | 4.1 | 4.0 |
| Impairment of trade receivables (note 5.4) | - | - |

| **Services provided to the Group (including its overseas subsidiaries) by the Company's auditor:** | **2024 $m** | **2023 $m** |
|---|---|---|
| Audit fees in respect of the audit of the accounts of the Group including subsidiaries | 1.0 | 0.8 |
| Audit fees in respect of the audit of the accounts of the Parent Company | 0.2 | 0.2 |
| Other assurance services | 0.1 | 0.1 |
| Total fees | 1.3 | 1.1 |

Other assurance services comprise the audit of the defined benefit pension scheme accounts and review of the Group's half-yearly financial report.

### 2.6 Taxation

| | **2024 $m** | **2023 $m** |
|---|---|---|
| UK current tax | - | 1.1 |
| UK adjustment in respect of previous periods | (0.2) | 0.6 |
| Overseas current tax | - | (0.4) |
| Total current tax (credit)/charge | (0.2) | 1.3 |
| Deferred tax – current period | (0.2) | (4.4) |
| Deferred tax – adjustment in respect of previous periods | (0.3) | (0.7) |
| Total deferred tax credit | (0.5) | (5.1) |
| Total tax credit | (0.7) | (3.8) |

The overseas current tax credit of $0.4m in the prior period includes a $0.3m credit in connection with the resolution of a number of historical uncertain tax positions.

The above table excludes tax on discontinued operations for the prior period (including disposals) which amounted to a charge of $0.3m.

## Section 2 – Results for the period continued

### 2.6 Taxation continued

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the standard UK tax rate applicable to profits of the consolidated entities as follows:

The standard rate of corporation tax in the UK increased from 19% to 25% effective 1 April 2023. The average rate of UK tax in the prior period was therefore 22%.

| | 2024 $m | 2023 $m |
|---|---|---|
| Profit/(loss) before taxation | 2.3 | (20.2) |
| | | |
| Taxation at the average standard rate of 25.0% (2023: 22.0%) | 0.6 | (4.4) |
| Other timing differences | (0.2) | - |
| Non-deductible expenses | - | 0.4 |
| Permanent differences | (0.7) | - |
| Differences in overseas tax rates | 0.1 | 0.3 |
| Adjustment in respect of previous periods | (0.5) | (0.1) |
| Total tax credit | (0.7) | (3.8) |

The deferred tax charged directly to other comprehensive income during the period was $3.5m (2023: credit of $8.8m). The deferred tax charged directly to equity during the period was $0.3m (2023: $0.7m).

### Deferred tax

Net deferred tax assets and liabilities of $31.3m have been offset in the 30 September 2024 Statement of Financial Position as the Group has a right to set off current and deferred tax balances levied by tax authorities in relevant taxable jurisdictions. The Directors have considered the impact on the prior period and determined the classification change not material for restatement.

Deferred tax related to lease assets and liabilities, including restatement of prior period comparatives, has been presented on a gross basis to reflect amendments to IAS 12 for tax related to assets and liabilities arising from a single transaction.

### Deferred tax liabilities

| | Right of use assets $m | Accelerated capital allowances $m | Total $m |
|---|---|---|---|
| At 1 October 2022 | - | 5.8 | 5.8 |
| Credited to profit for the period | - | 0.4 | 0.4 |
| **At 30 September 2023** | - | 6.2 | 6.2 |
| Charged to profit for the year | - | 0.7 | 0.7 |
| Transfer from deferred tax assets | 1.5 | - | 1.5 |
| **At 30 September 2024** | 1.5 | 6.9 | 8.4 |

## **Section 2 – Results for the period** continued

### **2.6 Taxation** continued

### Deferred tax assets

Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

| | Retirement benefit obligation $m | Share options $m | Tax losses $m | Pension spreading $m | Intangibles $m | Lease liabilities $m | Right of use assets $m | Interest $m | Other temporary differences $m | Total $m |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 October 2022** | 1.6 | 0.6 | 6.4 | 2.1 | 5.9 | 3.2 | - | 1.8 | 5.1 | 26.7 |
| IAS 12 restatement at 1 October 2022 | - | - | - | - | - | 1.5 | (1.5) | - | - | - |
| Credited/(charged) against profit for the period | 0.3 | 0.2 | 0.4 | (1.4) | 2.3 | (0.9) | 0.6 | 3.9 | (0.1) | 5.3 |
| Credited to other comprehensive income | 6.9 | - | - | - | - | - | - | - | - | 6.9 |
| Impact of change in tax rates credited to other comprehensive income | 1.1 | - | - | - | - | - | - | - | - | 1.1 |
| Exchange differences offset in reserves | 0.2 | 0.1 | 0.1 | - | - | - | - | - | 0.4 | 0.8 |
| Charged to equity | - | (0.7) | - | - | - | - | - | - | - | (0.7) |
| **At 30 September 2023 (restated)** | 10.1 | 0.2 | 6.9 | 0.7 | 8.2 | 3.8 | (0.9) | 5.7 | 5.4 | 40.1 |
| (Charged)/credited against profit for the period | (1.5) | 0.8 | (2.6) | 1.3 | 0.2 | 0.2 | (0.6) | 1.9 | 1.5 | 1.2 |
| (Charged)/credited to other comprehensive income | (5.0) | - | - | - | - | - | - | - | 0.3 | (4.7) |
| Exchange differences offset in reserves | 0.7 | 0.1 | 0.1 | 0.2 | - | - | - | - | - | 1.1 |
| Credited to equity | - | 0.3 | - | - | - | - | - | - | - | 0.3 |
| Transfer to deferred tax liabilities | - | - | - | - | - | - | 1.5 | - | - | 1.5 |
| **At 30 September 2024** | 4.3 | 1.4 | 4.4 | 2.2 | 8.4 | 4.0 | - | 7.6 | 7.2 | 39.5 |

The Group has unrecognised deferred tax assets of $4.5m (2023: $4.2m) in respect of capital losses where it is not considered that there will be sufficient available future profits to utilise these losses. The gross amount of unrecognised deferred tax assets is $18.2m and has no expiry date.

Deferred tax on pension spreading relates to excess pension contributions made in the current and previous periods for which tax relief is spread across four years.

Continued recognition of deferred tax assets is considered appropriate in the context of increasing confidence in the benefits and payback of transformation and continuous improvement programmes. Through these specific initiatives and the wider STAR strategy a sustained return to profitability is expected which will enable accumulated tax losses and other temporary differences to be utilised.

$5.0m (2023: $4.7m) of the deferred tax asset within other temporary differences relates to inventory reserves and differing cost capitalisation rules for accounting and tax purposes, with the remainder of other temporary differences relating to a number of smaller timing differences between the tax and accounting treatment.

## Section 3 – Non-current assets

### 3.1 Intangible assets

| | Goodwill $m | Acquired intangibles $m | Development expenditure $m | Computer software $m | Total $m |
|---|---|---|---|---|---|
| **At 1 October 2022** | | | | | |
| Cost | 88.7 | 98.2 | 69.2 | 15.3 | 271.4 |
| Accumulated amortisation and impairment | - | (46.1) | (48.1) | (6.2) | (100.4) |
| **Net book amount** | 88.7 | 52.1 | 21.1 | 9.1 | 171.0 |
| **52 weeks ended 30 September 2023** | | | | | |
| Opening net book amount | 88.7 | 52.1 | 21.1 | 9.1 | 171.0 |
| Exchange differences | 0.1 | - | 0.3 | - | 0.4 |
| Additions | - | - | 3.1 | 0.5 | 3.6 |
| Impairments | (23.4) | - | (0.2) | (0.6) | (24.2) |
| Amortisation | - | (6.3) | (4.1) | (1.2) | (11.6) |
| **Closing net book amount** | 65.4 | 45.8 | 20.2 | 7.8 | 139.2 |
| **At 30 September 2023** | | | | | |
| Cost | 88.8 | 98.2 | 69.5 | 15.0 | 271.5 |
| Accumulated amortisation and impairment | (23.4) | (52.4) | (49.3) | (7.2) | (132.3) |
| **Net book amount** | 65.4 | 45.8 | 20.2 | 7.8 | 139.2 |
| **Year ended 30 September 2024** | | | | | |
| Opening net book amount | 65.4 | 45.8 | 20.2 | 7.8 | 139.2 |
| Exchange differences | - | - | 0.1 | - | 0.1 |
| Additions | - | - | - | 0.6 | 0.6 |
| Impairments | - | - | (1.2) | - | (1.2) |
| Reclassification | - | - | (0.3) | 0.3 | - |
| Amortisation | - | (6.2) | (3.1) | (3.0) | (12.3) |
| **Closing net book amount** | 65.4 | 39.6 | 15.7 | 5.7 | 126.4 |
| **At 30 September 2024** | | | | | |
| Cost | 88.8 | 98.2 | 69.6 | 15.6 | 272.2 |
| Accumulated amortisation and impairment | (23.4) | (58.6) | (53.9) | (9.9) | (145.8) |
| **Net book amount** | 65.4 | 39.6 | 15.7 | 5.7 | 126.4 |

The remaining useful economic life of the development expenditure is up to nine years.

#### Impairment review of goodwill

Goodwill is tested for impairment annually and whenever there is an indication of impairment at the level of the CGU to which it is allocated.

Goodwill has been allocated to Team Wendy and Avon Protection CGUs. Team Wendy includes goodwill from the Ceradyne and Team Wendy acquisitions, which are part of the fully integrated business segment. Avon Protection goodwill is related to three legacy acquisitions that completed in 2016 and earlier financial periods.

Goodwill has been allocated to CGUs on the basis of historical acquisitions, which provides a more accurate basis than allocating by relative value given each of the acquisitions related fully to Avon Protection or Team Wendy products individually.

| **Allocation of goodwill by CGU** | Cost $m | Impairment $m | Net book amount $m |
|---|---|---|---|
| Avon Protection | 2.5 | - | 2.5 |
| Team Wendy | 86.3 | (23.4) | 62.9 |
| **Total goodwill** | 88.8 | (23.4) | 65.4 |

## **Section 3 – Non-current assets** continued

### **3.1 Intangible assets** continued

### Impairment review of goodwill continued

The total carrying value of each CGU is tested for impairment against corresponding recoverable amounts. CGU carrying values include associated goodwill, other intangible assets, property, plant and equipment, and attributable working capital.

The recoverable amount of the CGUs has been determined based on value in use calculations, using discounted cash flow projections for a five-year period plus a terminal value based upon a long-term perpetuity growth rate of 1.5% (2023: 1.5%). The growth rate was selected as appropriate for the Team Wendy review considered below, based on lower bound estimates of expected growth for the overall market given inherent uncertainty over the terminal period. Any reasonable adjustment to the growth rate that could be made for the Avon Protection review would still leave substantial headroom.

Value in use calculations are based on the Group's Board approved risk-adjusted five-year plan which has been amended to exclude the impact of capital expenditure considered expansionary and certain linked earnings and cash flows. Excluded expansionary items relate to new helmet programmes which, although specifically identified and planned, have yet to incur significant capital expenditure. Risk-adjusted five-year plan cash flows incorporate a balanced view of risks and opportunities specific to each CGU. Central costs in the five-year plan are allocated to Avon Protection and Team Wendy CGUs based on an average of relative net assets, payroll costs and revenues. Central costs include Board, Finance, IT, HR, Legal and Communications where these are not directly attributable to an individual CGU.

It is considered appropriate to extrapolate cash flows into perpetuity as the fifth year represents a reasonable estimate of steady state business operations, excluding expansionary items. The post-tax discount rates applied were 12.5% for Avon Protection and 12.0% for Team Wendy (2023: 10.4% for Avon Protection and 10.9% for Team Wendy). Equivalent pre-tax rates were 16.1% and 14.7% (2023: 14.2% and 14.9%). Post-tax discount rates were derived by external experts taking into consideration current market conditions.

The Group's Board approved five-year plan includes management's estimate of revenue, gross margin and other financial assumptions that will be achieved under the STAR strategy. These consolidate risk-adjusted granular forecasts for individual products or initiatives that consider market opportunities, execution risk, past experience and other relevant factors.

As set out in the TCFD section the Group has assessed the potential impact of climate change for the next five years to be low and has therefore not included climate-related impacts in the value in use calculation. Beyond 2028, although there are potential costs associated with climate change, these are balanced with significant opportunity for increased demand for protective products in a changing global security environment. Given this balanced view no climate-related risk adjustments have been made to long-term projections beyond five years.

#### Team Wendy CGU

In the prior period the recoverable amount of the Team Wendy CGU of $182.1m, determined based on value in use calculations, was less than the carrying amount of the associated CGU net assets and therefore resulted in an impairment to goodwill of $23.4m.

In the current period the recoverable amount of the Team Wendy CGU of $202.5m was $29.8m higher than the carrying amount of the associated CGU net assets. A key factor supporting the higher recoverable value compared to the prior period is the inclusion of net cash flow benefits associated with transformational programmes including the planned closure of the Irvine, California, facility, consolidation of manufacturing in Cleveland and supporting initiatives to improve operational efficiency. The Irvine closure was announced during the year following final approval and commitment to the project by the Board.

The prior period impairment arose following the Team Wendy level CGU test being performed for the first time, including all goodwill associated with the 2020 Ceradyne acquisition of $28.0m and 2021 Team Wendy acquisition of $58.3m. In 2021, goodwill related to the Ceradyne acquisition was allocated in full to the sole Respiratory and Team Wendy operating segment and as such was unaffected by the 2021 Armour-related impairments. In 2022, the decision to present Armour as a separate operating segment was taken, with $nil goodwill value allocated to the Armour segment. This was based on a relative value approach, which attributed $nil value to Armour given trading losses forecast to closure.

The calculation of the recoverable amount for the Team Wendy CGU is highly sensitive to small changes in key assumptions, considered to be revenue growth, gross profit margins and the discount rate. The Group has carried out sensitivity analysis on the Team Wendy CGU impairment test, using reasonably plausible scenarios focused on changes to key assumptions applied in the value in use calculations. The table below provides the expected revenue and gross margin growth rates included in the current year calculation. Annual growth is expected to be higher in earlier years of the five-year plan. The benefits of Team Wendy transformational programmes are a key factor supporting the higher level of gross margin growth.

| | |
|---|---|
| Compound annual growth rate in revenue from 2023/24 to 2028/29 | 4% |
| Compound annual growth rate in gross margin from 2023/24 to 2028/29 | 8% |

Annual growth in revenue and gross margin excludes items considered expansionary as required by IAS 36. These items form a substantial part of the Group's long-term commercial forecasts and growth strategy.

If the compound annual revenue growth rate (CAGR) over the first five years of the forecast was reduced by 1.0%, with the impact on the fifth year extrapolated in calculating terminal value, the current year value in use of the Team Wendy CGU would be reduced by $14.3m. A reduction in CAGR of 2.0% would result in the recoverable amount being equal to Team Wendy CGU net assets. There are many individual product revenue assumptions which are included in the forecasts, with the impact of a 1% change in revenue growth rate disclosed. Small changes in other aspects of the revenue assumptions would have material impact on the value in use which we have not disclosed. A 1.0% change in the revenue growth rate demonstrates the significant impact on a wide range of these revenue assumptions.

After upfront exceptional transformational costs at similar levels to FY24 in FY25, and a large drop in FY26, Team Wendy transformational programmes are forecast to deliver at least $10m underlying savings annually before tax from FY26. The majority of expected benefits relate to projects that are sufficiently advanced that they have been incorporated into forecast cash flows for the impairment review. Other potential projects are in the advance stages of planning and have not yet received Board approval and commitment.

## Section 3 – Non-current assets continued
### 3.1 Intangible assets continued
#### Impairment review of goodwill continued

Sensitivity to reasonably plausible changes in other key assumptions is as follows:

| | Reduction to 2024 Team Wendy CGU value in use $m |
|---|---|
| Gross margin for all products reduced by 1.0% | 11.4 |
| Post-tax discount rate increased by 0.5% | 8.6 |

Whilst keeping other assumptions constant, a reduction in gross margin of 2.6% or post-tax discount rate increase of 2.0% would result in the recoverable amount being equal to Team Wendy CGU net assets.

#### Avon Protection CGU

Value in use for the Avon Protection CGU was substantially greater than its carrying amount in the current and prior periods. Sensitivity analysis has been performed which shows there are no reasonable changes in assumptions that would result in an impairment to goodwill and other net assets associated with the Avon Protection CGU.

#### Impairment review of development costs

Development assets are grouped into the smallest identifiable group of assets generating future cash flows largely independent from other assets, known as cash-generating units (CGU). Included in CGUs are development expenditures, tangible assets and inventory related to the product group. CGUs are tested for impairment annually and whenever there is an indication of impairment. The CGUs have been tested against their recoverable amount deemed to be their value in use. Cash flows were discounted using post-tax rates of 10.9–12.5% (2023: 10.9%). Equivalent pre-tax rates were 16.1–19.5% (2023: 14.9%). Cash flows were adjusted to incorporate risks specific to each CGU.

As a result of the current year review the $4.1m carrying amount of the boots and gloves product range CGU was exceptionally impaired by $1.7m ($1.2m fully impairing associated development expenditure, $0.5m plant and machinery). The impairment was a result of changes in forecast cash flows based on latest costing and revenue assumptions.

The remaining $2.4m carrying amount post-impairment is dependent on securing further profitable future orders and reductions in unit product cost as volumes increase to full rate production. There is no dependency on expansionary capital expenditure. Sensitivity to key assumptions is as follows:

| | Increase to 2024 boots and gloves CGU impairment $m |
|---|---|
| Revenue reduced by 20.0% | 0.6 |
| Gross margin reduced by 2.5% | 0.6 |
| Post-tax discount rate increased by 1.0% | 0.1 |

In the prior period assets relating to one of the products in the Group's escape hood range was fully exceptionally impaired by $0.5m due to its discontinuation ($0.2m development expenditure, $0.3m plant and machinery).

Following the impairment charges recognised, recoverable amounts were equal to carrying amounts. At the year end there were no development costs relating to technology under development (2023: $2.6m for ACH GEN II testing approval).

#### Acquired intangibles

| | At 1 October 2022 Net book amount $m | Amortisation $m | At 30 September 2023 Net book amount $m | Amortisation $m | At 30 September 2024 Net book amount $m |
|---|---|---|---|---|---|
| Brand | 10.4 | (1.1) | 9.3 | (1.2) | 8.1 |
| Customer relationships | 25.4 | (3.0) | 22.4 | (3.0) | 19.4 |
| Other intangibles | 16.3 | (2.2) | 14.1 | (2.0) | 12.1 |
| Total acquired intangibles | 52.1 | (6.3) | 45.8 | (6.2) | 39.6 |

The valuation of acquired assets is determined at point of acquisition using complex valuation techniques including forecasting and discounting of future cash flows. This includes assumptions such as discount rates, royalty rates and estimates for growth rates, weighted average cost of capital and useful lives.

## **Section 3 – Non-current assets** continued

### **3.1 Intangible assets** continued

#### Customer relationships

The net book value of customer relationships includes one separately identifiable individually material contract with the National Industries for the Blind (NIB). The NIB contract was acquired through the acquisition of Team Wendy at a fair value of $14.9m. As at 30 September 2024, this acquired intangible had a carrying value of $9.6m and a remaining amortisation period of seven years. Other customer relationships also included other Team Wendy customer relationships acquired at fair value of $13.3m. As at 30 September 2024, these acquired intangibles had a carrying value of $9.6m and a remaining amortisation period of ten years.

Other customer relationships include those associated with the acquisition of the 3M ballistic protection business originally recognised at a fair value of $5.9m amortised over five years. The remaining carrying value of these assets is $0.2m, after amortisation and historical impairment charges.

### **3.2 Property, plant and equipment**

| | Freeholds $m | Right of use lease assets $m | Plant and machinery $m | Leasehold improvements $m | Total $m |
|---|---|---|---|---|---|
| **At 1 October 2022** | | | | | |
| Cost | 3.0 | 43.2 | 96.8 | 3.9 | 146.9 |
| Accumulated depreciation and impairment | (1.3) | (30.6) | (74.2) | (0.9) | (107.0) |
| **Net book amount** | 1.7 | 12.6 | 22.6 | 3.0 | 39.9 |
| **52 weeks ended 30 September 2023** | | | | | |
| Opening net book amount | 1.7 | 12.6 | 22.6 | 3.0 | 39.9 |
| Exchange differences | - | 0.5 | 0.5 | - | 1.0 |
| Additions | - | 1.1 | 7.4 | - | 8.5 |
| Disposals | - | - | (0.8) | - | (0.8) |
| Impairments | - | (0.5) | (0.5) | - | (1.0) |
| Transfer of finance leases | - | (2.6) | - | - | (2.6) |
| Depreciation charge | (0.2) | (2.6) | (5.7) | (0.7) | (9.2) |
| **Closing net book amount** | 1.5 | 8.5 | 23.5 | 2.3 | 35.8 |
| **At 30 September 2023** | | | | | |
| Cost | 3.0 | 41.7 | 86.0 | 3.7 | 134.4 |
| Accumulated depreciation and impairment | (1.5) | (33.2) | (62.5) | (1.4) | (98.6) |
| **Net book amount** | 1.5 | 8.5 | 23.5 | 2.3 | 35.8 |
| **Year ended 30 September 2024** | | | | | |
| Opening net book amount | 1.5 | 8.5 | 23.5 | 2.3 | 35.8 |
| Exchange differences | - | 0.3 | 0.6 | - | 0.9 |
| Additions | - | 4.8 | 8.0 | 2.6 | 15.4 |
| Impairment | - | - | (0.5) | - | (0.5) |
| Depreciation charge | (0.1) | (2.7) | (4.5) | (0.6) | (7.9) |
| **Closing net book amount** | 1.4 | 10.9 | 27.1 | 4.3 | 43.7 |
| **At 30 September 2024** | | | | | |
| Cost | 3.0 | 46.8 | 94.6 | 6.3 | 150.7 |
| Accumulated depreciation and impairment | (1.6) | (35.9) | (67.5) | (2.0) | (107.0) |
| **Net book amount** | 1.4 | 10.9 | 27.1 | 4.3 | 43.7 |

The $0.5m impairment to plant and machinery in the current year relates to boots and gloves (note 3.1). In the prior period the $0.5m right of use asset impairment and $0.2m of the plant and machinery impairment related to the closure of a US office. The remaining $0.3m related to escape hoods (note 3.1).

Property, plant and equipment with a net book amount of $35.6m is located within the United States of America (2023: $28.2m). The balance is located in the United Kingdom.

$3.1m (2023: $5.3m) of expenditure included in the carrying value of plant and machinery relates to assets under construction.

## Section 3 – Non-current assets continued

### 3.3 Finance leases

| | Finance leases $m |
|---|---|
| **At 1 October 2022** | - |
| Transfer from property, plant and equipment | 2.6 |
| Additions | 4.1 |
| Interest income | 0.1 |
| Payments received | (0.6) |
| **At 30 September 2023** | 6.2 |
| Additions | 0.2 |
| Interest income | 0.4 |
| Payments received | (1.4) |
| **At 30 September 2024** | 5.4 |

Payments received include $0.4m interest and $1.0m capital receipts (2023: $0.1m interest and $0.5m capital receipts).

The Group subleases commercial premises where they are no longer required for operations, resulting in lease assets being held on the balance sheet. Following sublet of an additional property in the prior period, assets were transferred from right of use assets to a specific finance lease classification as they were considered collectively material. Expected credit losses on finance lease assets are less than $0.1m and have been considered immaterial.

## Section 4 – Working capital

### 4.1 Inventories

| | 2024 $m | 2023 $m |
|---|---|---|
| Raw materials | 27.9 | 30.1 |
| Work in progress | 20.6 | 22.3 |
| Finished goods | 19.7 | 14.3 |
| Inventory – gross | 68.2 | 66.7 |
| Inventory provisions | (13.3) | (12.3) |
| Inventory – net | 54.9 | 54.4 |

The cost of inventories recognised as an expense and included in cost of sales amounted to $82.9m (2023: $84.1m). The amount of inventory carried as fair value less costs to sell is $nil (2023: $nil).

### 4.2 Trade and other receivables

| | 2024 $m | 2023 $m |
|---|---|---|
| Trade receivables | 32.6 | 54.4 |
| Less: provision for impairment of receivables | (0.3) | (0.5) |
| Trade receivables – net | 32.3 | 53.9 |
| Prepayments | 3.4 | 3.6 |
| Other receivables | 1.2 | 0.8 |
| | 36.9 | 58.3 |

The Group has no contract assets in the current or prior period.

See note 5.4 (i) Credit risk for further details in relation to the Group provision for impairment of receivables. Changes in provisions for impaired receivables are included within general and administrative expenses in the Consolidated Statement of Comprehensive Income.

## Section 4 – Working capital continued

### 4.3 Trade and other payables

| | 2024 $m | 2023 $m |
|---|---|---|
| Trade payables | 16.2 | 17.3 |
| Contract liabilities | 0.9 | 1.3 |
| Other taxation and social security | 0.6 | 0.9 |
| Accruals | 18.7 | 15.1 |
| | 36.4 | 34.6 |

Contract liabilities represent amounts invoiced under contracts with customers but not recognised as revenue at the balance sheet date and cash received in advance. $1.3m (2023: $1.7m) of the balance in contract liabilities at the start of the period was recognised as revenue in the current period. The outstanding balance at the end of the period is expected to be recognised within the next 12 months.

### 4.4 Cash and cash equivalents

| | 2024 $m | 2023 $m |
|---|---|---|
| Cash and cash equivalents | 14.0 | 13.2 |

Cash and cash equivalents are denominated in US dollars, pounds sterling and euros and earn interest based on central bank rates. The Group generates cash from its operating activities as follows:

| | 2024 $m | 2023 $m |
|---|---|---|
| **Continuing operations** | | |
| Profit/(loss) for the period | 3.0 | (16.4) |
| Taxation | (0.7) | (3.8) |
| Depreciation | 7.9 | 9.2 |
| Amortisation of intangible assets | 12.3 | 11.6 |
| Loss on disposal (excluding Armour sale transaction) | - | 0.3 |
| Restructuring-related impairment of non-current assets | - | 0.7 |
| Impairment of other non-current assets (excluding restructuring-related impairments) | 1.7 | 0.5 |
| Impairment of goodwill | - | 23.4 |
| Defined benefit pension scheme cost | 1.1 | 1.0 |
| Net finance costs | 8.4 | 7.6 |
| Fair value of share-based payments | 3.3 | 0.7 |
| Transformational, restructuring and transition costs expensed | 10.8 | 2.9 |
| Decrease/(increase) in inventories | 0.3 | (6.8) |
| Decrease/(increase) in receivables | 17.2 | (26.2) |
| Increase/(decrease) in payables and provisions | 3.2 | (2.2) |
| **Cash flows from continuing operations before exceptional items** | 68.5 | 2.5 |
| Transformational, restructuring and transition costs paid | (9.7) | (2.3) |
| **Cash flows from continuing operations** | 58.8 | 0.2 |

## Section 4 – Working capital continued

### 4.4 Cash and cash equivalents continued

| | 2024 $m | 2023 $m |
|---|---|---|
| **Discontinued operations** | | |
| Profit for the period | - | 2.0 |
| Taxation | - | 0.3 |
| Impairments | - | 0.6 |
| Net finance costs | - | 0.2 |
| Gain on disposal before tax | - | (9.1) |
| Decrease in inventories | - | 16.7 |
| Decrease/(increase) in receivables | 5.1 | (1.3) |
| Decrease in payables and provisions | (0.2) | (6.2) |
| **Cash flows from discontinued operations** | 4.9 | 3.2 |
| **Cash flows from operations** | 63.7 | 3.4 |

Cash flows from discontinued operations relate to final working capital receipts and payments for the Armour business which closed in FY23 (note 2.2).

The balance sheet change in inventories is reconciled as follows:

| | 2024 $m | 2023 $m |
|---|---|---|
| Change in inventories – continuing operations cash flows | (0.3) | 6.8 |
| Change in inventories – discontinued operations cash flows | - | (16.7) |
| Inventories disposed (note 2.2) | - | (2.0) |
| Non-cash foreign exchange translation | 0.8 | 0.7 |
| **Balance sheet inventories movement (note 4.1)** | 0.5 | (11.2) |

## Section 5 – Funding

The following section provides disclosures about the Group's funding position, including borrowings, finance costs, exposure to financial risks and capital management policies.

### 5.1 Borrowings

| | 2024 $m | 2023 $m |
|---|---|---|
| **Current** | | |
| Lease liabilities | 3.9 | 4.3 |
| **Non-current** | | |
| Bank loans | 57.5 | 77.7 |
| Lease liabilities | 18.0 | 16.6 |
| | 75.5 | 94.3 |
| **Total Group borrowings** | 79.4 | 98.6 |

Bank loans comprise drawings under the revolving credit facility (RCF).

The Group had the following committed facilities at the balance sheet date:

| | 2024 $m | 2023 $m |
|---|---|---|
| Total undrawn committed borrowing facilities | 82.5 | 127.3 |
| Bank loans utilised | 57.5 | 77.7 |
| **Total Group facilities** | 140.0 | 205.0 |

At 30 September 2023, the Group had an RCF with a total commitment of $200m.

On 14 May 2024 the Group signed a new $137m RCF, together with a $50m accordion replacing the previous facility. The new RCF was agreed with a syndicate of four lenders and is available until May 2027, with two further one-year extension options.

The previous and new RCF are subject to financial covenants measured on a bi-annual basis. These include a limit of 3.0 times for the ratio of net debt, excluding lease liabilities, to bank-defined adjusted EBITDA (leverage). The Group was in compliance with all financial covenants during the current and prior period.

The RCF is drawn in short to medium-term tranches of debt which are repayable within 12 months of draw down. These tranches of debt can be rolled over provided certain conditions are met, including covenant compliance. The Group considers that it is highly unlikely it would be unable to exercise its right to roll over the debt based on forecast covenant compliance. Even in a severe downside scenario there are mitigating actions (within the control of the Group) that could be taken to maintain compliance with these conditions, including future covenant requirements. The Directors therefore believe that the Group has the ability and the intent to roll over the drawn RCF amounts when due and consequently has presented the RCF as a non-current liability.

The RCF is floating rate priced on the Secured Overnight Financing Rate (SOFR) plus a margin depending on leverage. The Group has provided the lenders with a negative pledge in respect of certain shares in Group companies.

In addition to the RCF the Group's US operations have access to a $3.0m overdraft facility that is renewed annually and used to manage short-term liquidity requirements.

The table below presents the maturity analysis in respect of lease liabilities and bank loans:

| | 2024 $m | 2023 $m |
|---|---|---|
| In one year or less, or on demand | 3.9 | 4.3 |
| Two to five years | 68.2 | 86.8 |
| More than five years | 7.3 | 7.5 |
| **Total Group borrowings** | 79.4 | 98.6 |

Lease liabilities relate to land and buildings (right of use assets) leased by the Group for its office space and manufacturing facilities. The leases typically run for a period of five to ten years. Most leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement, and if there is a significant change in circumstances, whether it is reasonably certain to exercise the extension options. During the period lease liabilities were increased by $4.8m to recognise extension options considered reasonably certain (2023: no change in liabilities).

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT and other equipment.

## Section 5 – Funding continued

### 5.2 Net finance costs

| | 2024 $m | 2023 $m |
|---|---|---|
| Interest payable on bank loans and overdrafts | (5.4) | (6.3) |
| Interest payable in respect of leases | (0.9) | (0.7) |
| Amortisation of finance fees | (0.7) | (0.6) |
| Net interest cost: UK defined benefit pension scheme (note 6.2) | (2.1) | (0.4) |
| Other finance income | 0.7 | 0.4 |
| Net finance costs | (8.4) | (7.6) |

Other finance income comprises $0.4m finance lease interest (2023: $0.1m) and $0.3m bank interest on cash balances (2023: $0.3m).

The effective interest rates at the balance sheet dates were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Sterling % | Dollar % | Sterling % | Dollar % |
| Bank loans (interest payable on drawn facilities) | - | 6.89% | - | 7.76% |
| Lease liabilities | 7.70% | 2.80% | 7.70% | 2.80% |

Floating interest on bank loans has been hedged using interest rate swaps as described in note 5.4 (iv). Finance costs paid in respect of bank loans and overdrafts in the consolidated cash flow statement is shown net of cash receipts from interest rate swaps.

#### Movement analysis for interest due on bank loans and interest rate swaps

| | At 30 September 2023 $m | Cash flow paid/ (received) $m | Non-cash movements $m | Exchange movements $m | At 30 September 2024 $m |
|---|---|---|---|---|---|
| Interest due on bank loans | - | 6.1 | (6.1) | - | - |
| Interest rate swaps | 0.9 | (0.7) | (0.2) | - | - |

In addition to net cash flows of $5.4m disclosed above for interest on bank loans and interest rate swaps, during the year the Group paid $1.1m in arrangement fees and other directly attributable upfront costs for the new RCF.

| | At 1 October 2022 $m | Cash flow $m | Non-cash movements $m | Exchange movements $m | At 30 September 2023 $m |
|---|---|---|---|---|---|
| Interest due on bank loans | - | 6.6 | 6.6 | - | - |
| Interest rate swaps | 0.5 | (0.3) | 0.7 | - | 0.9 |

## **Section 5 – Funding** continued

### 5.3 Analysis of net cash/(debt)

| | At 30 September 2023 $m | Cash flow $m | Non-cash movements $m | Exchange movements $m | At 30 September 2024 $m |
|---|---|---|---|---|---|
| Cash and cash equivalents | 13.2 | 0.7 | - | 0.1 | 14.0 |
| Bank loans | (77.7) | 20.2 | - | - | (57.5) |
| Net debt excluding lease liabilities | (64.5) | 20.9 | - | 0.1 | (43.5) |
| Lease liabilities | (20.9) | 5.2 | (5.7) | (0.5) | (21.9) |
| Net debt | (85.4) | 26.1 | (5.7) | (0.4) | (65.4) |

On refinancing the Group repaid borrowings under the previous RCF of $71.5m and drew borrowings under the new RCF of $72.9m. A reconciliation of gross cash flows for bank loans is provided as follows:

| | Prior RCF repayment on cancellation $m | Other loan repayments $m | New RCF initial drawdown proceeds $m | Other drawdown proceeds $m | Total cash flow $m |
|---|---|---|---|---|---|
| Bank loans | 71.5 | 49.2 | (72.9) | (27.6) | 20.2 |

| | At 1 October 2022 $m | Cash flow $m | Non-cash movements $m | Exchange movements $m | At 30 September 2023 $m |
|---|---|---|---|---|---|
| Cash and cash equivalents | 9.5 | 3.7 | - | - | 13.2 |
| Bank loans | (53.7) | (24.0) | - | - | (77.7) |
| Net debt excluding lease liabilities | (44.2) | (20.3) | - | - | (64.5) |
| Lease liabilities | (23.8) | 5.1 | (1.5) | (0.7) | (20.9) |
| Net debt | (68.0) | (15.2) | (1.5) | (0.7) | (85.4) |

Cash flows against lease liabilities were as follows:

| | 2024 $m | 2023 $m |
|---|---|---|
| Repayment of lease liability – continuing operations | 4.3 | 3.5 |
| Finance costs paid in respect of leases – continuing operations | 0.9 | 0.7 |
| Lease cash flows related to discontinued operations | - | 0.9 |
| Total lease cash flows | 5.2 | 5.1 |

### 5.4 Financial instruments

#### Financial instruments by category

Trade and other receivables (excluding prepayments) and cash and cash equivalents are classified as 'financial assets'. Borrowings and trade and other payables are classified as 'other financial liabilities at amortised cost'. Both categories are initially measured at fair value and subsequently held at amortised cost.

Derivatives (interest rate swaps) are classified as 'derivatives used for hedging' and accounted for at fair value with gains and losses taken to reserves through the Consolidated Statement of Comprehensive Income.

#### Financial risk and treasury policies

The Group's finance team monitors liquidity, manages relations with the Group's bankers, identifies and manages risk and provides a treasury service to the Group's businesses. Treasury dealings such as investments, borrowings and foreign exchange are conducted only to support underlying business transactions.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and monies on deposit with financial institutions.

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15). ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

**Section 5 – Funding** continued

**5.4 Financial instruments** continued

Financial risk and treasury policies continued

(i) Credit risk continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| Carrying amount of financial assets | 2024 $m | 2023 $m |
|---|---|---|
| Trade receivables – net | 32.3 | 53.9 |
| Other receivables | 1.2 | 0.8 |
| Cash and cash equivalents | 14.0 | 13.2 |
| | 47.5 | 67.9 |

The maximum exposure to credit risk for financial assets at the reporting date by currency was:

| Carrying amount of financial assets | 2024 $m | 2023 $m |
|---|---|---|
| Pound sterling | 4.4 | 10.0 |
| US dollar | 42.5 | 56.1 |
| Euro | 0.4 | 1.7 |
| Other currencies | 0.2 | 0.1 |
| | 47.5 | 67.9 |

The ageing of trade receivables and associated provision for impairment at the reporting date was:

| | Gross 2024 $m | Provision 2024 $m | Net 2024 $m | Gross 2023 $m | Provision 2023 $m | Net 2023 $m |
|---|---|---|---|---|---|---|
| Not past due | 28.6 | - | 28.6 | 48.8 | - | 48.8 |
| Past due 0–30 days | 3.0 | - | 3.0 | 5.0 | - | 5.0 |
| Past due 31–60 days | 0.5 | - | 0.5 | 0.2 | (0.1) | 0.1 |
| Past due 61–90 days | 0.2 | - | 0.2 | - | - | - |
| Past due 91 days | 0.3 | (0.3) | - | 0.4 | (0.4) | - |
| | 32.6 | (0.3) | 32.3 | 54.4 | (0.5) | 53.9 |

The total past due receivables, net of provisions, is $3.7m (2023: $5.1m).

Individually impaired receivables relate to a small number of specific customers. Provisions for impairment are based on expected credit losses and are estimated based on knowledge of customers and historical experience of losses. A portion of these receivables is expected to be recovered.

Movements on the Group provision for impairment of trade receivables are as follows:

| | 2024 $m | 2023 $m |
|---|---|---|
| At the beginning of the period | 0.5 | 0.5 |
| Provision for impairment of trade receivables | (0.2) | - |
| **At the end of the period** | 0.3 | 0.5 |

The only significant concentration of credit risk is with the US Government Department of Defense. At the balance sheet date outstanding trade receivables for this customer were $1.2m (2023: $13.7m).

The credit risk in relation to trade receivables is managed via credit evaluations for all non-government customers requiring credit above a certain threshold, with required approval levels dependent on the value of sales. Where possible, letters of credit or payments in advance are received for significant export sales.

## **Section 5 – Funding** continued

### **5.4 Financial instruments** continued

### Financial risk and treasury policies continued

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses weekly cash flow forecasts to monitor cash requirements and to optimise its borrowing position. Typically the Group ensures that it has sufficient borrowing facilities to meet foreseeable operational expenses.

The following shows the contractual maturities of financial liabilities, including interest payments, where applicable, and excluding the impact of netting agreements and on an undiscounted basis:

| Analysis of contractual cash flow maturities | Carrying amount $m | Contractual cash flows $m | Less than 12 months $m | 2–5 years $m | After 5 years $m |
|---|---|---|---|---|---|
| **30 September 2024** | | | | | |
| Bank loans and overdrafts | (57.5) | (65.9) | (4.0) | (61.9) | - |
| Trade and other payables | (34.9) | (34.9) | (34.9) | - | - |
| Lease liabilities | (21.9) | (28.7) | (5.0) | (13.7) | (10.0) |
| Derivatives | - | - | 0.2 | (0.2) | - |
| | (114.3) | (129.5) | (43.7) | (75.8) | (10.0) |

| Analysis of contractual cash flow maturities | Carrying amount $m | Contractual cash flows $m | Less than 12 months $m | 2–5 years $m | After 5 years $m |
|---|---|---|---|---|---|
| **30 September 2023** | | | | | |
| Bank loans and overdrafts | (77.7) | (87.0) | (4.7) | (82.3) | - |
| Trade and other payables | (32.4) | (32.4) | (32.4) | - | - |
| Lease liabilities | (20.9) | (26.8) | (5.2) | (11.3) | (10.3) |
| Derivatives | 0.9 | 0.9 | 0.3 | 0.6 | - |
| | (130.1) | (145.3) | (42.0) | (93.0) | (10.3) |

#### (iii) Currency risk

The Group is exposed to transactional foreign exchange risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are sterling and US dollars.

Transactional risk is minimised through natural hedging of sales and purchase currencies at a Company level. The Group monitors net transactional exposure and can utilise forward foreign exchange contracts to hedge the remaining currency risk. These contracts are generally designated as cash flow hedges. At the end of the reporting period there were no forward contracts outstanding (2023: $nil).

The Group is also exposed to translational foreign exchange risk arising when the results of sterling denominated companies are consolidated into the Group presentational currency, US dollars. Group policy is not to hedge translational foreign exchange risk.

In respect of monetary assets and liabilities that are not denominated in Company functional currencies, the Group regularly reviews net exposure and ensures this is kept to an acceptable level by monitoring intercompany funding structures and buying or selling foreign currencies where necessary to address short-term imbalances.

#### Sensitivity analysis

It is estimated that, with all other variables held equal (in particular other exchange rates), a 1c increase in the value of the US dollar against sterling would have increased the Group's profit before interest and tax by $0.2m (2023: $0.2m), increased the Group's profit after tax by $0.2m (2023: $0.2m) and increased shareholders' funds by $0.2m (2023: $0.2m).

The following significant exchange rates applied during the period:

| | Average rate 2024 | Closing rate 2024 | Average rate 2023 | Closing rate 2023 |
|---|---|---|---|---|
| Pound sterling | 0.7887 | 0.7469 | 0.8163 | 0.8161 |

## Section 5 – Funding continued

### 5.4 Financial instruments continued

Sensitivity analysis continued

(iv) Interest rate risk

| Derivative financial instruments – interest rate swaps | 2024 $m | 2023 $m |
|---|---|---|
| Current | 0.2 | 0.3 |
| Non-current | (0.2) | 0.6 |
| | - | 0.9 |

The RCF is floating rate priced using the Secured Overnight Financing Rate (SOFR). In 2022 the Group implemented a hedging policy using interest rate swaps to fix a portion of SOFR floating rate interest. The notional value of active interest rate swaps at 30 September 2024 was $30.0m (2023: $30.0m), expiring on 8 September 2025. The Group also has additional interest rate swaps in place with a notional value of $20.0m starting on 8 September 2025 and expiring on 8 September 2026 (2023: $20.0m).

After taking account of hedging, a 1.0% increase in SOFR would have increased interest payable on bank loans by $0.4m (2023: $0.5m).

(v) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

| | Carrying amount 2024 $m | Fair value 2024 $m | Carrying amount 2023 $m | Fair value 2023 $m |
|---|---|---|---|---|
| Trade receivables – net | 32.3 | 32.3 | 53.9 | 53.9 |
| Other receivables | 1.2 | 1.2 | 0.8 | 0.8 |
| Derivatives | - | - | 0.9 | 0.9 |
| Cash and cash equivalents | 14.0 | 14.0 | 13.2 | 13.2 |
| Bank loans | (57.5) | (57.5) | (77.7) | (77.7) |
| Trade and other payables | (35.8) | (35.8) | (33.7) | (33.7) |

#### Basis for determining fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

#### Derivatives

The Group's interest rate swaps are not traded in active markets. These have been fair valued using observable interest rates. The effects of non-observable inputs are not significant for interest rate swaps.

Counterparty banks perform valuations of interest rate swaps for financial reporting purposes, determined by discounting the future cash flows at rates determined by year end yield curves.

#### Secured loans

As the loans are floating rate borrowings, amortised cost is deemed to reflect fair value.

#### Trade and other receivables/payables

As the majority of receivables/payables have a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

## Section 5 – Funding continued

### 5.5 Equity

Share capital

| | Number of shares 2024 | Ordinary shares 2024 $m | Share premium 2024 $m | Number of shares 2023 | Ordinary shares 2023 $m | Share premium 2023 $m |
|---|---|---|---|---|---|---|
| **Called up allotted and fully paid ordinary shares of £1 each** | | | | | | |
| At the beginning of the period | 31,023,292 | 50.3 | 54.3 | 31,023,292 | 50.3 | 54.3 |
| **At the end of the period** | 31,023,292 | 50.3 | 54.3 | 31,023,292 | 50.3 | 54.3 |

Ordinary shareholders are entitled to receive dividends and to vote at meetings of the Company.

Own shares held – Long-Term Incentive Plan

| | 2024 Number of shares | 2023 Number of shares |
|---|---|---|
| **Opening balance** | 261,714 | 261,714 |
| Acquired in the period | 301,947 | - |
| Disposed of on exercise of options | (8,456) | - |
| **Closing balance** | 555,205 | 261,714 |

These shares are held in trust in respect of awards made under the Group's Long-Term Incentive Plan. Dividends on the shares have been waived. The market value of shares held in trust at 30 September 2024 was $9.1m (30 September 2023: $2.0m). The shares are held at cost as treasury shares and deducted from shareholders' equity.

During 2024 the trust acquired 301,947 (2023: nil) shares at a cost of $5.0m (2023: $nil).

Own shares held – Share Buyback Programme

| | 2024 Number of shares | 2023 Number of shares |
|---|---|---|
| **Opening balance** | 765,098 | 765,098 |
| Acquired in the period | - | - |
| **Closing balance** | 765,098 | 765,098 |

In 2022 the Group completed a £9.25m ($12.4m) Share Buyback Programme, purchasing 765,098 ordinary shares. Dividends on these shares have been waived. Purchased shares under the programme are held at cost as treasury shares and deducted from shareholders' equity.

### 5.6 Dividends

On 26 January 2024, the shareholders approved a final dividend of 15.3c per qualifying ordinary share in respect of the 52 weeks ended 30 September 2023. This was paid on 8 March 2024 utilising $4.6m of shareholders' funds.

The Board of Directors declared an interim dividend of 7.2c (2023: 14.3c) per qualifying ordinary share in respect of the year ended 30 September 2024. This was paid on 6 September 2024 utilising $2.2m (2023: $4.3m) of shareholders' funds.

The Board is recommending a final dividend of 16.1c per share (2023: 15.3c) which together with the 7.2c interim dividend gives a total dividend of 23.3c (2023: 29.6c). The final dividend will be paid on 7 March 2025 to shareholders on the register at 7 February 2025 with an ex-dividend date of 6 February 2025.

Dividend cover

| | 2024 $ cents | 2023 $ cents |
|---|---|---|
| Interim dividend | 7.2c | 14.3c |
| Final dividend | 16.1c | 15.3c |
| **Total dividend** | 23.3c | 29.6c |
| **Basic earnings per share – continuing operations** | 10.0c | (54.7c) |
| **Dividend cover ratio** | 0.4 times | (1.8) times |

## Section 6 – Key management and employee benefits

### 6.1 Employees

Total remuneration and associated costs for the period, in relation to both continuing and discontinued operations, were:

| | 2024 $m | 2023 $m |
|---|---|---|
| Wages and salaries | 71.3 | 66.8 |
| Social security costs | 7.3 | 6.5 |
| Other pension costs | 3.0 | 3.1 |
| US healthcare costs | 5.8 | 6.1 |
| Share-based payments (note 6.3) | 3.3 | 0.7 |
| | 90.7 | 83.2 |

Detailed disclosures of Directors' remuneration and share options, including disclosure of the highest paid Director, are given on page 106.

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

| | 2024 number | 2023 number |
|---|---|---|
| Avon Protection | 452 | 544 |
| Team Wendy | 463 | 386 |
| Armour | - | 35 |
| Dairy | - | 3 |
| | 915 | 968 |

The total number of employees (including Executive Directors) at the end of the reporting period was:

| | 2024 number | 2023 number |
|---|---|---|
| Avon Protection | 436 | 501 |
| Team Wendy | 481 | 422 |
| Armour | - | 2 |
| Dairy | - | 3 |
| | 917 | 928 |

Central employees that are not specifically related to an individual business have been allocated to Avon Protection and Team Wendy based on an average of relative net assets, payroll costs and revenues.

### Key management compensation

The key management compensation below includes the Executive Directors plus four (2023: five) others who were active members of the Group Executive team during the period. It also includes the Non-Executive Directors.

| | 2024 $m | 2023 $m |
|---|---|---|
| Salaries and other employee benefits | 5.9 | 3.1 |
| Post-employment benefits | 0.2 | 0.2 |
| | 6.1 | 3.3 |

The value of LTIP share awards held by key management that vested during the period was $nil (2023: $nil).

## Section 6 – Key management and employee benefits continued

### 6.2 Pensions and other retirement benefits

#### Defined contribution pension scheme

The charge in respect of defined contribution pension schemes was $3.0m (2023: $3.1m).

#### Defined benefit pension scheme

Retirement benefit assets and liabilities can be analysed as follows:

| | 2024 $m | 2023 $m |
|---|---|---|
| Net pension liability | 17.2 | 40.2 |

The Group operated a contributory defined benefit plan to provide pension and death benefits for the employees of Avon Technologies plc and its Group undertakings in the UK employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately eleven years. The assets of the plan are held in separate trustee administered funds and are invested by professional investment managers. The trustee is Avon Rubber Pension Trust Limited, the Directors of which are members of the plan. Five Directors are appointed by the Company and two are elected by the members. The plan exposes the Group to actuarial risks such as longevity risk, inflation risk and investment risk.

The funding of the plan is based on regular actuarial valuations. The most recent full actuarial valuation of the plan was carried out at 31 March 2022 when the market value of the plan's assets was £337.5m. The fair value of those assets represented 91% of the value of the benefits which had accrued to members, after allowing for future increase in pensions.

During the period the Group made payments of $9.1m to the plan (2023: $nil) in respect of scheme expenses and deficit recovery plan payments. In accordance with the deficit recovery plan agreed following the 31 March 2022 actuarial valuation, the Group will make payments in FY25 of £4.3m, FY26 of £4.7m and FY27 of £5.1m in respect of deficit recovery and scheme expenses.

The Directors have confirmed no additional liability is required to be recognised as a consequence of minimum funding requirements. The trustees have no rights to wind up the scheme or improve benefits without Company consent.

An updated actuarial valuation for IAS 19 (revised) purposes was carried out by an independent team from the actuary (Aon) for year end using the projected unit credit method. In the second half of FY24 the actuarial valuation provider was changed to Aon, having previously been a separate third party. This change facilitated the use of detailed member-by-member calculations to estimate defined benefit obligations, as applied during full actuarial valuations. This approach refines roll-forward methodology used previously and is considered a change in accounting estimate under IAS 8. The change is estimated to have reduced defined benefit obligations by $13.4m, included in 2024 other comprehensive income under actuarial experience adjustments.

The net pension liability for the scheme amounted to $17.2m as at 30 September 2024 (2023: $40.2m). Administrative expenses have been shown as a deduction against defined benefit assets in 2024 as these are not part of the actuarial defined benefit funding obligation.

#### Movement in net defined benefit liability

| | Defined benefit obligation | | Defined benefit asset | | Net defined benefit liability | |
|---|---|---|---|---|---|---|
| | 2024 $m | 2023 $m | 2024 $m | 2023 $m | 2024 $m | 2023 $m |
| **At the beginning of the period** | (321.7) | (284.9) | 281.5 | 278.6 | (40.2) | (6.3) |
| **Included in profit or loss** | | | | | | |
| Administrative expenses | - | (1.0) | (1.1) | - | (1.1) | (1.0) |
| Net interest cost | (17.7) | (16.2) | 15.6 | 15.8 | (2.1) | (0.4) |
| | (17.7) | (17.2) | 14.5 | 15.8 | (3.2) | (1.4) |
| **Included in other comprehensive income** | | | | | | |
| Remeasurement gain/(loss): | | | | | | |
| – Actuarial gain/(loss) arising from: | | | | | | |
| – Demographic assumptions | 7.3 | (2.6) | - | - | 7.3 | (2.6) |
| – Financial assumptions | (11.6) | 15.0 | - | - | (11.6) | 15.0 |
| – Experience adjustment | 21.1 | (24.4) | - | - | 21.1 | (24.4) |
| – Return on plan assets excluding interest income | - | - | 2.8 | (19.8) | 2.8 | (19.8) |
| | 16.8 | (12.0) | 2.8 | (19.8) | 19.6 | (31.8) |
| **Other** | | | | | | |
| Contributions by the employer | - | - | 9.1 | - | 9.1 | - |
| Net benefits paid out | 22.0 | 23.7 | (22.0) | (23.7) | - | - |
| FX loss | (28.7) | (31.3) | 26.2 | 30.6 | (2.5) | (0.7) |
| **At the end of the period** | (329.3) | (321.7) | 312.1 | 281.5 | (17.2) | (40.2) |

## Section 6 – Key management and employee benefits continued

### 6.2 Pensions and other retirement benefits continued

#### Plan assets

The fair value of the assets of the pension scheme analysed by asset category is shown below:

| | 2024 $m | 2023 $m |
|---|---|---|
| Equities and other securities | 96.2 | 83.2 |
| Liability Driven Investment | 138.2 | 73.8 |
| Infrastructure fund | 46.9 | 64.0 |
| Other receivable | 26.1 | - |
| Cash and cash equivalents | 4.7 | 60.5 |
| **Total fair value of assets** | 312.1 | 281.5 |

At the year end, a portion of infrastructure fund asset had been redeemed but the cash had not yet been received and therefore this has been classified as an other receivable.

Equity securities are valued using quoted prices in active markets where available. The Liability Driven Investment (LDI) comprises an investment in a level 2 pooled investment vehicle which combines a series of variable interest-earning cash deposits with contracts to hedge interest rate and inflation risk. The LDI is valued using a net asset value.

$114.2m (2023: $126.0m) of the remaining investments is classified as level 3 within the fair value hierarchy. Holdings in unquoted securities are valued at fair value which is typically the net asset value provided by the fund administrator at the most recent quarter end. Holdings in the infrastructure fund are valued by an independent valuer using a model-based valuation such as a discounted cash flow approach.

The significant assumptions used in the valuation are the discount rate and the expected cash flows, both of which are subject to estimation uncertainty. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments.

The defined benefit pension scheme has an investment strategy which is targeted at maximising investment returns with a low risk strategy which still represents a prudent approach to meeting the plan's liabilities and ensuring that members' benefits are protected. The strategy considers the need for appropriate asset class diversification to balance the risks and rewards across a range of alternative asset classes. The investments held by the pension scheme include both quoted and unquoted securities, the latter of which by their nature involve assumptions and estimates to determine their fair value. Where there is not an active market for the unquoted securities, the fair value of these assets is estimated by the pension trustees based on advice received from the investment manager whilst also using any available market evidence of any recent transactions for an identical asset. The target weightings under the current asset allocation strategy are 40% to matching investments, 50% to cash flow driven investments and 10% to return-seeking investments.

#### Actuarial assumptions

The main financial assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 (revised) are set out below:

| | 2024 % p.a. | 2023 % p.a. |
|---|---|---|
| Inflation (RPI) | 3.10 | 3.30 |
| Inflation (CPI) | 2.70 | 2.65 |
| Pension increases post-August 2005 | 2.15 | 2.10 |
| Pension increases pre-August 2005 | 2.90 | 3.10 |
| Discount rate for scheme liabilities | 5.05 | 5.50 |
| Base mortality | Deferred members: 114% of S3PA tables Pensioners: 104% of S3PA tables based on members' year of birth | Deferred members: 114% of S3PA tables Pensioners: 104% of S3PA tables based on members' year of birth |
| Future improvements in longevity | CMI 2023 projections with a long-term trend of 1.25% p.a. | CMI 2022 projections with a long-term trend of 1.50% p.a. |

RPI inflation has been set in line with market breakeven expectations less an inflation risk premium of 0.3% (2023: 0.3%). Sensitivity analysis for inflation is disclosed on the following page.

#### Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

| | 2024 | 2023 |
|---|---|---|
| Male | 21.1 | 21.3 |
| Female | 23.6 | 23.7 |

## **Section 6 – Key management and employee benefits** continued

### **6.2 Pensions and other retirement benefits** continued

#### Mortality rate continued

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:

| | **2024** | **2023** |
|---|---|---|
| Male | 21.6 | 22.1 |
| Female | 24.4 | 24.8 |

Core CMI 2023 mortality assumptions have been adopted which include an adjustment for the impact of COVID-19. This is based on 15% of the higher mortality rates experienced in England and Wales in calendar years 2022 and 2023. Core CMI 2022 mortality assumptions applied in the prior period included a COVID-19 adjustment of 25% of the higher mortality rates experienced in England and Wales in calendar year 2022.

#### Sensitivity analysis

| | **Defined benefit obligation increase/(decrease) 2024 $m** | **Defined benefit obligation increase/(decrease) 2023 $m** |
|---|---|---|
| Inflation (0.25% increase) | 5.7 | 5.8 |
| Inflation (0.25% decrease) | (5.6) | (5.8) |
| Discount rate for scheme liabilities (0.25% increase) | (8.7) | (8.4) |
| Discount rate for scheme liabilities (0.25% decrease) | 9.3 | 8.8 |
| Future mortality (one-year increase) | 11.7 | 10.5 |

The above sensitivity analysis shows the impact on the defined benefit obligation only, not the net pension liability, as it does not take into account any impact on the asset valuation. Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur.

### **6.3 Share-based payments**

The Group operates an equity-settled share-based Performance Share Plan (PSP). Details of the plan are set out in the Remuneration Report, 'Long-Term Incentive Plan' section on page 108. An expense of $3.3m (2023: $0.7m) was recognised in the period relating to share-based payments.

The table below summarises the movements in the number of share options outstanding for the Group, all of which are nil cost options:

| | **Number of options 2024 '000** | **Number of options 2023 '000** |
|---|---|---|
| **Outstanding at the beginning of the period** | 533 | 418 |
| Forfeited and cancelled during the period | (245) | (222) |
| Exercised during the period | (8) | - |
| Granted during the period | 974 | 337 |
| **Outstanding at the end of the period** | 1,254 | 533 |

The weighted average remaining contractual life of outstanding share options is 22 months (2023: 18 months). Share options that were exercised in the year vested on 28 June 2024 at a share price of £13.08.

A Monte Carlo simulation was used to calculate the fair value of awards granted that are subject to a total shareholder return performance condition. The fair value of other awards was calculated as the market price of the shares at the date of grant reduced by the present value of the dividends expected to be paid over the vesting period. Volatility and risk-free rate are not applicable in 2024 as granted awards only have non-market conditions. Other principal assumptions used to value awards each period were on average:

| **Key assumptions** | **2024** | **2023** |
|---|---|---|
| Weighted average fair value (£) | 8.3 | 8.8 |
| Closing share price at date of grant (£) | 8.5 | 10.6 |
| Expected volatility (%) | N/A | 54.0 |
| Risk-free interest rate (%) | N/A | 3.4 |
| Expected option term, including holding period where applicable (years) | 3.6 | 3.0 |
| Dividend yield (%) | - | - |

## Section 7 – Other

### 7.1 Provisions for liabilities and charges

| | Warranty $m | Legal $m | Property obligations $m | Restructuring $m | Offset $m | Other $m | Total $m |
|---|---|---|---|---|---|---|---|
| Balance at 1 October 2022 | 2.3 | - | 3.3 | - | - | - | 5.6 |
| Transferred from accruals during the period | - | - | - | - | 1.0 | - | 1.0 |
| (Released)/created during the period | (0.4) | - | 0.6 | - | 1.4 | - | 1.6 |
| Cash payments | (0.2) | - | - | - | - | - | (0.2) |
| Foreign exchange movements | 0.1 | - | 0.3 | - | - | - | 0.4 |
| **Balance at 30 September 2023** | 1.8 | - | 4.2 | - | 2.4 | - | 8.4 |
| Transferred from accruals during the period | - | 0.5 | - | - | - | - | 0.5 |
| Created/(released) during the period | 2.6 | 0.8 | 0.6 | 1.7 | (0.9) | 0.4 | 5.2 |
| Cash payments | (0.5) | - | - | (0.3) | (0.5) | - | (1.3) |
| Foreign exchange movements | 0.1 | - | 0.3 | - | - | - | 0.4 |
| **Balance at 30 September 2024** | 4.0 | 1.3 | 5.1 | 1.4 | 1.0 | 0.4 | 13.2 |

| **Analysis of total provisions** | **2024 $m** | **2023 $m** |
|---|---|---|
| Current | 6.6 | 0.4 |
| Non-current | 6.6 | 8.0 |
| | 13.2 | 8.4 |

Warranty provisions cover expected costs under guarantees provided with certain products.

Legal provisions relate to specific claims against the Group. In the year legal provisions were transferred from accruals to provisions for liabilities and charges, this being considered a more appropriate categorisation.

Property obligations relate to leased premises of the Group which are subject to dilapidation risks and are expected to be utilised within the next ten years. Property obligations are not subject to discounting as the impact would be immaterial.

Restructuring provisions relate to costs associated with the closure of the Irvine, California, facility and other transformational programmes.

Offset provisions relate to the Group's estimated obligations under programmes to generate economic value for specific countries. Offset provisions were previously included within accruals. During the prior period offset provisions were transferred from accruals to provisions for liabilities and charges, this being considered a more appropriate categorisation.

### 7.2 Other financial commitments

| | **2024 $m** | **2023 $m** |
|---|---|---|
| Capital expenditure committed | 1.5 | 2.4 |

Capital expenditure committed represents the amount contracted in respect of property, plant and equipment at the end of the financial period for which no provision has been made in the financial statements.

## **Section 7 – Other** continued

### 7.3 Group undertakings

| | Registered office address | Activity | Country in which incorporated |
|---|---|---|---|
| **Held by Parent Company** | | | |
| Avon Polymer Products Limited | Hampton Park West, Melksham SN12 6NB, UK | The manufacture and distribution of respiratory protection systems | UK |
| Avon Protection Holdings Limited | Hampton Park West, Melksham SN12 6NB, UK | Investment holding company | UK |
| Avon Rubber Pension Trust Limited | Hampton Park West, Melksham SN12 6NB, UK | Pension fund trustee | UK |
| **Held by Group undertakings** | | | |
| Avon Protection Systems, Inc. | 503 8th St, Cadillac, MI 49601, United States | The manufacture and distribution of respiratory and ballistic protection systems | US |
| Avon Rubber & Plastics, Inc. | 503 8th St, Cadillac, MI 49601, United States | Investment holding company | US |
| Avon Protection Ceradyne, LLC | 4000 Barranca Parkway, Suite 100, Irvine, CA 92604, United States | The manufacture and distribution of ballistic protection systems | US |
| Team Wendy LLC | 17000 St Clair Ave, Cleveland, OH 44110, United States | The manufacture and distribution of helmet systems | US |
| Avon Protection Limited | Hampton Park West, Melksham SN12 6NB, UK | Dormant company | UK |
| Avon Protection UK Limited | Hampton Park West, Melksham SN12 6NB, UK | Dormant company | UK |

Shareholdings are ordinary shares and all undertakings are wholly owned by the Group and operate primarily in their country of incorporation. All companies have the same financial year end. Avon Polymer Products Limited and Avon Protection Holdings Limited are exempt from the requirement to file audited accounts by virtue of section 479A of the Companies Act 2006 ('the Act'). All remaining UK subsidiaries are exempt from the requirement to file audited accounts by virtue of section 480 of the Act.

### 7.4 Related party transactions

Except in respect of the defined benefit pension scheme, internal transactions between Group companies and compensation of key management personnel, there were no related party transactions during the period or outstanding at the end of the period (2023: $nil). Transactions with the defined benefit pension scheme are disclosed in note 6.2. Key management compensation is disclosed in note 6.1.

# Parent Company Balance Sheet
## At 30 September 2024

| | Note | 2024 £m | 2023 £m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Tangible assets | 4 | 3.2 | 3.8 |
| Finance leases | 5 | 1.0 | 0.9 |
| Investments in subsidiaries | 6 | 212.7 | 212.7 |
| Deferred tax assets | 7 | 2.4 | 1.2 |
| | | 219.3 | 218.6 |
| **Current assets** | | | |
| Trade and other receivables | 8 | 5.5 | 0.7 |
| Cash and cash equivalents | | - | 0.7 |
| | | 5.5 | 1.4 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Borrowings | 11 | 0.9 | 0.5 |
| Trade and other payables | 9 | 56.1 | 42.2 |
| | | 57.0 | 42.7 |
| **Net current liabilities** | | (51.5) | (41.3) |
| **Non-current liabilities** | | | |
| Borrowings | 11 | 4.4 | 5.0 |
| Provisions for liabilities and charges | 10 | 3.0 | 2.6 |
| | | 7.4 | 7.6 |
| **Net assets** | | 160.4 | 169.7 |
| **Shareholders' equity** | | | |
| Ordinary shares | 12 | 31.0 | 31.0 |
| Share premium account | | 34.7 | 34.7 |
| Capital redemption reserve | | 0.5 | 0.5 |
| Retained earnings | | 94.2 | 103.5 |
| **Total equity** | | 160.4 | 169.7 |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the period was £5.2m (2023: profit of £9.5m).

These financial statements on pages 168 to 174 were approved by the Board of Directors on 19 November 2024 and signed on its behalf by:

**Jos Sclater**
Chief Executive Officer

**Rich Cashin**
Chief Financial Officer

The accompanying accounting policies and notes form part of these financial statements.

# Parent Company Statement of Changes in Equity
## For the year ended 30 September 2024

| | Note | Share capital £m | Share premium £m | Capital redemption reserves £m | Retained earnings £m | Total equity £m |
|---|---|---|---|---|---|---|
| **At 1 October 2022** | | 31.0 | 34.7 | 0.5 | 104.8 | 171.0 |
| Profit for the period | 1 | - | - | - | 9.5 | 9.5 |
| Dividends paid | 2 | - | - | - | (10.9) | (10.9) |
| Fair value of share-based payments | 13 | - | - | - | 0.6 | 0.6 |
| Deferred tax relating to employee share schemes | 7 | - | - | - | (0.5) | (0.5) |
| **At 30 September 2023** | | 31.0 | 34.7 | 0.5 | 103.5 | 169.7 |
| Loss for the year | 1 | - | - | - | (5.2) | (5.2) |
| Dividends paid | 2 | - | - | - | (5.3) | (5.3) |
| Own shares acquired | | | | | (3.9) | (3.9) |
| Fair value of share-based payments | 13 | - | - | - | 4.8 | 4.8 |
| Deferred tax relating to employee share schemes | 7 | - | - | - | 0.3 | 0.3 |
| **At 30 September 2024** | | 31.0 | 34.7 | 0.5 | 94.2 | 160.4 |

# Parent Company Accounting Policies
## For the year ended 30 September 2024

### Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 (adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- presentation of a cash flow statement and related notes (IAS 7);
- comparative period reconciliations for share capital and intangible and tangible fixed assets (paragraph 38, IAS 1);
- transactions with wholly owned subsidiaries (IAS 24);
- capital management (paragraphs 134–136, IAS 1);
- share-based payments (paragraphs 45(b) and 46–52, IFRS 2);
- financial instruments (IFRS 7);
- compensation of key management personnel (paragraph 17, IAS 24);
- fair value measurement (paragraphs 91–99, IFRS 13);
- leases (paragraphs 90–93, IFRS 16);
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraph 18A of IAS 24 Related Party Disclosures.

Where required, equivalent disclosures are given in the Group financial statements.

The financial period presents the year ended 30 September 2024 (prior financial period 52 weeks ended 30 September 2023). The Company has adopted a calendar year end to align with the majority of listed peers and certain subsidiary companies.

With effect from 30 July 2024, the name of the Company was changed from Avon Protection plc to Avon Technologies plc.

### Pensions
The Group operated a contributory defined benefit plan to provide pension and death benefits for the employees of Avon Protection plc and its Group undertakings in the UK employed prior to 31 January 2003. The scheme is closed to new entrants and was closed to future accrual of benefits from 1 October 2009. Scheme assets are measured using market values, while liabilities are measured using the projected unit method. One of the Company's subsidiaries, Avon Polymer Products Limited, is the employer that is legally responsible for the scheme and the pension obligations are included in full in its accounts. No asset or provision has been reflected in the Company's balance sheet for any surplus or deficit arising in respect of pension obligations.

The Company also provides pensions by contributing to defined contribution schemes. The charge in the profit and loss account reflects the contributions paid and payable to these schemes during the period. Full disclosures of the UK pension schemes have been provided in the Group financial statements.

### Foreign currencies
The Company's functional currency is sterling as this is the currency of the primary economic environment in which the Company operates. Foreign currency transactions are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

### Share-based payments
The Company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. Share-based payment expenses are recharged to subsidiary companies based on employee services provided.

### Plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognised impairment losses.

Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use including any qualifying finance expenses.

Depreciation is provided to write down the depreciable amount of relevant assets by equal annual instalments over their estimated useful lives. In general, the lives used for leasehold property are the period of lease agreement.

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated net realisable value. Gains and losses on disposal are determined by comparing proceeds with carrying amounts.

### Leases
Right of use assets and lease liabilities are recognised at the commencement date of the contract for all leases conveying the right to control the associated asset for a period of time.

The right of use assets are initially measured at cost, which comprises the initial measurement of the lease liability plus an estimate of dilapidation provisions where required. Subsequently the right of use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Depreciation is calculated on a straight-line basis over the life of the lease. In general, the lives used for leasehold property are the period of lease agreement.

The lease liability is initially measured at the present value of the lease payments due over the life of the lease. The lease payments are discounted at the rate implicit in the lease or if that is not readily determined using the Company's incremental borrowing rate.

## **Leases** continued

The lease term is determined with reference to any non-cancellable period of lease contracts plus any periods covered by an option to extend/terminate the lease if it is considered reasonably certain that the option will/will not be exercised. In concluding whether or not it is reasonably certain an option will be exercised for new leases management has considered the strategic outlook for the Group and other operational factors.

Subsequently the lease liability is measured by increasing the carrying value to reflect interest on the liability and reducing the carrying value to reflect lease payments made.

## Finance leases

The Company acts as an intermediate lessor for certain legacy commercial premises where they are no longer required for operations and accounts for its interests in corresponding head leases and subleases separately.

Lease classification of the sublease between finance and operating is assessed with reference to the right of use asset arising from the head lease.

Finance lease assets are initially measured at the present value of the lease receipts due over the term of the lease. Receipts are discounted at the rate implicit in the sublease or the corresponding head lease liability if the implicit rate cannot be readily determined.

## Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

## Deferred taxation

Because of the differences between accounting and taxable profits and losses reported in each period, temporary differences arise on the amount certain assets and liabilities are carried at for accounting purposes and their respective tax values. Deferred tax is the amount of tax payable or recoverable on these temporary differences.

Deferred tax liabilities arise where the carrying amount of an asset is higher than the tax value (more tax deduction has been taken). This can happen where the Company invests in capital assets, as governments often encourage investment by allowing tax depreciation to be recognised faster than accounting depreciation. This reduces the tax value of the asset relative to its accounting carrying amount. Deferred tax liabilities are generally provided on all taxable temporary differences. The periods over which such temporary differences reverse will vary depending on the life of the related asset or liability.

Deferred tax assets arise where the carrying amount of an asset is lower than the tax value (less tax benefit which has been taken). Deferred tax assets are recognised only where the Company considers it probable that it will be able to use such losses by offsetting them against future taxable profits.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset is realised or the liability is settled.

## Trade and other receivables

Trade and other receivables are classified as measured at amortised cost. The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

## Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, highly liquid interest-bearing securities with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are initially recognised at fair value and subsequently held at amortised cost.

## Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

## Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost. Borrowing costs are expensed using the effective interest method.

## Dividends

Final dividends are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by shareholders, while interim dividends are recognised in the period in which the dividends are paid.

## Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases its own share capital (treasury shares) through employee share ownership trusts, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' funds until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' funds.

# Notes to the Parent Company Financial Statements
## For the year ended 30 September 2024

### 1 Parent Company
As a Consolidated Statement of Comprehensive Income is published, a separate profit and loss account for the Parent Company is omitted from the accounts by virtue of section 408 of the Companies Act 2006. The Parent Company's loss for the financial year was £5.2m (2023: profit of £9.5m).

The audit fee in respect of the Parent Company is set out in note 2.5 to the Group financial statements.

### 2 Dividends
Details of the Company's dividends are set out in note 5.6 to the Group financial statements.

### 3 Employees
The only employees of the Company during the current period were the CEO and the CFO of the Group. Detailed disclosures of the Executive Directors' remuneration packages are provided in the Remuneration Report on pages 96 to 113.

### 4 Tangible assets

| | Right of use lease assets £m |
|---|---|
| **Cost** | |
| **At 30 September 2023 and 30 September 2024** | 11.3 |
| **Depreciation charge** | |
| At 30 September 2023 | 7.5 |
| **Charge for the period** | 0.6 |
| **At 30 September 2024** | 8.1 |
| **Net book value** | |
| **At 30 September 2024** | 3.2 |
| At 30 September 2023 | 3.8 |

Lease assets relate to the Company's leased properties.

### 5 Finance leases

| | Finance leases £m |
|---|---|
| **At 30 September 2023** | 0.9 |
| **Interest income** | 0.1 |
| **Payments received** | - |
| **At 30 September 2024** | 1.0 |

The Company subleases legacy commercial premises where they are no longer required for operations, resulting in lease assets being held on the balance sheet. All payments have been received on time for the year, rounding to £nil as these were below £50,000.

Expected credit losses on finance lease assets are less than £0.1m and have been considered immaterial.

## 6 Investments in subsidiaries

| | 2024 £m | 2023 £m |
|---|---|---|
| Opening net book value | 212.7 | 191.0 |
| Additions | - | 21.7 |
| Closing net book value | 212.7 | 212.7 |

During the prior period, the Company made an additional investment in Avon Protection Holdings Limited of £21.7m. The investments consist of a 100% (unless indicated otherwise) interest in the following subsidiaries:

| | Principal activity | Registered office | Country in which incorporated |
|---|---|---|---|
| Avon Polymer Products Limited | The manufacture and distribution of respiratory protection systems | Hampton Park West, Melksham SN12 6NB, UK | UK |
| Avon Protection Holdings Limited | Investment company | Hampton Park West, Melksham SN12 6NB, UK | UK |
| Avon Rubber Pension Trust Limited | Pension fund trustee | Hampton Park West, Melksham SN12 6NB, UK | UK |

Details of investments held by these subsidiaries are given in note 7.3 to the Group financial statements.

In the prior period the impairment of the Team Wendy CGU, detailed further in note 3.1, was considered a potential indicator of impairment for the Company's investment in subsidiaries. A full impairment test was therefore performed, comparing the carrying value of investments in subsidiaries to recoverable amounts. The recoverable amount was determined based on value in use calculations for subsidiary groups under an approach consistent with that detailed in note 3.1. This analysis demonstrated the value in use of investments in subsidiaries was substantially greater than carrying amounts. Sensitivity analysis has been performed which shows there are no reasonable changes in assumptions that would result in an impairment.

## 7 Deferred tax assets

| | Share options £m | Other temporary differences £m | Total £m |
|---|---|---|---|
| **At 1 October 2022** | 0.6 | 1.9 | 2.5 |
| Credited/(charged) to profit for the year | 0.1 | (0.9) | (0.8) |
| Charged to equity | (0.5) | - | (0.5) |
| **At 30 September 2023** | 0.2 | 1.0 | 1.2 |
| Credited/(charged) to profit for the year | 0.6 | 0.3 | 0.9 |
| Credited to equity | 0.3 | - | 0.3 |
| **At 30 September 2024** | 1.1 | 1.3 | 2.4 |

The Company has unrecognised deferred tax assets of £3.3m (2023: £3.3m) in respect of capital losses where it is not considered that there will be sufficient available future profits to utilise these losses. The gross amount of unrecognised deferred tax assets is £13.0m and has no expiry date.

## 8 Trade and other receivables

| | 2024 £m | 2023 £m |
|---|---|---|
| Other receivables | 0.3 | 0.1 |
| Prepayments | 0.8 | 0.5 |
| Amounts owed by Group undertakings | 4.4 | 0.1 |
| | 5.5 | 0.7 |

Amounts owed by Group undertakings are unsecured, are interest free, have no fixed date of repayment and are repayable on demand.

## 9 Trade and other payables

| | 2024 £m | 2023 £m |
|---|---|---|
| Trade payables | 0.2 | 0.4 |
| Accruals | 3.0 | 2.2 |
| Amounts due to Group undertakings | 52.9 | 39.6 |
| | 56.1 | 42.2 |

Amounts due to Group undertakings are unsecured, are interest free, have no fixed date of repayment and are repayable on demand.

## 10 Provisions for liabilities and charges

| | Property obligations £m |
|---|---|
| **Balance at 1 October 2022** | 2.2 |
| Addition during the period | 0.4 |
| **Balance at 30 September 2023** | 2.6 |
| Addition during the period | 0.4 |
| **Balance at 30 September 2024** | 3.0 |

| Analysis of total provisions | 2024 £m | 2023 £m |
|---|---|---|
| Current | 0.4 | - |
| Non-current | 2.6 | 2.6 |

Provisions relate to property obligations arising in relation to leased premises of the Company which are subject to dilapidation risks and are expected to be utilised within the next ten years. Property provisions are subject to uncertainty in respect of any final negotiated settlement of any dilapidation claims with landlords.

## 11 Borrowings

On 14 May 2024 the Group signed a new $137m RCF, together with a $50m accordion replacing the previous facility. The new RCF was agreed with a syndicate of four lenders and is available until May 2027, with two further one-year extension options.

The Company was overdrawn in cash by £0.3m at 30 September 2024 (2023: in credit of £0.7m). Overall UK cash was credit at 30 September 2024. The Group's UK companies have the right to offset net cash positions, and intend to realise asset and settle liability positions simultaneously. As such from a Group perspective no overdraft balance has been reported in relation to 2024 UK cash (note 4.4).

Further details regarding borrowings and credit risks are disclosed in note 5.4 to the Group financial statements.

| | 2024 £m | 2023 £m |
|---|---|---|
| **Current** | | |
| Lease liabilities | 0.6 | 0.5 |
| Overdraft | 0.3 | - |
| **Non-current** | | |
| Lease liabilities | 4.4 | 5.0 |
| **Total borrowings** | 5.3 | 5.5 |

The table below presents the contractual maturity analysis in respect of lease liabilities:

| | 2024 £m | 2023 £m |
|---|---|---|
| In one year or less, or on demand | 0.6 | 0.5 |
| Two to five years | 2.8 | 2.6 |
| More than five years | 1.6 | 2.4 |
| **Total lease liabilities** | 5.0 | 5.5 |

Lease liabilities relate to land and buildings (lease assets) leased by the Company for its office space and manufacturing facilities of UK trading subsidiaries.

## 12 Share capital

Details of the Company's share capital and own shares acquired in the year are set out in note 5.5 to the Group financial statements.

## 13 Share-based payments

The Company operates an equity-settled share-based Long-Term Incentive Plan (LTIP), details of which are disclosed in note 6.3 to the Group financial statements.

The Company recognises share-based payment charges for company specific services provided by the CEO and the CFO. Share-based payment charges for other employees and services provided by the CEO and CFO to other Group companies are recharged to the relevant subsidiary where material. The recharge is credited to retained earnings.

# Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your bank manager, stockbroker, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Avon Technologies plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

## Notice of Annual General Meeting for the year ended 30 September 2024

Notice is hereby given that the AGM of shareholders of Avon Technologies plc ('the Company') will be held at Hampton Park West, Semington Road, Melksham, Wiltshire SN12 6NB, on 31 January 2025 at 10:30 am for the purposes set out below.

You will not receive a form of proxy for the AGM in the post. Instead, you will receive instructions to enable you to vote electronically and outlining how to register to do so. You may request a hard copy form of proxy directly from the Registrar, Link Group, via email at shareholderenquiries@linkgroup.co.uk, at Central Square, 29 Wellington Street, Leeds LS1 4DL, or on 0371 664 0300 or +44 371 664 0300 if overseas.

## Ordinary business

To consider and, if thought fit, pass resolutions 1–13 (inclusive) as ordinary resolutions:

### Resolution 1

To receive the Company's accounts and the reports of the Directors and the auditor for the year ended 30 September 2024.

### Resolution 2

To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the financial year ended 30 September 2024.

### Resolution 3

To declare a final dividend of 16.1 US cents per ordinary share as recommended by the Directors.

### Resolution 4

To re-elect Jos Sclater as a Director of the Company.

### Resolution 5

To re-elect Rich Cashin as a Director of the Company.

### Resolution 6

To re-elect Bruce Thompson as a Director of the Company.

### Resolution 7

To re-elect Bindi Foyle as a Director of the Company.

### Resolution 8

To re-elect Victor Chavez CBE as a Director of the Company.

### Resolution 9

To appoint Maggie Brereton as a Director of the Company.

### Resolution 10

To re-appoint KPMG LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

### Resolution 11

To authorise the Directors to determine the auditor's remuneration.

### Resolution 12

That, in accordance with sections 366 and 367 of the Companies Act 2006 ('the Act'), the Company and all its subsidiaries during the period for which this resolution has effect be and are hereby authorised, in aggregate, to:

(a) make political donations to political parties or to independent election candidates not exceeding £100,000 in total;

(b) make political donations to political organisations (other than political parties) not exceeding £100,000 in total; and

(c) incur any political expenditure not exceeding £100,000 in total, during the period beginning with the date of the passing of this resolution and ending at the close of business on 27 December 2025 or, if sooner, the conclusion of the next AGM of the Company. For the purpose of this resolution 'political donation', 'political party', 'political organisation', 'independent election candidate' and 'political expenditure' are to be construed in accordance with sections 363, 364 and 365 of the Act.

### Resolution 13

That, in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution):

(a) up to an aggregate nominal amount of £10,086,064 (such amount to be reduced by any allotments or grants made under paragraph (b) below); and

(b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £20,172,129 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with a pre-emptive offer (including an offer by way of a rights issue or open offer):

(i) to holders of ordinary shares in proportion (as nearly as practicable) to their existing holdings; and

(ii) to holders of other equity shares as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such limits, restrictions, exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authority to expire on the date 15 months after the date of this resolution or, if earlier, the date of the next AGM of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

## Special business

To consider and, if thought fit, pass resolutions 14–17 (inclusive) as special resolutions and resolution 18 as an ordinary resolution:

### Resolution 14

That, subject to the passing of resolution 13, the Directors be authorised to allot equity securities (as defined by section 560 of the Act) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(a) the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 13, by way of a pre-emptive offer (including a rights issue or open offer)):

(i) to holders of ordinary shares in proportion (as nearly as practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights attaching thereto, or as the Directors otherwise consider necessary,

and so that the Directors may impose such limits, restrictions or exclusions and make any arrangements which they deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(b) in the case of the authority granted under paragraph (a) of resolution 13, the allotment of equity securities and/or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £3,025,819; and

(c) the allotment of equity securities or sale of treasury shares (otherwise than under paragraphs (a) or (b) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority to expire on the date 15 months after the date of this resolution or, if earlier, the date of the next AGM of the Company (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

### Resolution 15

That, subject to the passing of resolution 13, the Directors be authorised, in addition to any authority granted under resolution 14, to allot equity securities (as defined by section 560 of the Act) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £3,025,819, to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice; and

(b) limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a)) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (a), such authority to be used only for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority to expire on the date 15 months after the date of this resolution or, if earlier, the date of the next AGM of the Company (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

### Resolution 16

That the Company be and is hereby unconditionally and generally authorised for the purpose of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £1 each in the capital of the Company provided that:

(a) the maximum number of shares which may be purchased is 3,025,819;

(b) the minimum price (excluding expenses) which may be paid for each share is £1; and

(c) the maximum price (excluding expenses) which may be paid for each ordinary share is an amount equal to the higher of:

(i) 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such share is contracted to be purchased; and

(ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for the last independent trade of and the highest current independent bid for any number of the Company's ordinary shares on the trading venue where the purchase is to be carried out, including when the shares are traded on different trading venues,

such authority to expire on the date 15 months after the date of this resolution or, if earlier, the date of the next AGM of the Company (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

### Resolution 17

That a general meeting of the Company (other than an AGM) may be called on not less than 14 clear days' notice.

### Resolution 18

That the Avon Technologies plc Employee Stock Purchase Plan ('the ESPP'), the principal terms of which are summarised in Appendix 1 to this Notice, as constituted in the form of the rules produced to the general meeting and signed by the Chair for the purposes of identification, be and is hereby approved.

By order of the Board

**Zoe Holland**
General Counsel and Company Secretary

## Explanatory notes relating to the resolutions

The Board believes that the adoption of resolutions 1 to 18 will promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Board unanimously recommends that all shareholders should vote in favour of all the resolutions to be proposed at the AGM. Each of the Directors of the Company intends to vote in favour of all resolutions in respect of their own beneficial holdings.

### Resolution 1 – Reports and accounts

The Directors are required by law to present to the AGM the accounts and the reports of the Directors and auditor for the year ended 30 September 2024. These are contained in the Company's 2024 Annual Report.

### Resolution 2 – Directors' Remuneration Report

This resolution seeks shareholders' approval of the Directors' Remuneration Report for the year ended 30 September 2024 contained on pages 105 to 113 of the 2024 Annual Report. As in previous years, the vote is advisory only and the Directors' entitlement to remuneration is not conditional on it being passed.

### Resolution 3 – Declaration of final dividend

A final dividend can only be paid after the shareholders have approved it at a general meeting. The Directors recommend that a final dividend in respect of the financial year ended 30 September 2024 of 16.1 US cents be paid. Subject to approval, the final dividend will be paid on 7 March 2025 to eligible shareholders on the Company's Register of Members at close of business on 7 February 2025. The dividend will be converted into pound sterling for payment at the prevailing exchange rate prior to payment. The exchange rate will be notified to shareholders through a regulatory news service in advance of the dividend payment date.

### Resolutions 4 to 9 – Re-appointment of Directors

Each member of the Board has offered himself/herself for election or re-election in accordance with best practice corporate governance standards. The Board unanimously recommends that they each be elected or re-elected as Directors of the Company. Maggie Brereton was appointed to the Board on 1 April 2024. The Chair confirms that each of the Non-Executive Directors who are seeking re-election at the AGM continues to be an effective member of the Board and to demonstrate their commitment to their role. Bindi Foyle, in her capacity as Senior Independent Director, has confirmed that Bruce Thompson is an effective Chair and demonstrates commitment to his role as Chair.

Biographical details for each Director are set out on pages 78 and 79 of the 2024 Annual Report.

### Resolutions 10 and 11 – Re-appointment of auditor and authorisation for the Directors to set the auditor's remuneration

The Company is required to appoint an auditor at each general meeting at which its accounts are presented. The Board is recommending to shareholders the re-appointment of KPMG LLP as the Company's auditor for the financial year commencing on 1 October 2024.

### Resolution 12 – Authority to make political donations

The Act requires companies to obtain shareholders' authority before they can make donations to political organisations or incur political expenses. It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression.

However, this resolution is proposed to ensure that the Company and its subsidiaries do not, because of any uncertainty as to the bodies or activities covered by the Act, unintentionally commit any technical breach of the Act by making political donations. Resolution 12, if passed, will give the Board authority to make political donations until the close of business on 27 December 2025 or, if sooner, the next AGM of the Company (when the Board intends to renew this authority), up to an aggregate of £100,000 for the Company and its subsidiary companies.

### Resolution 13 – Directors' authority to allot

This resolution deals with the Directors' authority to allot Relevant Securities in accordance with section 551 of the Act. The authority granted at the last AGM is due to expire at the conclusion of this year's AGM and accordingly it is proposed to renew this authority.

This resolution will, if passed, authorise the Directors to allot Relevant Securities:

(a) up to a maximum nominal amount of £10,086,064 (such amount to be reduced by any allotments or grants made under paragraph (b) below), which is equal to approximately one-third of the issued share capital of the Company as at 19 November 2024; and

(b) comprising equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £20,172,129 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with a pre-emptive offer (including an offer by way of a rights issue or open offer), which is equal to approximately two-thirds of the issued share capital of the Company as at 19 November 2024.

The proposals in resolution 13 are in line with the Investment Association (IA) guidance, which confirms that an authority to allot up to two-thirds of the existing issued share capital continues to be regarded as routine business. The Directors consider it prudent to be aligned with the IA guidance to ensure that the Company has maximum flexibility in managing the Company's capital resources.

The Directors have no present intention of exercising this authority. The authority granted by this resolution will expire on the date 15 months after the date of this resolution or, if earlier, the date of the next AGM of the Company.

In this resolution, 'Relevant Securities' means:

(a) shares in the Company other than shares allotted pursuant to:

- an employee share scheme (as defined by section 1166 of the Act);
- a right to subscribe for shares in the Company where the grant of the right itself constitutes a Relevant Security; or
- a right to convert securities into shares in the Company where the grant of the right itself constitutes a Relevant Security; and

(b) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

As at 19 November 2024 (being the latest practicable business day prior to the publication of this Notice), the Company held 765,098 ordinary shares as treasury shares, representing 2.5% of the Company's issued share capital at that date.

### Resolutions 14 and 15 – Disapplication of pre-emption rights

Resolutions 14 and 15 will, if passed, give the Directors power, pursuant to the authority to allot granted by resolution 14, to allot equity securities (as defined by section 560 of the Act) or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings and renews the authority given at the AGM in 2024.

The authority set out in resolution 14 would be limited to:

(a) pre-emptive offers, including rights issues or open offers and offers to holders of other equity securities if required by the rights of those securities, or as the Directors otherwise consider necessary;

(b) otherwise, allotments or sales up to an aggregate nominal amount of £3,025,819, which represents approximately 10% of the Company's issued share capital as at 19 November 2024; and

## Explanatory notes relating to the resolutions continued

### Resolutions 14 and 15 – Disapplication of pre-emption rights continued

(c) allotments or sales up to an additional aggregate nominal amount equal to 20% of any allotments or sales made under paragraph (b), such power to be used only for the purposes of making a follow-on offer of a kind contemplated by section 2B of the Pre-Emption Group 2022 Statement of Principles ('the Statement of Principles').

Resolution 15 is intended to give the Company flexibility to make non-pre-emptive issues of ordinary shares in connection with acquisitions and specified capital investments as contemplated by the Statement of Principles. The authority under resolution 15 is in addition to that proposed by resolution 14 and would be limited to:

(a) allotments or sales of up to an aggregate nominal amount of £3,025,819, which represents approximately 10% of the Company's issued share capital as at 19 November 2024; and

(b) allotments or sales up to an additional aggregate nominal amount equal to 20% of any allotments or sales made under paragraph (a), such power to be used only for the purposes of making a follow-on offer of a kind contemplated by section 2B of the Statement of Principles.

The authority being sought in resolution 15 will only be used in connection with such an acquisition or specified capital investment which is announced contemporaneously with the announcement of the issue, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue.

The authorities sought in resolutions 14 and 15 are in line with the Statement of Principles, which were revised in November 2022.

The Directors have no present intention to exercise the authorities conferred by resolutions 14 and 15, but will have due regard to the Statement of Principles in relation to any such exercise. If the powers sought by resolutions 14 or 15 are used in relation to a non-pre-emptive offer, the Directors confirm their intention to follow the shareholder protections in paragraph 1 of section 2B of the Statement of Principles and, where relevant, follow the expected features of a follow-on offer as set out in paragraph 3 of section 2B of the Statement of Principles.

The authority granted by resolutions 14 and 15 will expire on the date 15 months after the date of this resolution or, if earlier, the date of the next AGM of the Company.

### Resolution 16 – Authority to purchase own shares

This resolution seeks a renewal of the authority for the Company to make market purchases of its own shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 3,025,819 ordinary shares of £1 each, representing approximately 10% of the Company's issued share capital as at 19 November 2024.

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The Company did not purchase any shares in the period from the last AGM to 19 November 2024 under the existing authority.

The Directors have no present intention of exercising the authority to make market purchases; however, the authority provides the flexibility to allow them to do so in the future.

The Directors will exercise this authority only when, in light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase the earnings per ordinary share, having regard to the intent of the guidelines of institutional investors, and that such purchases are in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action. In the event of any purchase under this authority, the Directors would either hold the purchased ordinary shares in treasury or cancel them. As at 19 November 2024 (being the latest practicable business day prior to the publication of this Notice), the Company held 765,098 ordinary shares in treasury.

Bonus and incentive scheme targets for Executive Directors would not be affected by any enhancement of earnings per share following a share re-purchase.

As of 30 September 2024, there were options to subscribe outstanding over 1,254,537 shares, representing 4.15% of the Company's issued share capital. If the authority given by resolution 16 were to be fully exercised, these options would represent 4.61% of the Company's issued share capital after cancellation of the re-purchased shares. As of 19 November 2024, there were no warrants outstanding over shares.

The authority will expire on the earlier of the date 15 months after the date of this resolution and the Company's next AGM.

### Resolution 17 – Notice of Meeting

Resolution 17 is a resolution to allow the Company to hold general meetings (other than AGMs) on 14 days' notice.

Before the introduction of the Companies (Shareholders' Rights) Regulations in August 2009, the Company was able to call general meetings (other than AGMs) on 14 clear days' notice. One of the amendments that the Companies (Shareholders' Rights) Regulations 2009 made to the Act was to increase the minimum notice period for listed company general meetings to 21 days, but with an ability for companies to reduce this period back to 14 days (other than for AGMs) provided that:

(i) the Company offers facilities for shareholders to vote by electronic means; and

(ii) there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days.

Resolution 17 is therefore proposed as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than AGMs. The approval will be effective until the Company's next AGM, when it is intended that the approval be renewed. The Company will use this notice period only when permitted to do so in accordance with the Act and when the Directors consider it appropriate to do so.

### Resolution 18 – Approval of ESPP

Resolution 18 seeks shareholder approval of the Avon Technologies plc Employee Stock Purchase Plan ('the ESPP'). The ESPP is an employee share purchase plan, which provides preferential tax treatment to participants in the US (assuming certain requirements are satisfied) when operated for US employees. The ESPP allows all qualifying US employees to purchase the Company's shares at a discounted price out of net salary up to a statutory maximum of $25,000 per tax year. Additionally, unless otherwise determined by the Board prior to the beginning of an offering period, the maximum number of shares that may be purchased by an employee during any offering period under the ESPP equals the lesser of (i) $3,000 or (ii) ten percent (10%) of the employee's annual salary as of the January 1st coinciding with or immediately preceding such offering, in either case, divided by the fair market value of the Company's stock on the first day of the offering. A summary of the main terms of the ESPP is set out in Appendix 1.

For completeness we note that the terms of the ESPP materially replicate the terms of the Avon Rubber plc Employee Stock Purchase Plan approved by shareholders in February 2012 and subsequently operated by the Company. The ESPP will be used to govern participation by qualifying US employees in respect of offering periods commencing 1 January 2025 and beyond and is presently limited to operate in respect of existing shares only. In respect of qualifying UK employees, the Company will continue to operate its HMRC tax-advantaged Share Incentive Plan.

## **Explanatory notes relating to the resolutions** continued

### Appendix 1

Summary of the main terms of the Avon Technologies plc Employee Stock Purchase Plan ('the ESPP').

#### Structure

The ESPP is an employee stock purchase plan which is designed to permit the Company's US employees to purchase Company shares in a tax advantageous way under Section 423 of the US Internal Revenue Code of 1986, as amended ('the Code'). Under the ESPP, the Company must offer all eligible employees the opportunity to buy or subscribe for shares out of their post-tax salary save for situations where the Board has exercised its discretion to exclude the employees of a particular US subsidiary from participating in the ESPP.

#### Eligibility

All eligible employees of the Company's US subsidiaries may be invited to participate subject to certain minimum service requirements and the potential exclusion of particular US subsidiaries as discussed above.

The ESPP will exclude (i) employees who have been employed for less than six (6) months (or such shorter or longer period of employment not to exceed two (2) years as may be designated by the Board), and (ii) employees whose customary employment is sixteen (16) hours or less per week. With respect to any offering period that begins prior to shareholder approval of the ESPP the Company will also exclude from participation any employees of the Company's US subsidiaries who may be executive directors of the Company. There are no executive directors currently employed by US subsidiaries.

Additionally, no employee shall be eligible to participate if such employee owns more than five percent (5%) of the Company's outstanding stock or if the granting of an option would cause the employee to own more than five percent (5%) of such stock.

Eligible employees who choose to participate in the ESPP must authorise the deduction of a set amount out of their post-tax salary up to a maximum (unless otherwise determined by the Board prior to the beginning of an offering period) of the lesser $3,000 per annum or 10% of the employee's basic annual salary. This amount will be deducted from an employee's salary on a pro rata basis (monthly or bi-weekly depending upon the frequency of regular payroll) for the duration of the offering period.

In any event, as required by the Code, no employee will be able to acquire shares exceeding $25,000 in any calendar year (determined at the time an option is granted).

#### Grant of Options

Each participant shall be granted an option at the beginning of an offering period to purchase shares at the end of that offering period. The maximum number of shares purchasable by any participant will be equal to the employee's elected contributions divided by the fair market value of the Company's shares on the first day of the offering period.

The ESPP shall operate with consecutive offering periods. Each offering period shall be six (6) months, subject to the Company's discretion to change the duration on a prospective basis up to a maximum of five (5) years as measured from the beginning of an offering period.

#### Purchase Price

The option price payable for shares acquired under the ESPP shall be eighty-five percent (85%) of the fair market value of the Shares on the date of exercise, subject to the Board's discretion to increase this purchase price on a prospective basis for future offering periods.

#### Exercise of Options

Unless a participant withdraws from the ESPP earlier, at the end of the offering period his or her options will be automatically exercised and the maximum number of shares will be purchased on the exercise date. No fractional shares will be purchased. During a participant's lifetime, options may only be exercised by the participant. Upon a participant ceasing to be an employee for any reason at any time before a purchase date, he or she shall be deemed to have elected to withdraw from the ESPP, and the payroll deductions credited to such participant's account during such offering period shall be returned to such participant, or in the case of the participant's death, to participant's beneficiary or estate, without interest and such participant's option shall be immediately terminated.

#### Takeover or Reconstruction

Upon a takeover, scheme of arrangement, merger or other reorganisation of the Company, in the Company's discretion all options may be (i) automatically exercised early without participant consent; (ii) cancelled and all contributions returned to participants without interest; (iii) substituted for options to purchase shares in the successor company (containing such terms and conditions as shall be required to substantially preserve the rights and benefits of the options previously held by the participants); or (iv) treated in any other manner the Board deems appropriate. Additionally, in the event of the sale of a participating US subsidiary or a sale of a business division or business unit of such US subsidiary, in either case, which results in the termination of employment of one or more ESPP participants, the Company may, in its discretion, cancel all options and return all contributions to those terminated employees without interest, or shorten the current offering period by setting a new exercise date and permit those terminating employees to exercise their options upon termination.

#### Share capital limits

The aggregate number of Shares available under the ESPP may not exceed 3,025,819 of the Company's ordinary shares of £1 each, subject to adjustment for variation of the Company's share capital. No award which involves the issue of new shares may be made on any date under the ESPP if the number of shares to which it relates, when aggregated with the number of shares issued or remaining issuable by virtue of awards or other rights granted or made in the preceding 10 years under the ESPP and any other employee share plan adopted by the Company, would exceed 10% of the issued share capital at that time.

For the purposes of the 10% limit, no account will be taken of rights to acquire shares or interests in shares which have lapsed or have been surrendered or released. However, shares subscribed by the trustees of the Company's employee benefit trusts (from time to time) to satisfy rights under any employee share plan do count and (whilst it continues to be good practice to do so) so do shares transferred from treasury.

#### Amendment and Termination

The Board may amend the ESPP in any respect, provided that the prior approval of shareholders is obtained for any modifications that are to the advantage of employees in respect of those provisions dealing with eligibility, share capital limits, maximum entitlements and the basis for determining and adjusting an employee's entitlement in the event of a variation of the Company's share capital or where such approval is required by Section 423 of the Code. The requirement to obtain the prior approval of the Company in general meeting will not apply in relation to any amendment which is of a minor nature to benefit the administration of the ESPP, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees eligible to participate in the ESPP or group companies.

#### Miscellaneous Provisions

Ordinary shares allotted under the ESPP will rank equally with all other shares of the Company for the time being in issue and the Company will apply for admission of any new shares issued under the ESPP to the Official List of the London Stock Exchange. Such shares will rank pari passu with all other issued shares of the Company except for any rights determined by reference to a date preceding the date on which the shares are issued. Benefits received under the ESPP will not be pensionable unless otherwise required by law or the express written terms of a benefit plan.

Unless terminated sooner, the ESPP terminates on the tenth anniversary of the date of its adoption by the Board or such later date as may be specified by the Board.

## Notice of Meeting notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this AGM or to appoint someone else to vote on your behalf.

1. To be entitled to vote on the business of the AGM (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company by close of business on 29 January 2025. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to vote on the business of the AGM.

2. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

5. You can vote either:

   - by logging on to www.investorcentre.linkgroup.co.uk/Login/Login and following the instructions;
   - by requesting a hard copy form of proxy directly from the Registrar, Link Group, via email at shareholderenquiries@linkgroup.co.uk, on Tel: 0371 664 0300 (+44 371 664 0300 if overseas). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00 am and 5:30 pm, Monday to Friday excluding public holidays in England and Wales; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   In order for a proxy appointment to be valid, a form of proxy must be completed. In each case the form of proxy must be received by Link Group at Central Square, 29 Wellington Street, Leeds LS1 4DL, by 10:30 am (GMT) on 29 January 2025.

6. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in paragraphs 8 and 9 below) will not prevent a shareholder attending the AGM and voting in person if they wish to do so.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. Link Investor Centre is a free app for smartphone and tablet provided by Link Group (the Company's Registrar). It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ('a CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10:30 am (UK time) on 29 January 2025. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10:30 am on 29 January 2025 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

12. Unless otherwise indicated on the form of proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

13. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

14. As at 19 November 2024 (being the latest practicable business day prior to the publication of this Notice), the Company's issued share capital consists of 30,258,194 ordinary shares of £1 each, carrying one vote each. 765,098 ordinary shares of £1 each are held in treasury. These shares are not taken into consideration in relation to the payment of dividends or voting. Therefore, the total voting rights in the Company as at 19 November 2024 are 30,258,194.

15. The Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a shareholder attending the AGM, unless one of the following applies:

    (i) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; or

    (ii) the answer has already been given on a website in the form of an answer to a question; or

    (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

16. A copy of this Notice, and other information required by section 311A of the Act, can be found at www.avon-technologiesplc.com.

17. Under section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with section 437 of the Act (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under section 527 of the Act to publish on a website.

18. The following documents are available for inspection at our registered office from the date of this Notice until the conclusion of the AGM and at the place of the meeting from at least 15 minutes prior to and during the meeting until its conclusion:

- copies of the Directors' letters of appointment or service contracts;
- a copy of the rules of the ESPP; and
- a copy of the current Articles of Association of the Company.

Scanned copies are also be available on request from the Company Secretary. A copy of the ESPP rules are also available on the national storage mechanism.

19. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

20. The Company may process personal data of attendees at the AGM. This may include photos, recordings and audio and video links, as well as other forms of personal data. The Company shall process such personal data in accordance with its privacy policy, which can be found at www.avon-technologiesplc.com.

## Glossary of Abbreviations

| Term | Explanation |
|---|---|
| **50 series** | Range of masks based on the proven technology of the M50 mask system |
| **ACH GEN II** | Second-generation Advanced Combat Helmet |
| **AGM** | Annual General Meeting |
| **CBRN** | Chemical, biological, radiological and nuclear |
| **DOD** | US Department of Defense |
| **EMEA** | Europe, Middle East, and Africa |
| **ESG** | Environmental, social and corporate governance |
| **ESPP** | Employee Stock Purchase Plan |
| **FTSE** | Financial Times Stock Exchange |
| **FX** | Foreign exchange |
| **FY** | Financial year |
| **GHG** | Greenhouse Gas |
| **GSR** | General Service Respirator |
| **H1/H2** | First half of the financial year (October–March)/second half of financial year (April–September) |
| **ITAR** | International Traffic in Arms Regulation |
| **KPIs** | Key Performance Indicators |
| **LTIP** | Long-Term Incentive Plan |
| **MITR** | Modular Integrated Tactical Respirator |
| **MOD** | UK Ministry of Defence |
| **NATO** | North Atlantic Treaty Organization |
| **NAVAIR** | Naval Air Systems Command |
| **NG IHPS** | Next Generation Integrated Head Protection System |
| **NSPA** | The NATO Support and Procurement Agency, the executive body of the NATO Support and Procurement Organisation (NSPO, of which all 30 NATO nations are members) |
| **OEE** | Overall Equipment Effectiveness |
| **PAPR** | Powered Air Purifying Respirator |
| **PDCA** | Plan-Do-Check-Act |
| **PSP** | Performance Share Plan |
| **SBU** | Strategic Business Unit |
| **SCBA** | Self-Contained Breathing Apparatus |
| **SIP** | Share Incentive Plan |
| **SSA** | Special Security Agreement |
| **SQDIP** | Safety, Quality, Delivery, Inventory and Productivity |
| **SWIP** | Standard Work In Progress |
| **tonnes $CO_2e$** | The amount of greenhouse gases emitted during a given period, measured in metric tons of carbon dioxide equivalent |
| **TCFD** | Task Force on Climate-Related Financial Disclosures |
| **TSR** | Total shareholder return |
| **UN SDGs** | United Nations Sustainable Development Goals |
| **WIP** | Work In Progress |

# Shareholder Information

## Shareholder information

As at 22 October 2024 the Company had 30,258,194 shares in issue.

## Financial calendar 2024/25

| | | |
|---|---|---|
| Annual General Meeting | 31 January 2025 | Hampton Park West, Semington Road, Melksham, Wiltshire SN12 6NB, England |
| Half year results | 21 May 2025 | London |
| Full year results | November 2025 | London |

## Financial history

### Financial highlights ($m)

| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Total Group revenue | 248.3 | 263.5 | 243.8 | 275.0 |
| Avon Protection | N/A | N/A | 156.9 | 145.6 |
| Team Wendy | N/A | N/A | 86.9 | 129.4 |
| Total adjusted operating profit | 22.0 | 23.4 | 21.1 | 31.6 |
| Adjusted operating margin | 8.9% | 8.9% | 8.7% | 11.5% |
| **(Loss)/profit before tax from continuing operations** | (35.6) | 6.0 | (20.2) | 2.3 |
| (Loss)/profit after tax | (25.6) | (7.6) | (14.4) | 3.0 |
| Adjusted operating cash flow | 31.3 | 58.7 | 2.5 | 68.5 |
| Net debt at year end | (55.9) | (68.0) | (85.4) | (65.4) |
| **Adjusted earnings per share** | 60.6c | 54.7c | 40.3c | 69.9c |
| Dividend per share | 44.9c | 44.9c | 29.6c | 23.3c |
| **Average employee numbers** | 1,129 | 995 | 928 | 917 |

## Corporate information

### Registered office

Hampton Park West, Semington Road, Melksham, Wiltshire SN12 6NB, England

### Registered

In England and Wales No. 32965

VAT No. GB 137 575 643

### Board of Directors

Bruce Thompson (Chair)

Jos Sclater (Chief Executive Officer)

Rich Cashin (Chief Financial Officer)

Maggie Brereton (Non-Executive Director)

Bindi Foyle (Non-Executive Director)

Victor Chavez CBE (Non-Executive Director)

### Company Secretary

Zoe Holland

### Auditor

KPMG LLP

Chartered Accountants and Statutory Auditor

### Registrar and transfer office

Link Group, 10th Floor, Central Square,
29 Wellington Street, Leeds LS1 4DL

Tel: 0371 664 0300 (+44 371 664 0300 if overseas)

Calls cost 10p per minute plus network extras; lines are open 9:00 am–5:30 pm, Monday to Friday excluding UK public holidays.

### Financial advisor

Gleacher Shacklock

### Brokers

Peel Hunt LLP

Barclays Bank PLC

### Financial PR

Sodali & Co

### Lawyer

Slaughter and May

### Principal bankers

Barclays Bank PLC

HSBC UK Bank plc

Comerica Bank

Wintrust Bank, N.A.

### Website

www.avon-technologiesplc.com

### Investor relations

Gabriella Colley, Corporate Affairs Director
Investor.Relations@avon-technologiesplc.com

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