Tekmar Group plc

Company number: 11383143
Year ended: 30 September 2024
Annual Report 2024

Cautionary note and disclaimer

Forward-looking statements. 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.

Non-GAAP measures and why we use them. Throughout this report we present underlying reports and measures. These underlying measures allow stakeholders to better compare the performance of the Group between current and prior periods by removing the impact of one-off or non-operational items. Exceptional items are explained in the Notes to the accounts and a reconciliation of GAAP to non-GAAP measures is also included within the report

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The Group's financial performance is improving with FY24 in-line with market expectations for the Period:

• Adjusted EBITDA of £1.7m (FY23: £0.6m) on revenue of £33m (FY23: £36m), in-line with market expectations highlighting the successful execution of the Group's profit improvement plan.

• Gross profit of £10.5m (FY23: £8.3m) representing a materially improved gross profit margin of 32.1%, (FY23: 23.3%) as remaining low margin backlog from previous years has been worked through in the offshore energy division.

• Operating loss reduced from £7.9m to £3.8m in the year, mainly reflects the profit improvement plan. FY24 includes an impairment charge of £1.5m, a provision of £0.5m in respect of an aged debt balance and £0.7m provision in respect of warranty claims. The prior year includes a £4.7m impairment charge.

• The Group held £4.6m of cash as at 30 September 2024 with net debt of £1.6m. This cash position excludes the SCF Capital Partners £18m convertible loan note facility which remains undrawn and available to drive growth through acquisitions.

• During the year, the Group completed the divestment of its subsidiary Subsea Innovation Limited ("SIL") for a total cash consideration to the Group of £1.9m. This divestment aligns with Tekmar's strategy to drive profitable growth and improve its financial performance. As at the year end £0.2m cash was received with £1.7m being deferred.

• Order book as at the end of January 2025 of £16.4m and net debt of £0.4m.

Strategic Headlines

Strategic plan in place to achieve a step-change in scale and transformation

• Refreshed three-year strategy in-place under new CEO Richard Turner, who was appointed in September 2024. The plan focuses on achieving greater scale through accelerated profitable organic growth and complementary M&A.

• Robust M&A pipeline developed and the Board is actively assessing M&A opportunities.

• Warranty claims in relation to alleged CPS defects have progressed. The Group has recognised a net charge of £0.7m in FY24 from a £5.8m provision which is largely offset by insurance monies received post year end of £5.2m.

Strategic Report

The Board has developed a strategic plan that builds on Tekmar's strong foundations and positions us to capitalise on significant opportunities within the offshore wind and broader energy sectors. *Project Aurora*, our three-year roadmap, aims to drive sustainable growth, strengthen our market leadership, and deliver significant value to stakeholders. We will achieve this through:

- Leveraging our proven track record and extensive experience.
- Expanding and enhancing our value proposition across key markets.
- Driving innovation through dynamic product development and digital solutions.
- Disciplined investment in technology, people, and capabilities.
- Maximising profitability through operational gearing.
- Maintaining financial stability and achieving sustainable, high-quality growth.
- Committing to ESG principles and delivering sustainable shareholder returns.

This strategy is supported by three core pillars:

1. Organic Growth: Doubling organic revenue by expanding market reach, cross-pollinating product lines, and enhancing engineering services.

2. Business Improvement: Driving profitability and achieving mid-to-high teens EBITDA margins.

3. Mergers and Acquisitions: Accelerating growth through strategic acquisitions, supported by £18m in capital through the Convertible Loan Note (CLN).

The launch of *Project Aurora* marks a new chapter for Tekmar, delivering operational excellence, innovation, and market diversification while driving long-term value for all stakeholders.

Strategic Report contents:

Chairman Statement

I joined the Board in April 2023, initially as Non-Executive Director and was appointed Chair in June 2024. The period of time with which I have been involved with Tekmar has strengthened my conviction about the opportunity we have to make Tekmar a stand-out offshore energy business – a business that delivers exceptional value for customers and creates significant value for shareholders. This is what drives us as a Board. We start from a position of unmatched experience in the offshore wind market and a reputation across the broader industry for engineering and technical excellence. Our growth strategy builds on these strengths to create a business of much greater scale, through both organic growth and M&A. 2025 is where we underpin the foundations of this growth to support sustained and profitable growth in the years to follow.

2024 was a year of stabilisation for the business and for the industry more widely. The financial results for the year reflect this, with Adjusted EBITDA of £1.7m on revenue of £32.8m. Both divisions were profitable at the Adjusted EBITDA level such that the Group overall delivered its highest level of Adjusted EBITDA since FY20. This was achieved through disciplined execution of projects supporting higher gross margin.

Going forward, we are focused on fundamentally transforming the financial strength of the business through organic growth complemented by meaningful M&A.

Richard Turner was appointed as CEO in September 2024 and has set the strategic plan to build this value. Richard has been involved in the energy industry for over 15 years and brings a strong track record in driving true scale and transformation in his previous leadership roles.

Our organic growth plan aims to deliver record financial performance for the Group through outperforming an improving and growing market and benefitting from our operational leverage.

Our M&A strategy is based on accelerating scale and strengthening our offering through a logical broadening of the portfolio. Overall, the successful execution of our strategy will build an exceptional and profitable platform with the attributes that investors value.

One of our primary responsibilities as a Board is to support and challenge Richard and the team to deliver from here - to scale the business effectively and to accelerate growth, whilst critically making Tekmar a durable business that will be successful “no matter what” the path of energy transition looks like.

As we execute on these plans, we are fortunate to draw on the experience, relationships and insights of our Board. It is a marker of our ambition that in 2024 we were able to secure the appointments of Lars Bondo Krogsgaard and David Kemp as Non-Executive Directors. Both bring complementary and highly relevant experience gained at large, global organisations. That they chose to join Tekmar highlights the scale of the opportunity we have, and we look ahead with confidence and renewed purpose as we unlock the true potential of Tekmar.

During the year, and in light of the appointments of Lars and David, Ian Ritchey and Julian Brown stepped down from their roles on the Tekmar Board. Julian had been a member of the Board since the IPO in 2018, and Ian joined the Board in 2021.

In February 2025, Alasdair MacDonald stepped down from his position as Director of the Group. Alasdair had been on the Board of Tekmar for over a decade, both as Chairman and CEO.

On behalf of the Board, I would like to reiterate our thanks to Alasdair, Ian and Julian for their contributions to Tekmar over their respective periods, which included supporting the business to navigate the market-wide challenges of recent years.

Chairman Statement (continued)

A final comment on our people. Tekmar is dependent on the capability and commitment of its employees. We are fortunate that our colleagues bring unrivalled experience and expertise to address what can often be complex customer requirements. They demonstrate their commitment to Tekmar on a daily basis and this translates to long-standing service to the business and underpins our pedigree of engineering excellence.

This commitment to Tekmar has been sustained as the business has navigated its way through some challenging periods in recent years. As a Board, we appreciate the hard work of our colleagues as they've supported our improved performance for the benefit of all our stakeholders.

The pressures in the industry are abating and we have a focused growth strategy to deliver true scale for Tekmar as a leading global offshore energy services business.

Our commitment as a Board is to be careful stewards of capital and to promote the best interests of Tekmar's people and shareholders as we position the business for long-term success.

Thank you.
Steve Lockard
Chairman

CEO Review

I joined the business as CEO in September 2024. Having worked across the offshore energy markets for more than 15 years, I know the Tekmar business, the customers and supply chain. It is clear to me that Tekmar has exceptional growth potential.

In December 2024, alongside our trading update for FY24, we communicated to the market a summary of our three-year plan to transform Tekmar and realise this potential. We are executing this plan with a business that is positioned for growth and with great people and strong industry pedigree. The services we offer across the full lifecycle of offshore energy projects from front end engineering and design, installation, operation and decommissioning perform a critical role in ensuring security and certainty of supply from offshore assets. Our holistic offering across our protection and assurance technology and engineering services sets us apart in the market and puts us ahead of the competition.

FY24 Performance and FY25 Outlook

FY24 was a transitionary year for Tekmar, where we focused on the basics - providing high-quality engineering, delivering on time and maintaining consistent commercial discipline.

The Group reported Adjusted EBITDA of £1.7m, an increase of £1.1m on a like-for-like basis reflecting the disposal of Subsea Innovation. The improvement in EBITDA primarily reflects consistency of execution, with a material improvement in gross margin to 32% and was achieved despite market conditions which remained challenging in FY24. This is a stable and solid platform against which the business can drive profitable growth.

On a statutory basis, the Group's result for the period before tax from continuing operations was a loss of £4.5m, an improvement of £4m versus the previous year. FY24 includes an impairment charge of £1.5m, a provision of £0.5m in respect of an aged debt balance and £0.7m provision in respect of warranty claims. The prior year includes a £4.7m impairment charge. This reflects and underlying trading improvement of £0.8m.

The Group closed the year with £4.6m of cash at bank (2023: £5.2m) in addition to the availability of undrawn working capital debt facilities of £0.8m with Barclays. The Group's net debt position, including all debt except right of use property leases, was £1.6m at the end of the financial year (2023: £1.4m).

As we look ahead, we are encouraged that the market environment is improving and supports sustained demand for Tekmar's technology and engineering services across our markets. Moreover, we believe Tekmar's differentiated technology positions the Group to outperform this improving market. This is supported by the Group's developing sales pipeline, however it will take time for this activity to convert to orders and revenue.

Accordingly, we believe a reasonable expectation is for EBITDA for FY25 to be consistent with FY24, and for the phasing of EBITDA generation to be second half weighted. This is aligned with our primary focus on increasing order intake through 2025 to position the Group for improved performance in 2026 and beyond.

The Company continues to maintain tight controls on managing the cash requirements of the business to support growth and working capital, including disciplined capex and targeted investment in products and services that represent the greatest opportunity for near-term growth.

CEO Review (continued)

Favourable Markets Support Sustained Demand for Tekmar's Technology
The key indicators across offshore energy markets are consistent with an improving market environment.

In offshore wind, there is now a higher volume of projects being sanctioned than ever before as the market moves into recovery and builds momentum after the challenges of recent years. The lead indicators support this improving trajectory, with record Final Investment Decision ("FID") in 2023 and 2024, with 12.3GW and 13.1GW respectively reversing the pause in 2022 when 0.8GW of offshore wind capacity was consented. Linked to this, industry analysts forecast 1,000 turbines per year will be installed through 2028, increasing to 2,000 by 2030. Demand is expanding globally, with Europe remaining the anchor growth market, particularly the UK. In addition, turbine OEMs are reporting improved financial performance and cable manufacturers are reporting stronger backlogs. Activity levels across the oil and gas industry highlight the continued high and sustained levels of CAPEX and OPEX, with this investment increasingly recognised as essential to support energy transition. These factors in turn indicate supply chain capacity will be stretched and supports sustained demand for Tekmar's technology and engineering services.

Our three-year plan supports a step-change in Tekmar's scale
We have developed a three-year plan rooted in driving significant organic growth across the Group's existing portfolio of products and services, along with an iterative product development programme and complementary M&A. This addresses the importance of Tekmar achieving greater scale with significant profitability gains driven by the benefit of operational gearing. The following opportunities are integral to the plan:

- capitalise on our industry pedigree and differentiated technology to drive order intake and outperform a growing market
- drive higher utilisation rates across the business, achieved through the balance of scale of projects and duration of projects
- reweighting of revenue streams, with a shift to higher margin services
- investment in our grouting capability which provides compelling near-term returns
- incremental investment in our technology roadmap to support product development and market diversification
- resolve outstanding legacy issues relating to notifications of potential defects
- continued refinement of the org model and deployment of Tekmar best practice programme across the business.

Our M&A strategy complements the organic growth opportunity

The organic growth plan is complemented by the Group's ambitious M&A strategy to deliver additional scale and diversification. This plan is supported by the £18m of funding available through the SCF convertible loan note instrument and the relevant experience and relationships across the Board and the broader business.

Accelerating the level of EBITDA and cash generation of the Group is key in our assessment of opportunities as we look to build scale, strengthen the technology and services we offer customers, and expand our reach in targeted geographies. A robust acquisition pipeline has been developed and the Board is actively assessing complementary acquisition targets.

CEO Review (continued)

Ongoing legacy defect notifications

Tekmar have continued with their commitment in working with relevant installers and operators, to investigate further the root cause of ongoing legacy defect notifications.

This has been undertaken without prejudice and on the basis that Tekmar has consistently denied any responsibility for these issues. Given the extensive uncertainties, the RCA investigations have not concluded that the Tekmar products are defective.

Working in collaboration with the relevant 2 customers, Tekmar have explored the insurance available for such matters not withstanding Tekmar's position regarding responsibility and liability. In this regard, the Group have negotiated a commercial settlement with its EXPL insurance provider of £5.2m in relation to the above claims. The insurance proceeds are available for use at the discretion of the Group in settlement of the above claims, with any unused cash repayable to the insurer.

Within the result for FY24 there is a net charge of £0.7m recognised in the P&L. This represents the net impact of the provision of £5.8m offset by the insurance monies received post year end of £5.2m.

The business is positioned for growth, our markets are aligned for growth and our strategic plan focuses on delivering this growth. I have a track record of driving growth in my previous leadership roles and we have the opportunity to do the same at Tekmar building our financial strength. We have renewed purpose for what Tekmar can achieve and we look forward to updating investors with our progress over the course of the year.

Richard Turner
Chief Executive Officer
3 March 2025

Group Financial Review

The Group delivered further improvement in its financial performance in FY24, delivering the highest full-year Adjusted EBITDA reported by the Group since FY20. This was driven primarily as a result of significant improvement in gross profit margins despite market conditions remaining challenging during the period.

A summary of the Group's financial performance is as follows:

Note, due to the sale of Subsea Innovation Limited in the year, comparative figures have been restated to exclude Subsea Innovation Limited as this is now included as discontinued operations in the Statement of Comprehensive Income

	12M ended Sep -24 £m	12M ended Sep-23 £m
Revenue	**32.8**	35.6
Gross Profit	**10.5**	8.3
Adjusted EBITDA(1)	**1.7**	0.6
LBT from continuing operations	**(4.5)**	(8.5)
Loss for the period from continuing operations	**(5.1)**	(8.8)
EPS	**(3.74p)**	(9.2p)
Adjusted EPS(2)	**(1.00p)**	(3.2p)

(1) *Adjusted EBITDA is a key metric used by the Directors.*
'Earnings before interest, tax, depreciation and amortisation' are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Details of the adjustments can be found in the adjusted EBITDA section below. Adjusted EBITDA might not be comparable to other companies.

(2) *Adjusted EPS is a key metric used by the Directors and measures earnings which are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Earnings for EPS calculation are adjusted for share-based payments, £160k (£508k FY23), amortisation on acquired intangibles £98k (£168k FY23), Impairment of goodwill £1,546k (£4,745k FY23), warranty provision £656k (2023: £nil), expected credit loss £520k (2023:£nil) and other one-off items £399k (FY23: £430k) and the tax impact of £351k (FY23: £22k).*

On a statutory basis, the Group loss from continuing operations was £5.1m (FY23: £8.8m loss).

Overview

For the year ended 30 September 2024, the Group reported revenue of £32.8m, reflecting an 8% decrease compared to FY23. The decrease in revenue is due to the Marine Civils Division delivering lower revenue in the period as expected against a particularly strong prior year comparator.

Despite the revenue decrease, the Group achieved a 27% increase in Gross Profit to £10.5m versus £8.3m in the previous reporting period . This improvement in margin performance is attributable to the success of the Group's margin improvement action plans which have been focused on securing contracts with suitably attractive project economics followed by disciplined execution of these projects.

Group Financial Review (continued)

The Group's adjusted EBITDA for the year was £1.7m, compared to £0.6m in FY23. This was primarily as a result of stronger gross margins.

The Group's loss before tax from continuing operations of £4.5m has been impacted by a goodwill impairment charge in relation to the offshore energy division of £1.5m, net charge to the P&L of £0.7m in relation to the warranty related matters and £0.5m in relation to expected credit losses discussed below.

Discontinued Operation

As part of Tekmar Group's strategic focus on strengthening the Group's performance through efficient resource allocation and portfolio management, during the period, the Group completed the divestment of Subsea Innovation Limited (SIL) to Unique Group for £1.9m. As a result of the disposal, the financial performance of Subsea Innovation Limited (sold in May 24) is classified as a discontinued operation and consolidated into a single line item in the Statement of Comprehensive Income. This line item includes the post-tax profit or loss of the discontinued operation, as well as any gains or losses from the sale or remeasurement of the assets associated with the discontinued operation. A loss from discontinued operations of £1.3m has been recognised in FY24, further details can be found in note 26 of the annual report. The prior periods have been restated to reflect the discontinued operation ensuring consistency and comparability.

Revenue and Gross Profit

Revenue by operating segment		
£m	12M FY24	12M FY23
Offshore Energy	19.5	17.3
Marine Civils	13.3	18.3
Total	32.8	35.6

Revenue by market		
£m	12M FY24	12M FY23
Offshore Wind	17.1	17.7
Other Offshore	15.7	17.9
Total	32.8	35.6

Gross profit by operating segment		
£m	12M FY24	12M FY23
Offshore Energy	5.7	3.0
Marine Civils	4.8	5.3
Total	10.5	8.3

Gross Profit by market		
£m	12M FY24	12M FY23
Offshore wind	5.5	4.8
Other offshore	6.0	5.1
Unallocated costs	(1.0)	(1.6)
Total	10.5	8.3

It is encouraging to see a continuation of revenue growth in the Offshore Energy division during the period. Revenues in this division increased by 13% in FY24 and 24% in FY23. The Offshore Energy division incorporates Tekmar Energy and Ryder business units, both of which are beginning to benefit from the improvement in the offshore renewables market and a higher volume of projects being sanctioned.

Marine Civils division experienced a decline in revenue for the 12-month period at £13.3m, which is £5.0m lower compared with revenue of £18.3m for the previous 12-month period. The prior year performance had been particularly strong and included several large Middle East contracts which were completed in the prior period.

Group Financial Review (continued)

Consistent with the approach of the Offshore Energy division, the Marine Civils division, comprising Pipeshield International, has focused on delivering more profitable contracts. As a result, this has led to higher gross margin for the division in comparison to previous periods since acquisition, despite the decrease in revenue in the period.

Marine Civils has continued to supply the core Pipeshield product lines as well as further investment in the grouting service line offering. This diversification, which has predominantly been in the Middle East to date, is expected to continue as a growth area for the Group and will be replicated in other regions as the asset base is increased.

The gross profit for the reporting period increased by £2.2m to £10.5m, with a significant increase in gross profit percentage from 23% in FY23 to 32% in FY24. The growth in profit margins results from the Group's improved contracting policies and project execution. There was also a specific focus in the year on strategic supply chain initiatives which further contributed to the improvement.

Within the Offshore Energy division, gross margins increased from 17% for FY23 to 29% for FY24. FY23 was impacted as the opening order book included two, sizable, lower margin offshore wind contracts awarded in prior periods and has experienced material cost escalations from wider macro-economic factors since their award in 2021. One of these contracts was substantially complete in FY23 with the other being substantially complete in FY24 and will have no material impact on FY25 margin.

Gross profit margin within Marine Civils increased to 35.9% from 29.1%. This was primarily due to strong contribution from variation orders in the period and also service based income from equipment hire. Whilst this level of gross profit margin is not expected to be repeated in FY25 to the same extent, the Group is focused on the diversification of revenues to offshore services alongside traditional protection and stabilisation product sales and has incrementally invested in the asset base throughout the period to support this transition.

Operating expenses

Operating expenses for the 12-month period to 30 September 2024 were £14.4m compared to £16.3m for the previous 12-month period ending 30 September 2023. The decrease of £1.9m relates largely to a goodwill impairment relating to the offshore energy CGU of £4.7m in the prior period versus an impairment of £1.5m in FY24, offset by a £0.5m charge to the P&L for expected credit losses and £0.7m warranty provision charge to the P&L for ongoing defect notices. Other costs have been managed carefully and remained stable despite the inflationary environment.

Adjusted EBITDA

Adjusted EBITDA is a primary measure used by management to monitor and provide a consistent measure of trading performance from one period to the next. The adjustments to EBITDA remove material items of a one-off nature or of such significance that they are considered relevant to the user of the financial statements as it represents a useful measure that is reflective of the comparable performance of the business. Foreign exchange losses and gains form part of the adjustment to EBITDA, this is due to the significant influence of exchange rate fluctuations versus the Group's reporting currency (GBP) in FY23. The adjustment to EBITDA for foreign exchange is also shown in FY24 for consistency and comparability with FY23 results. For transparency of the FY24 result, details of foreign exchange transactions for FY24 are highlighted below.

Group Financial Review (continued)

The below table shows the adjustments that have been made to calculate adjusted EBITDA in the year ended 30 September 2024.

EBITDA Reconciliation (£m)	**12 months Sep-24**	**12 months Sep-23**
Reported operating (loss)/profit	(3.8)	(7.9)
Amortisation of acquired intangible assets	0.1	0.1
Amortisation of other intangible assets	0.3	0.4
Depreciation on tangible assets	0.9	0.7
Depreciation on ROU assets	0.4	0.5
EBITDA	(2.1)	(6.2)
Adjusted items:		
Share Based Payments	0.2	0.5
Impairment of goodwill	1.5	4.7
Exceptional items - Bonus	-	0.3
Implementation of accounting System	0.2	-
Warranty provision	0.6	-
Expected credit loss	0.5	-
Foreign exchange losses	0.6	0.9
Restructuring costs	0.2	0.3
Adjusted EBITDA	1.7	0.6

EBITDA and Adjusted EBITDA have shown significant improvement from FY23 in line with our profit improvement focus. Growth in adjusted EBITDA is attributed to the growth in Gross Profit discussed above. Both divisions reported positive Adjusted EBITDA for FY24, which has resulted in an overall positive Adjusted EBITDA for the Group in the period.

Adjusted EBITDA by division £m		
£m	12M FY24	12M FY23
Offshore Energy	1.5	(1.2)
Marine Civils	2.9	3.5
Group costs	(2.7)	(1.8)
Total	1.7	0.6

Group costs increased by £0.9m largely due to an increase in staff costs of £0.4m; wage inflation and increased share based payments related to management incentive schemes launched, £0.2m increase in professional fees and £0.1m higher bank facility fees.

Group Financial Review (continued)

Subsea Innovation Divestment

In May 2024, Tekmar Group plc completed the divestment of Subsea Innovation Limited (SIL) to Unique Group for a cash consideration of £1.9m. This strategic move was part of Tekmar's broader plan to enhance its financial stability and focus on core operations. SIL, which specialises in subsea products and engineering consultancy for the energy sector, had previously reported an adjusted EBITDA loss of £1.4m in 2023. The sale has allowed Tekmar to reallocate resources more efficiently and invest in growth areas. Tekmar retained ownership of Innovation House, the premises previously occupied by SIL. As part of the transaction, the Group agreed for Subsea Innovation to use the property on a rent-free basis for a 12-month period following Completion, with an option for both parties to enter into a lease agreement for a further 12 months following the rent-free period. This divestment aligns with Tekmar's strategy to drive profitable growth and improve its financial performance.

Profit/(loss) for the year

The result for the period is a loss of £6.6m (FY23: Loss of £10.1m) which is shown in the Statement of Comprehensive Income on page 101. The result includes a £1.3m loss attributable to the disposal of Subsea Innovation with the loss for the period from continuing operations being £5.3m.

Foreign currency

The Group has continued to see growth in international markets and, as a result, this increases the Group's exposure to fluctuations in foreign currency rates. During the year, the Group was impacted by foreign exchange losses of £0.6m. These losses have been accounted for within operating expenses.

The Group mitigates exposure to fluctuations in foreign exchange rates by the use of derivatives, mainly forward currency contracts and options. At the year end the Group held forward currency contracts to mitigate the risk of receivables balances for both Euros and Dollars. Any gains or losses on derivative instruments are accounted for in cost of sales. At the year end the Group had a derivative asset of £0.3m.

The Group predominately trades in pounds sterling with its principal currency exposures including approximately 17% of revenue denominated in Euros and 23% denominated in US dollars. In prior years there has been a material level of trading in Chinese RMB which has now reduced although the Group had £2m billed debtors in RMB at the FY24 period end. On certain overseas projects the Group can, in some cases, create a natural hedge by matching the currency of the supply chain to the contracting currency, this helps to mitigate the Group's exposure to foreign currency fluctuations. The Groups net loss from FX in FY24 is generated predominantly from outstanding balances denominated in RMB, the uncertainty surrounding the recovery of these balances has resulted in the Group being unable to effectively hedge against these transactions which have resulted in FX losses of c.£0.5m over the past 2 financial years.

Group Financial Review (continued)

Cashflows and Balance Sheet

A summary balance sheet is presented below:

Balance Sheet		
£m	FY24	FY23
Fixed Assets	4.5	6.8
Other non-current assets	19.6	19.4
Inventory	1.9	2.1
Trade & other receivables	20.3	19.7
Cash	4.6	5.2
Current liabilities	(20.9)	(16.9)
Non-current liabilities	(1.8)	(1.7)
Equity	28.2	34.6

Other key balance sheet items

Included within other current liabilities is a provision of £5.1m and non-current liabilities a provision of £0.7m. The provision covers the warranty matters outlined in note 20 of the Group financial statements, with these matters having been disclosed as contingent liabilities in the prior year's financial statements. A corresponding receivable due from the Groups EXPL insurance of £5.2m is included within Trade & other receivables. The net charge in the year to the P&L is £0.7m.

Cashflows and cash balances

The gross cash balance at 30 September 2024 was £4.6m with net debt (gross cash less bank facilities) of £1.6m. The Group's cash position at year end is comparable to the prior period end, where gross cash was £5.2m with Net debt of £1.4m.

The Group has extended its CBILs facility of £3.0m for a further 12 months to October 2025 and the UKEF backed trade loan facility of £4.0m remains available to Tekmar, with the next annual review date with Barclays Bank being in June 2025. These facilities continue to support the working capital requirements of the Group in delivering the projects the Group undertakes. The expected continued renewal of the banking facilities forms part of the Directors going concern assumptions which are detailed on page 86.

Of the £4.0m trade loan facility available, £3.2m was drawn against supplier payments at the year end and is repayable within 90 days of drawdown. The FY23 comparative is £3.6m. The change in the value borrowed is dependent on the timing of the loan drawdowns and the Groups immediate funding requirements. The trade loan facility balance and the CBILS loan of £3.0m are reported within current liabilities as both are fully repayable within 12 months of the balance sheet date.

For FY24, the Group generated cash flows from operations of £3.3m. The main driver of the increase was the successful recovery of final milestone balances on completed contracts within the Middle East region. Historically these balances have taken longer to be recovered.

The Group's ageing profile for trade receivables significantly improved, with almost 50% of balances for FY24 being within standard credit terms compared to 21% in the comparative period. This benefit has arisen from the Group's enhanced contracting terms and cash collection processes implemented in previous periods.

The Group holds a debt of 2.0m outside of standard credit terms with a customer in China.

Group Financial Review (continued)

Historically the Group has recovered 100% of receivable balances and no credit losses have previously been accounted for. However at the year end, the Group has made a credit loss provision in line with IFRS9 of £0.5m in relation to a specific historic debt in China. The Group continues to operate in global markets where payment practices surrounding large contracts can be different to those within Europe. The flow of funds on large capital projects within China tend to move only when the windfarm developer approves the completion of the project. The Group has a number of trade receivable balances, within its subsidiary based in China, which have been past due for more than 1 year. At 30th September 2024 the value of these overdue trade receivables was £2.0m, of a total outstanding trade receivable balance for the entity was £2.2m. These amounts are not in dispute from the customer, however given the range of possible outcomes and duration of the outstanding debt, the Group have made an expected credit loss provision in relation to the outstanding China debt of 0.5m. Further details can be found in note 16 of the Annual Report.

All other receivables are considered to be fully recoverable on the basis that previous trading history sets a precedent that these balances will be received.

Than annual impairment review of the goodwill on the balance sheet has resulted in an impairment charge of £1.5m (2023: £4.7m) which related to the offshore energy division. This was predominantly due to consultancy element of the offshore wind division growing below market rate as expected in the previous year.

The net cash outflow from investing activities was £2.0m with Group capital expenditure in the period totalling £1.9m. These projects primarily relate to investment in Grouting equipment and other service-related assets which are able to provide near term cash and profit generation. An additional £0.2m also related to the Group's main manufacturing facility.

Relating to the sale of Subsea Innovation, the Group received £0.2m cash proceeds. The remaining deferred consideration of £1.7m relating to this disposal falls into FY25 and at the year-end is included within other receivables on the balance sheet. £1.2m of the deferred consideration has been received since the balance sheet date with a further £0.5m due 12-months following the transaction date.

Net cash outflows from financing activities of £1.6m related to £0.4m net movement on the Group's trade loan facility, £0.5m due to the repayment of lease borrowings with £0.8m attributable to interest payments on the Group's banking facilities.

As noted in the basis of preparation on page 107, due to the required annual renewal of our banking facilities and the uncertain timing of contract awards the Group has disclosed a material uncertainty in relation to going concern. Management remains confident that the relationship with Barclays and positive growth outlook for the offshore energy market will ensure sufficient liquidity for the Group.

A continued focus on cash management remains to ensure growth and working capital can be supported as the business scales.

Summary

The business improvement measures implemented in recent years have led to a stabilised and streamlined business with both divisions now delivering profit at the Adjusted EBITDA level. There is a strong foundation now from which the Group can scale and become more resilient. The key drivers of this being diversified revenues and cashflows, operational gearing benefits and improving market conditions in sectors in which Tekmar operates.

Leanne Wilkinson
Chief Financial Officer
3 March 2025

Strategic Review

Our Strategy: Delivering Growth, Scale, and Resilience

Tekmar is the leading engineering and technology company providing innovative solutions to the offshore energy sector. With a proven ability to deliver critical subsea protection, stabilisation, and engineering solutions, we have established ourselves as the trusted partner of choice for the most demanding offshore projects.

Our extensive and unrivalled track record includes:

- Over **100,000 subsea stabilisation products** in service worldwide.
- More than **10,000 Cable Protection Systems (CPS)** supplied to **over 120 projects** across **25 countries**, demonstrating Tekmar's global reach and leadership.
- Delivery of **160,000+ geotechnical design hours** and **180,000+ advanced analysis hours**, underlining our technical expertise and market-leading capabilities.

This foundation of proven performance, global reach, and engineering excellence underpins Tekmar's ability to lead in the offshore energy sector.

A Stable and Profitable Platform

Over the past year, Tekmar has strengthened its foundations, establishing a stable and profitable platform to support future growth. Key operational and financial improvements have reinforced our ability to deliver sustainable results and capture emerging opportunities.

- **Operational efficiency**: Enhanced utilisation of existing capacity has improved cost control and productivity.
- **Growing enquiry book**: Robust demand across offshore wind, oil and gas, and marine civils has resulted in a strong and growing pipeline.
- **Improved profitability**: Focused execution and disciplined cost management have delivered enhanced EBITDA margins.

This stable platform provides Tekmar with the resilience and flexibility to pursue its ambitions with confidence, positioning us for the next stage of our transformation.

Introducing Project Aurora

In response to the rapidly growing opportunities in offshore wind and the global energy transition, Tekmar has launched *Project Aurora*. This transformative three-year strategic plan is designed to deliver scale, resilience, and financial strength, capitalising on Tekmar's established leadership position.

By targeting organic growth, operational efficiency, and market diversification, *Project Aurora* provides a clear roadmap for Tekmar's continued success. The plan focuses on leveraging our leading portfolio of products and services to ensure we not only maintain our position as the trusted global leader in offshore energy solutions but also set new standards of innovation and value creation in the industry.

The global challenge to achieve net zero carbon emissions by 2050 is driving exponential growth in offshore wind and associated Operations and Maintenance (O&M) markets. Offshore wind remains at the heart of the energy transition, and Tekmar's solutions play a critical role in supporting this transformation. *Project Aurora* ensures we capitalise on these trends and continue to lead the industry's response.

Strategic Review (continued)

Our AMBITION is to:

- Double Tekmar's revenue through organic growth, underpinned by disciplined investment and operational synergies.
- Achieve a sustainable mid to high teens EBITDA margin in the later years of the plan.
- Reinforce Tekmar's industry leadership position as a trusted partner and solution provider.
- Expand Tekmar's technical capability, service offering, and geographical reach to capitalise on the global offshore wind opportunity.
- Provide our people with the tools, strategies, and resources needed to deliver success.

Our VALUE PROPOSITION:

- Superior global reach and customer focus.
- Solving complex engineering challenges for clients.
- De-risking and optimising customer projects.
- Enhancing safety, reliability and lowering project costs.

Delivery of *Project Aurora* will enable Tekmar to diversify further into the offshore wind market, strengthen our financial resilience, and establish a scalable platform for sustained growth.

Key Focus Areas

1. Organic Growth

- Expand across offshore wind, oil and gas, and marine civils, building on our existing market leadership.
- Drive geographical growth with a focus on Europe, USA, and the Middle East.
    - Deploy Pipeshield solutions in Europe while expanding Tekmar Energy's reach in the Middle East, leveraging synergies across the Group.
- Enhanced high-strength grouting solutions to enhance subsea stabilisation capabilities.

2. Operational Gearing

- Improve returns by increasing utilisation rates across the business.
- Realise profitability gains through operational leverage and ongoing investment in product development.
- Transition to higher-margin engineering services to deliver sustainable growth.

3. Scaling the Business

- Grow product and service sales through a targeted sales growth strategy.
- Enhance technical capabilities and scale Ryder to address new opportunities.
- Develop a robust technology roadmap to deliver innovation across all market sectors.

Strategic Review (continued)

4. Financial Resilience

- Diversify revenue streams to build sustainable earnings and reduce volatility.
- Improve EBITDA margins and drive free cash generation to fund growth and strengthen reserves.
- Deliver positive and growing returns on capital employed.

5. Mergers and Acquisitions

Our ambitious M&A strategy accelerates growth, scale, and diversification, complementing Tekmar's organic growth plans.

- **Strategic capital**: Our partnership with SCF provides access to £18m through the Convertible Loan Note (CLN), supporting strategic acquisitions.
- **Focused approach**: The executive team has mapped over 40 potential acquisition opportunities, prioritised against strict criteria.

Key criteria include:

- Positive EBITDA and strong cash generation.
- Market consolidation opportunities to strengthen Tekmar's position.
- Expansion into new geographies and complementary markets.
- Future-facing technologies with growth potential.
- Alignment with the "brown to green" energy transition.

Through disciplined execution, Tekmar's M&A strategy will accelerate growth while delivering value to shareholders.

Diversification: Multi-Sector Growth Strategy

Tekmar's strategy enhances our involvement across the entire project lifecycle, driving growth in multiple sectors:

- **Offshore Wind**: Reinforce our leadership position while developing innovative solutions for emerging floating wind technologies.
- **Offshore Oil and Gas**: Expand our offering to support reliable subsea infrastructure solutions.
- **Marine Civils**: Grow our presence in port development and coastal infrastructure markets, where stabilisation solutions are critical.
- **Operations & Maintenance**: Leverage our track record to grow our presence in life extension and O&M services.

This multi-sector focus ensures Tekmar delivers sustainable and diversified growth across key global markets.

Strategic Review (continued)

Building a Durable Business – Positioned for Success

Tekmar's transformation under *Project Aurora* is underpinned by strong leadership, operational excellence, and a clear focus on delivery:

- **Experienced leadership**: A refreshed management team, led by Richard Turner, brings focus, expertise, and strategic execution.
- **Results-driven Board**: Our Board ensures disciplined stewardship and drives accountability for shareholder value.
- **Performance focus**: We are committed to profitable growth, sustainable cash generation, and delivering strong returns on capital.

With a solid track record, a stable platform, and a clear strategic vision, Tekmar is well-positioned to capitalise on global growth opportunities and deliver long-term value—no matter the pace of the energy transition.

Section 172 Statement

In accordance with section 172(1) (a)-(f) of the Companies Act 2006, a Director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. This is a period of transition for Tekmar, with a number of new additions to both the executive and non-executive teams, with a core focus on a strategy review covering the next five years that will position the Group for success. Particular attention has been paid to key areas to ensure the long term success of the Company, including:

- The implementation of the new Group strategy
- The improvement of engagement with the Group's shareholders
- The interests of the Group's employees
- The need to cultivate the Group's business relationships with customers and suppliers
- The impact of the Group's operations on the community and the environment
- The desirability of the Group maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the Group

The Board recognises that stakeholder communication is critical in delivering long term value for Tekmar. As part of the strategy review, there has been an evaluation of the level of engagement the Company has achieved and the Board has agreed that Tekmar should commit to increasing those levels, both internally within the business and with external stakeholders.

Shareholders

Tekmar would like to take this opportunity to renew its commitment to ensuring improved communication with the Company's shareholders. Historically, the CEO and CFO have met with institutional investors at least on a bi-annual basis, both in person and virtually. In the future, the Tekmar Board will be in regular communication with the broader shareholder base of Tekmar, including retail investors. New avenues of communication have commenced and include the Annual Report and Financial Statements, the Interim Report, the AGM and the Group's website. The Company also seeks improved levels of communication with a bolstered financial PR and Investor Relations function, the use of the Investor Meet Company platform and a commitment to host investors at Tekmar's facilities where appropriate. Additional information in relation to the Company, garnered from these engagements will be relayed back to the Board by the CEO and CFO, to ensure the concerns of shareholders are promptly addressed.

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. The most recent AGM was held on 27 March 2024. Shareholders voted on each resolution by way of a poll, the results of which were published on the Company website: https://investors.tekmar.co.uk/investors/circulars-and-notices/.

In addition to our shareholders, other key stakeholders for Tekmar include the Group's employees, customers and suppliers. The views and opinions expressed by these Groups are crucial to the Board's decision-making process.

Section 172 Statement (continued)

The Tekmar Team

The overarching success of the Group's growth and ability to implement the new strategic plans are dependent on our people, the Board recognises the importance of investing in our team and curating an environment that cultivates success.

The development and retention of our people remained a key area of focus during FY24. The Company has been focusing its efforts on improving rates of employee retention over the past two years and is pleased with the improved sustained result which shall continue to be a key measure into FY25. This was achieved through implementing a three-year staged benefits refresh program and listening to the feedback shared from the annual employee engagement survey. The training and development of our teams plays a key part in this, alongside ensuring quality performance and development conversations are taking place.

The Group has a range of communication channels which encourage Employee Voice, in the form of annual surveys, employee engagement forums, and Open Door, an anonymous feedback and question channel. We are committed to enhancing our communications and engagement strategy. The most recent addition to this is the 'vertical slice' sessions hosted by CEO Richard Turner, whereby a cross section of employees from across the Company have a one-hour meeting with Richard in an open forum discussion. HiveHR tool is utilised for employee surveying, celebrating and recognising colleagues, and submitting anonymous questions, concerns or feedback.

From FY25, engagement metrics (eNPS and engagement index) are monitored as key measures with quarterly pulse surveys in place. The results from the annual employee engagement survey are used as a benchmark to improve upon year on year. Clear action plans are devised which highlight areas of focus and are led by the Senior Leadership Team with HR support to drive cultural change and improvements.

Tekmar continues with its commitment to focus on diversity and inclusion as it grows, ensuring the workplace represents the communities in which it operates. The Group has a Business Integrity Policy that communicates the expected business behaviours of all employees, and this policy incorporates a whistleblowing policy, noting an employee's responsibility should they become aware of inappropriate business behaviours or any similar concern.

We are proud of Tekmar Group's diverse nationality mix, represented by 12 nationalities across 133 employees, operating across our various regions. Throughout FY25 we are embarking upon an EDI improvement journey, which begins with a current state assessment of the whole Group. This leads to the commencement of the journey, which will be driven by leadership and will involve awareness sessions, training, policy review and further actions.

Customers & Suppliers

Managing Tekmar's relationships with customers and suppliers is of the utmost importance to the Group as it embarks on its new growth strategy. The Group has several contracts with customers that relate to longer term technology development and supply which are supported by dedicated account teams. The Group has a dedicated Legal function that operates with the Group's commercial, project and production teams and those of the Group's key customers and suppliers. It is the Board's intention to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance and in doing so, will contribute to the successful delivery of growth. The Board receives regular updates on our relationships with suppliers and customers.

Section 172 Statement (continued)

Environment & Community

The impact of the Group's operations on the community and the environment are a key concern to the Board. Tekmar has an ongoing commitment to sustainability, innovation, and community engagement. 2024 has been a remarkable period of growth and learning as Tekmar continues benchmark itself against industry standards and strive to set new benchmarks for the future.

The Company strives to minimise or mitigate any harm that it might do and actively seeks to contribute positively to the environment and the communities in which it operates. In FY24 the business has undertaken a Carbon Footprint measurement exercise, a significant step in our sustainability journey. The next step being undertaken FY25 is to establish and commence delivering a carbon reduction action plan. The business currently holds Ecovadis Silver status accreditation with a key priority for FY25 being progression to Gold status, representing the company's commitment to sustainable and ethical practices.

More information on the Company's approach to ESG and the efforts of the ESG committee can be found in our Sustainability Report on page 32. The 2023 version of the QCA Code applies to financial years beginning on or after 1 April 2024 and therefore it will report our approach to applying the updated principles in our Annual Report in 2025.

Market Review

Market Outlook for Tekmar Group

The offshore energy market is undergoing significant change, this presents Tekmar Group with a significant opportunity to augment its market position. This outlook explores the key trends, challenges, and opportunities in the offshore wind and oil and gas sectors, informed by broader market analysis.

A New Era for Offshore Energy

The global offshore energy market is at a pivotal period.
Governments worldwide are accelerating efforts to achieve net zero emissions, and along with this setting ambitious targets for renewable energy deployment. Offshore wind plays a central role in this transition. Today there is operational capacity nearing 75 GW . China leads with 36.2 GW, followed by the UK (14.8 GW) and Germany (8.2 GW). Projections indicate total capacity could reach 410 GW by 2035.[1]

Simultaneously, oil and gas remains critical to energy security and certainty of supply, which has undergone a resurgence due to its criticality in the energy transition roadmap. Recent forecasts indicate global offshore oil and gas expenditure is expected to grow by over 20% annually through 2025.[2]

Offshore Wind

Navigating the Offshore Wind Quadrilemma

The offshore wind industry has navigated a challenging “Quadrilemma”:

1. **Rapidly reducing Strike Prices**: Developers engaged in aggressive pricing competition, often relying on speculative future technology advancements and cost reductions that failed to materialise. This created impaired project economics and delayed projects.

2. **Macroeconomic pressures**: Rising inflation and central bank interest rate hikes significantly increased project costs. For instance, the Euro Area’s main interest rate rose from -% to 4.5% within two years.[3]

3. **Cost inflation**: Post covid and amidst the Russian / Ukrainian conflict material and energy prices soared further hampering project economics.

4. **Operational failures**: Industry-wide reliability challenges affected OPEX costs. Insurance claims have increased significantly in the last 10 years, undermined confidence in operating cost models.

These factors ultimately led to delays in Final Investment Decisions (FIDs): with several developers withdrawing from planned investments and auction, for example AR5 in the UK attracted no bidders. Despite these hurdles, the industry has entered a period of recovery. Strike prices have been significantly corrected (eg UK AR6 £73 - https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-6-results), demonstrating recognition from the Government of changing economic forces as well as reinforcing their primary commitment which is to decarbonising the energy supply chain to achieve net zero. Furthermore, material costs and interest rates have stabilised and reliability is being assured by developers adopting a more integrated, end-to-end system design approach, ensuring a cost effective and reliable solution.

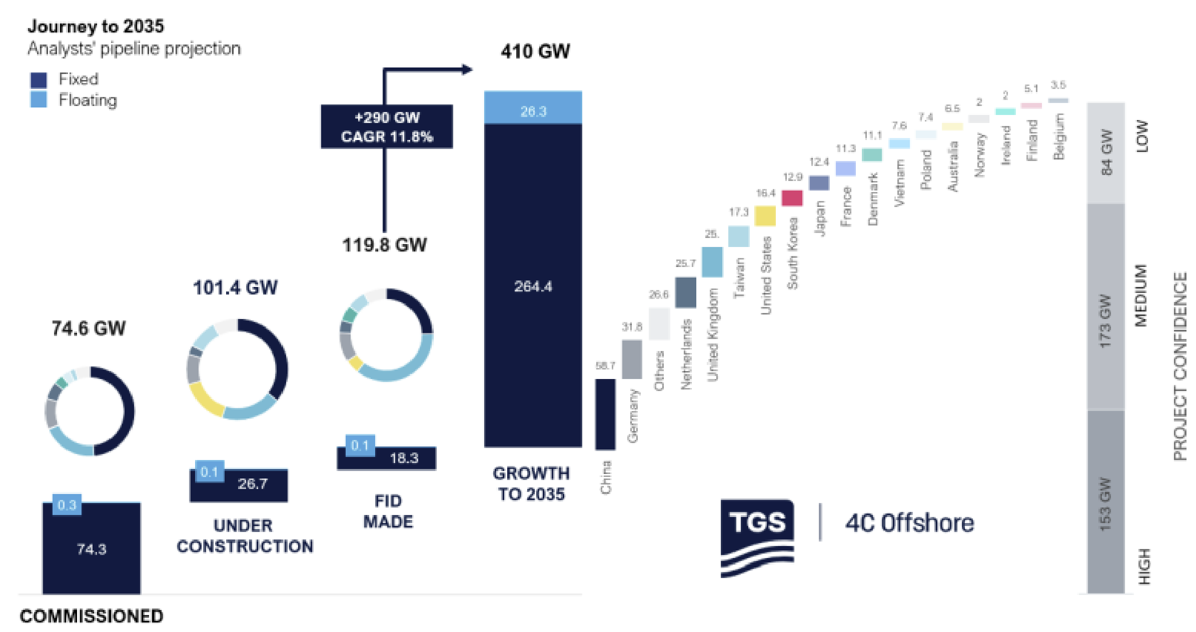
Globally, a cumulative 119.8 GW is post-FID (including operational projects, under construction, and projects in construction phase). To meet our 2035 forecast for credible growth, an FID rate of 6.6 GW/quarter is needed.

Market Review (continued)

Winds of Change and Opportunity: A Holistic Transformation

The offshore wind market is experiencing a confluence of favourable developments:[5]

- **Global Expansion of Offshore Wind**: While Europe, particularly the UK, remains a key hub, the sector is globalising with significant growth in Asia-Pacific markets such as South Korea, Taiwan, and Japan. Offshore wind activity is forecast to reach 410 GW by the end of 2035, driven by an annual growth rate of 11.8%, with additional buildout peaking in Europe around 2030.
- **Floating Offshore Wind**: 4C Offshore forecasts 26.3 GW of floating offshore wind capacity to be installed or underway globally by 2035.
- **Global Outlook: Growth from 74.6 GW to 410 GW by 2035**



* Analysis is assembled using 4C Offshore's Project Opportunity Pipeline (POP), exclusive to subscribers.

Oil and Gas

The Energy Transition: Balancing Oil and Gas with Offshore Wind

Achieving net zero emissions while maintaining global energy security requires a balanced approach that integrates both renewable and traditional energy sources. Offshore wind offers a sustainable solution to reducing carbon emissions, while oil and gas, in conjunction with Carbon Capture and Storage (CCS) provide the predictability needed to support the transition without significant intermittency. According to the Climate Change Committee, a pragmatic energy mix that leverages the strengths of both sectors is essential for meeting climate goals. Investments in technologies like CCS and Hydrogen and advancements in offshore wind capacity can accelerate the shift towards a cleaner, more resilient energy landscape. (Climate Change Committee)

Subsea Infrastructure Spending to Surpass $10 Billion Annually

Renewed Momentum in Oil and Gas: The Transition Partner

Oil and gas remain a cornerstone of global energy security, with increasing activity driven by higher energy prices and technological advancements. Simultaneously, offshore oil and gas developments are ramping up in regions like Brazil and the Gulf of Mexico, with global offshore oil and gas expenditure expected to grow by over 20% annually through 2025.[2]

Market Review (continued)

Marine Civils and Ports: Enabling Offshore Energy Expansion
The expansion of offshore energy projects necessitates substantial investment in port infrastructure and marine civil engineering, presenting significant opportunities for Tekmar Group. As the offshore wind sector aims to increase capacity from 73.6 GW in Q3 2024 to 258 GW by 2030, ports play a pivotal role in the assembly, transportation, and maintenance of wind turbines and related equipment. WindEurope estimates that approximately €6.5 billion in port infrastructure investments is required by 2030 to support this growth.[6]

Marine civil engineering is also experiencing robust growth, driven by the demands of offshore energy developments. The global marine (offshore) engineering market was valued at USD 105 billion in 2023 and is projected to reach USD 155 billion by 2030, growing at a CAGR of 5.96%.[7] This growth underscores the increasing need for specialized infrastructure to support offshore installations.

Investments in port facilities are crucial for the efficient deployment of offshore wind projects, with even further investment needed as the floating offshore wind market grows. Enhancing port capabilities can reduce logistics costs and streamline the supply chain, contributing to the overall cost-effectiveness of offshore wind energy. For instance, investments of €0.5-€1 billion in new port infrastructure could help the offshore wind sector cut costs by up to 5.3%.[6]

In summary, the synergy between offshore energy expansion and port infrastructure development is vital. Strategic investments in marine civil engineering and port facilities not only support the scaling of offshore wind and oil and gas projects but also enhance operational efficiency and cost-effectiveness, aligning with Tekmar Group's objectives in the evolving energy landscape.

Charting the Future of Offshore Energy

Over the past few years Tekmars' growth rate has not been in line with the offshore energy market. The offshore energy market is now entering an exciting era, driven by global energy transition goals and increasing demand for reliable infrastructure. While the sector continues to face challenges, stabilizing economic conditions and a growing commitment to sustainable energy solutions underpin it's long-term growth potential, which Tekmar is well positioned to take advantage of.

Footnotes

1. 4C Offshore, Global Offshore Wind Report (Q4 2024).
2. Rystad Energy, "From Shale to Offshore: Global Oil and Gas Industry Dynamics Are Shifting" (14 August 2024).
3. European Central Bank, Monetary Policy Reports (2023).
4. UK Government, "Recent Offshore Wind Strike Price Adjustments Reflecting Market Realities" (2023).
5. Subsea World News, "Global Subsea Spending Projections Show Promising Growth" (2023).
6. WindEurope, "Upscaling Europe's Port Infrastructure Critical for Offshore Wind Development" (27 May 2021).
7. Verified Market Reports, "Marine Offshore Engineering Market Analysis" (October 2024).

Our Business Model

Tekmar Group plc collaborates with its partners to deliver robust and sustainable engineering led solutions that enable the world's energy transition. We have a clear strategy focused on strengthening Tekmar's value proposition as an engineering solutions-led business that offers integrated and differentiated technology, services and products to our global customer base.

Group revenues are divided into the following sectors and subsectors. Across the Group there are no customers that are unique to any one business. There is potential for all Group companies to work with all customers that the Group engages, allowing the Group to cross-sell all products and services; work together to provide value to the same clients, generate more revenue per client and to provide a complementary range of technology and services that support multiple stages of the project life cycle.

As the business grows, our goal is to increase the revenue per project from all stages of offshore energy and marine civils projects. We also have an aim to gain visibility on upcoming projects as early as possible, with our design and analysis businesses helping us achieve this.

Group Revenue split:

Offshore Energy 58%, Marine Civils 42%

Revenue split by product:

52% Cable Protection Systems (TekLink), 36% Marine Civils. 6% Grouting, 3% Hang offs, 3% Engineering

Revenue split by market:

52% Renewables (£17.1m), 48% other offshore (£15.7m).
(The Group operates within two operating segments in accordance with IFRS8. We also track markets and areas which our businesses operate in).

Revenue split by region:

21% EU, 30% APAC, 46% ME, 2% USA, 2% Rest of World

Sectors: Offshore Wind, Oil & Gas, Interconnectors, Wave & Tidal, Marine Civils, Telecoms

Applications: Subsea Cables, Rigid & Flexible Pipelines, Umbilicals, Seabed.

Customers: Developers & Operators, EPCI Contractors, Product & Service Providers

Project Phases: DEVEX Development Expenditure, CAPEX Project Build Phase, OPEX Project O&M.

Product Categories: Geotechnical Design & Analysis, Engineering Analysis & Software Innovation, Subsea Protection Technology, Subsea Stability and Protection Solutions.

Locations include:

UK, Europe, USA, Middle East and Asia Pacific.

Our business model in action

Unrivalled in Offshore Wind

Tekmar Group plc is a leading provider of cable protection systems (CPS) for the global offshore wind market. With over 10,000 CPS systems supplied to more than 120 offshore wind projects across 25 countries, we are proud to protect over 40GW of installed offshore wind capacity, a figure unrivalled across the industry. Our ability to deliver integrated subsea cable protection solutions that overcome challenging offshore environments sets us apart. By combining in-house technology, advanced engineering capabilities, and decades of experience, Tekmar ensures that every project benefits from informed, engineering-led decisions grounded in simulation, analysis, and proven expertise.

Tekmar Energy, part of Tekmar Group plc, was awarded a contract to design, manufacture, and deliver a subsea cable protection solution for one of the world's largest offshore wind farms. The CPS was required to protect the wind farm's inter-array cables when transitioning from the seabed to the offshore foundations. Due to the project's challenging subsea conditions, an additional solution was needed to secure the CPS and cables on the seabed to prevent movement and avoid damage. This was achieved through an integrated approach to the engineering design phase within the overall project lifecycle.

Working alongside RYDER, Tekmar Energy developed a CPS design premise and a basis for analysis aligned to the project specifications and site conditions. A system was subsequently designed by Tekmar Energy, based on the company's proven Generation 10 TekTube CPS technology.

During the initial design phase, advanced simulation tools were used to model how the CPS would perform in its offshore environment. This was supported by RYDER, which contributed geotechnical expertise to design a stabilisation solution. A rock berm installation was recommended to secure the CPS on the seabed. Using cutting-edge geotechnical engineering software, RYDER optimised the design to minimise the volume of rock material required, significantly reducing the project's CAPEX while meeting all performance criteria.

The CPS was manufactured at Tekmar Energy's state-of-the-art facility in the North East of England. Before commencing production of over 2,300 components, Tekmar Energy created prototypes of each component and subjected them to rigorous testing, including impact, bend, and axial load tests, to verify performance. Full-scale pull-in tests were performed on a 30-metre-long CPS assembly using the facility's advanced pull-in rig. Factory Acceptance Tests (FAT) were then carried out on all pre-assembled CPS sections before packing and delivery to the customer.

The final solution was a robust, maintenance-free cable protection system engineered to meet the project's specific site conditions and ensure reliability throughout the wind farm's lifecycle. By eliminating the need for OPEX-heavy interventions, the solution offered significant long-term savings to the customer.

Tekmar's integrated approach provides complete visibility across the CPS design and delivery process. This collaboration between Tekmar Energy and RYDER ensures seamless communication, rapid problem-solving, and enhanced optimisation opportunities at every stage of the project. For customers, this single-interface approach eliminates third-party delays, reduces risks, and ensures efficient delivery of the optimal solution.

Our operating companies share a unified vision and a commitment to delivering industry-leading solutions for the offshore wind sector, reinforcing Tekmar Group's position as the trusted partner of choice for global offshore wind projects.

Our business model in action (continued)

Delivering Advanced Scour Protection for a Leading Port Authority

Tekmar Group companies Pipeshield International and Ryder collaborated to deliver an advanced scour protection solution for a leading port authority. Drawing on Tekmar's extensive track record, which includes over 100,000 subsea stabilisation products in service and more than 340,000 engineering hours logged, the team provided a cost-effective and environmentally sustainable solution that addressed the unique challenges of this project.

The integrated approach comprised three key projects:

1. **Vessel Study**
   By combining tidal and vessel tracking data (AIS), the team reduced uncertainty in the design parameters through high-level data analysis. This enabled the consideration of different vessel sizes and revealed that the 'maximum design vessel' provided by the client was not necessarily the worst-case scenario for seabed stability. The analysis showed that larger vessels tended to un/berth during higher tides, and the most onerous vessels, regardless of size, were identified. This insight ensured that the scour protection design was tailored to actual vessel behaviour, reducing over-conservatism in the design process.

2. **Mattress Stability**
   Following PIANC (2015) guidelines, RYDER assessed the stability of the mattress under propeller and thruster action generated by the most onerous vessels identified in the study. The results confirmed that rock bags would be required along the quay wall to mitigate thruster effects. These rock bags were shown to be stable against the quay wall, while the mattresses themselves were stable under propeller action and metocean conditions. However, the study highlighted that some vessel input parameters had been estimated using generalised equations and that the Coefficient of Lift for the mattress units was not well-defined, necessitating further verification.

3. **3D CFD Study**
   RYDER conducted a two-stage Computational Fluid Dynamics (CFD) analysis using OpenFOAM to recreate on-bottom conditions and simulate worst-case flows generated by the most onerous vessel combined with metocean conditions. The results demonstrated the efficiency of Pipeshield's N2 edge block design, which produced a negative Coefficient of Lift. This induced a positive restoring moment at the top of the edge block, ensuring stability.

   The study also found that the Coefficient of Lift for the central blocks in the mattress stability report was overly conservative, revealing an additional safety factor of 1.3 on top of the already applied 1.5. Furthermore, a Python database of vessel inputs showed that the mathematical methods used to estimate vessel properties, such as propeller diameter, were overestimated. This led to increased conservatism in the design and confirmed that the scour protection solution was robust under real-world conditions.

The Result

The solution provided by Pipeshield and **RYDER** demonstrated a seamless integration of expertise across Tekmar Group to deliver a tailored scour protection system. By leveraging the Group's combined knowledge and advanced analysis capabilities, the team achieved a design that was both cost-effective and environmentally sustainable. The project exemplifies how Tekmar Group's operating companies collaborate to provide innovative, efficient, and reliable solutions to complex offshore challenges.

Key Performance Indicators

Key Performance Indicators (KPIs) such as Revenue, Order Intake, Order Book, Adjusted EBITDA and net cash / (debt) are crucial in assessing Tekmar Group PLC's performance. Revenue reflects the total income generated from sales, indicating the company's market demand and operational efficiency. Order Intake measures the value of new contracts awarded within a period, showcasing the company's ability to secure new business. The Order Book represents signed and committed contracts, providing insight into future revenue streams and business stability. Adjusted EBITDA (Earnings before interest, tax, depreciation, amortisation and significant one off items, as defined in CFO review.) offers a clear view of the company's operational profitability by excluding non-operational expenses, thus highlighting core business performance.

KPI	FY22	FY23	FY24
Order Book (1)	£15.0m	£16.7m	£16.3m
Revenue (2)	£25.6m	£35.6m	£32.8m
Gross profit %	23%	23%	32%
Order Intake (3)	£33.2m	£37.4m	£32.4m
Adjusted EBITDA (4)	£(2.3)m	£0.6m	£1.7m
Net cash/(debt) (5)	£1.5m	£(1.4)m	£(1.6)m

(1) Order Book is defined as signed and committed contracts with clients.
(2) Revenue is the value of sales recognised in the financial statements in the year.
(3) Order intake is the value of contracts awarded in the in the year.
(4) Adjusted Earnings before interest, tax, depreciation, amortisation and significant one off items, as defined in CFO review.
(5) Net cash / (debt) represents total cash less banking facilities.

Note – comparatives have been restated to remove Subsea Innovation Limited.

Sustainability Report 2024

Dear valued stakeholders,

I am pleased to introduce Tekmar Group's 2024 Sustainability Report, a reflection of our ongoing commitment to sustainability, innovation, and community engagement. This year has been a remarkable period of growth and learning in our sustainability journey as we continue to understand our impacts and dependencies on society and strive to set new goals for the future.

Throughout 2024, we have worked diligently to advance our Environmental, Social, and Governance (ESG) initiatives, with a particular emphasis on understanding and action planning to improve our carbon footprint. As a result of this, one of our key achievements this year was conducting a comprehensive carbon measurement management exercise, supported by an independent third party, allowing us to gain clearer insights into our environmental impact and identify areas for further improvement. This effort marks an important step in our journey, and we are proud of the progress made.

Following on from our Educational Links programme established in 2023 and subsequent collaborations, we have also been actively engaged in our community, supporting and participating in several STEM events with local colleges and schools. These initiatives are not just about inspiring the next generation of engineers and scientists but also about fostering a culture of innovation and sustainability. Our commitment to STEM was recognized when Tekmar Group was named one of the most inspirational companies in the North East by the North East STEM Awards, a testament to our efforts in promoting education and career opportunities in science, technology, engineering, and mathematics.

Linked to this, at the same event, we were immensely proud of our own Dawn Gaskins who received a Special Recognition Award, highlighting her dedication and contributions to our sustainability and ESG initiatives. Dawn's leadership and passion have been pivotal in driving our projects forward, and her recognition is a proud moment for all of us at Tekmar Group.

In addition to our STEM activities, we joined hands with communities worldwide to participate in World Clean Up Day 2024. This global event underscored our commitment to environmental stewardship and allowed our teams to actively contribute to a cleaner and healthier planet. Such initiatives reflect our broader philosophy of making a positive impact, not only through our products and services but also through our actions within the communities we serve and collaboration with our value chain.

The world has faced unprecedented challenges in recent years, resulting in protracted impacts on companies like ours. Understandably, our journey in this time has included rebuilding strong foundations in our business as well as financial resilience. Ultimately, Tekmar as an organisation which will continue to grow sustainably alongside our end markets to meet the ever increasing global energy demand.

We are proud of the business we have today and that in tandem with the business improvement measures implemented and strengthened governance and controls, we have also been able to provide prosperity for our wider stakeholders including our employees, industry and local community.

While we recognise that we are still at the early stages of our sustainability journey, 2024 has been a year of significant progress. We have set ambitious goals, benchmarked ourselves against peers, and taken key actions to go further than we ever have before. Our focus remains on continuous improvement, and we are excited about the future as we deepen our commitment to sustainability and ESG excellence.

Sustainability Report 2024 (continued)

I invite you to explore this report to learn more about our initiatives, achievements, and the steps we are taking to contribute to a more sustainable future.

Finally, I would like to thank the ESG leads and STEM ambassadors who have been instrumental in driving our plans forward and to the wider Tekmar team for their support to our initiatives this year.

Leanne Wilkinson

Chief Financial Officer / ESG Committee Chair

Meet the Environmental, Social and Governance Committee

The ESG Committee at Tekmar Group is dedicated to driving our environmental, social, and governance initiatives, ensuring alignment with our vision to enable the world's energy transition and uphold our commitment to sustainable and responsible growth.

The ESG Committee at Tekmar Group is a diverse and dynamic team that brings together individuals from across all areas of our business. This broad representation ensures that our environmental, social, and governance initiatives are inclusive and reflective of our entire organisation.

By leveraging the unique perspectives and expertise of our team members, the committee can identify opportunities, address challenges, and drive impactful ESG strategies that align with our company vision and values.
Each member of the ESG Committee focuses on a specific aspect of ESG, enabling us to address these critical areas with precision and depth.

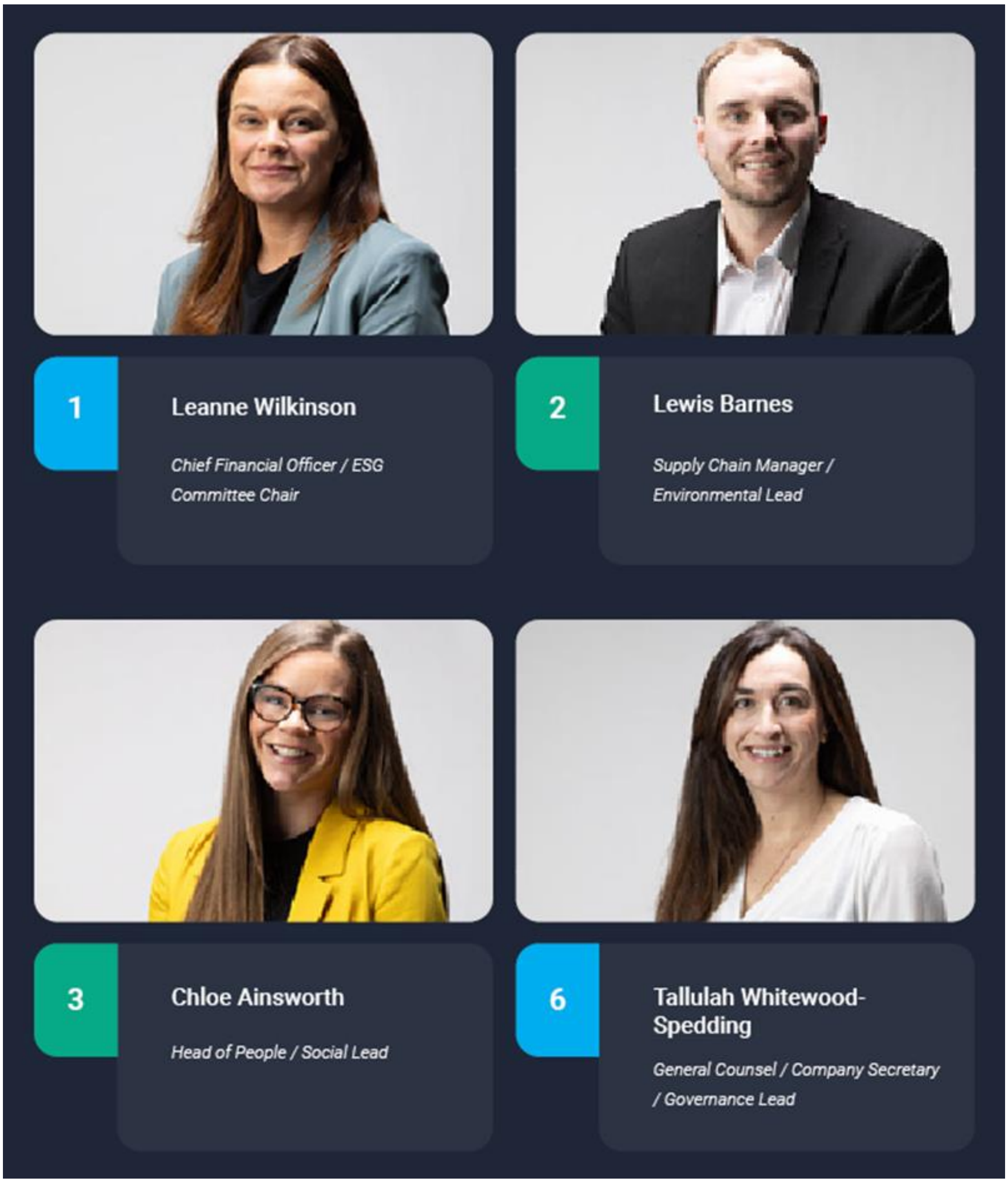
From environmental stewardship, such as reducing our carbon footprint and enhancing sustainability practices, to social initiatives that support our communities and promote diversity, equity, and inclusion, every member plays a vital role. Committee members are dedicated to ensuring our governance practices meet the highest ethical standards, providing transparency and accountability across all levels of our operations. Together, this multidisciplinary approach ensures a holistic and integrated focus on ESG.

We are deeply grateful to our ESG Committee members for their dedication and contributions, which have been key to advancing initiatives like STEM programs and sustainability benchmarking. Their efforts embody the collaborative spirit of Tekmar Group and drive our progress.

In addition to our ESG Committee, we have additional employees who have supported the Company's ESG initiatives throughout the year.

As we celebrate this year's achievements, we recognise the vital role they play in our sustainability journey.

Sustainability Report 2024 (continued)



How Tekmar Group's Vision, Mission, and Values Drive Sustainability

At Tekmar Group, our commitment to Environmental, Social, and Governance (ESG) excellence is deeply rooted in our core **vision, mission, and values.** These guiding principles shape every decision, action, and initiative we undertake, ensuring that our efforts contribute to a more sustainable future.

Sustainability Report 2024 (continued)

Our vision, **"To enable the world's energy transition, reflecting our responsibility to future generations,"** serves as a beacon for our ESG strategy. In a world where the shift towards cleaner, renewable energy sources is imperative, Tekmar Group is dedicated to being at the forefront of this transformation. This vision is not just about technological advancement; it embodies a broader commitment to creating a sustainable future. We understand that our actions today have far-reaching implications, and we are determined to play a pivotal role in reducing environmental impact and promoting a cleaner, greener planet for generations to come.

Our ESG initiatives are aligned with this vision, focusing on minimising our carbon footprint, developing sustainable technologies, and supporting the global move towards renewable energy. Whether it is through pioneering new ways to make our products more energy-efficient or participating in community initiatives that promote environmental awareness, our vision drives us to act responsibly and sustainably.

Our mission speaks to our commitment to collaboration and innovation: **"Collaborating with our stakeholders, we will deliver robust, sustainable technology and services utilising our talented and diverse team that will enable the Group to grow significantly and profitably."** This mission emphasises two critical components of our ESG approach: stakeholder engagement and sustainable growth.

We believe that sustainability is a collective effort. By actively collaborating with our customers, partners, and communities, we can create solutions that address both economic and environmental needs. This collaborative approach ensures that our technologies not only meet current market demands but also contribute to a long-term, sustainable future. Our mission guides us to continuously innovate and adapt, pushing the boundaries of what is possible while ensuring that our growth benefits both our stakeholders and the planet.

Moreover, our mission highlights the importance of utilising the diverse skills and talents of our team. Diversity, equity, and inclusion are key components of our social responsibility. By fostering a workplace that values varied perspectives, we can develop more creative and effective solutions that meet the needs of a changing world.

Values: The Foundation of Our ESG Approach

Our values – **Work Together, Do Things Right, Break the Boundaries** – serve as the foundation for how we approach ESG initiatives, ensuring that every effort is aligned with our broader purpose.

Work Together: Collaboration for a Sustainable Future:

"Work Together" underscores the importance of teamwork and collaboration without boundaries. We believe that the best solutions come from a collective effort, where every individual feels empowered, safe, and inspired. This value drives our approach to ESG by fostering partnerships that extend beyond our organisation. Whether we are engaging with local communities through STEM initiatives or collaborating with global partners on sustainability projects, working together ensures that our ESG efforts are inclusive, impactful, and far-reaching.

Internally, this value promotes a culture where our team members are encouraged to contribute ideas, voice concerns, and take ownership of sustainability initiatives. By nurturing an environment of trust and confidence, we empower our team to drive positive changes, both within the organisation and beyond.

Sustainability Report 2024 (continued)

Do Things Right: Integrity and Excellence in Sustainability

“Do Things Right” reflects our commitment to quality, integrity, and ethical conduct. We believe that sustainability is about more than compliance; it is about setting a higher standard and leading by example. This value drives us to challenge the norm, innovate responsibly, and ensure that our products and services are delivered with the utmost quality and efficiency.

In practice, this means implementing rigorous sustainability measures across our operations, from reducing waste and emissions to adopting ethical sourcing practices. We are committed to transparency and accountability in all that we do, and this commitment is a core element of our ESG strategy. By doing things right, we build trust with our stakeholders and demonstrate that profitability and sustainability can, and must, go hand in hand.

Break the Boundaries: Innovating for Tomorrow’s Solutions

“Break the Boundaries” captures our spirit of innovation and ambition. At Tekmar Group, we are constantly looking for new ways to develop technologies that make what seems impossible today a reality tomorrow. This value drives our efforts to push the boundaries of sustainable technology, seeking out solutions that not only meet current demands but anticipate future challenges.

Our dedication to innovation is evident in our ongoing efforts to improve the energy efficiency of our products, explore renewable energy applications, and invest in research and development that supports the global energy transition. By continuously seeking new ways to reduce environmental impact and enhance sustainability, we are not just adapting to change – we are leading it.

Sustainability Report 2024 (continued)

Looking back

2024 highlights

We are incredibly proud of the achievements and milestones we've reached throughout 2024, each reflecting the dedication and passion of our employees and the impact of their efforts. These highlights showcase not only our commitment to sustainability and innovation but also the positive influence we've had on the communities we serve. We are deeply grateful to our team members who have supported these initiatives, volunteered their time, and brought their energy to every event. Their contributions embody the values of Tekmar Group and drive our mission to create lasting, meaningful change.

1. We continued inspiring the next generation by participating in Darlington STEMFEST, engaging with young minds and promoting careers in STEM.
2. As Silver Members of the North East STEM Foundation, we supported its mission through monthly donations and participated in the Primary Schools STEM Challenge in June.
3. We strengthened our partnership with UTC as official employer partners and participated in our first Industry Project, where the team working on a Tekmar project won.
4. Tekmar Group was nominated for 'The Most Inspirational North East Engineering Employer,' and Dawn Gaskins won the 'Special Individual Recognition Award for Outstanding Contribution'.
5. In our commitment to developing homegrown engineering talent, Tekmar successfully completed its first graduate onboarding, selecting four graduate engineers from over 300 applicants.
6. We hosted two wellbeing walks, promoting employee wellness while supporting employee-chosen, REMAP in June and Niemann-Pick UK in October, combining team bonding with charitable giving.
7. We conducted a carbon capture analysis to explore innovative ways to offset our emissions, further strengthening our commitment to sustainability and environmental responsibility.
8. We continue to support our Manufacturing Operations Engineering apprenticeship, with our apprentice progressing into his third year of training.

Sustainability Report 2024 (continued)

Take a closer look

Tekmar Group Celebrates Success at the North East STEM Awards

In October, Tekmar Group announced its recognition at the RTC North, North East STEM Awards, where the company was nominated for **"Most Inspirational North East Engineering Employer,"** and Dawn Gaskins, Senior Project Coordinator at Tekmar Energy, was honored with the Special Individual Contribution Recognition Award.

"I've been so passionate about working with the next generation over the last few years and our ambassadors and wider team at Tekmar by investing our time offering workplace visits, work experiences and going out into the region doing STEM events like #STEMFEST and #NESF STEM events at Yarm School and the upcoming STEM event at Hartlepool College in November, alongside setting Industry Projects for the year 10 and 12 students at UTC it's been a busy and worthwhile few years!

Dawn Gaskins, Senior Projects Co-Ordinator

These achievements highlight Tekmar Group's ongoing commitment to fostering innovation, supporting STEM initiatives, and inspiring future generations of engineers across the North East.

The acknowledgment underscores the dedication and hard work of the Tekmar team in promoting STEM engagement through educational programs, community outreach, and mentorship opportunities, solidifying the company's role as a leader in the engineering industry.

Wellbeing Walks: Supporting Employee Wellness and Charitable Causes

At Tekmar Group, our Wellbeing Walks embody our commitment to combining employee wellbeing with meaningful community impact. Recognising that physical and mental health are essential for a thriving workplace, we actively encourage initiatives that promote wellness, teamwork, and social responsibility. Our Wellbeing Walks provide an opportunity for employees to take a break from their daily routines, connect with colleagues in a relaxed setting, and engage in physical activity—all while supporting important charitable causes.

In June, our team walked 8 miles to support REMAP, a charity that transforms lives by creating custom equipment for people with disabilities. Similarly, in October, we embarked on a 7.7-mile walk to raise awareness and funds for Niemann-Pick Disease, a rare genetic disorder, inspired by our colleague Dawn Gaskins' personal connection to the cause. By matching employee donations for both events, Tekmar Group amplified the positive impact of these initiatives, reinforcing our commitment to social responsibility and community engagement.

These walks not only strengthened our team's sense of community but also demonstrated how employee wellbeing, teamwork, and ESG principles can come together in a meaningful way. By bringing people together outside the workplace, we foster a supportive and inclusive culture where employees feel valued and engaged. Encouraging participation in initiatives like these helps to build connections, promote a healthy work-life balance, and reinforce the importance of giving back.

Sustainability Report 2024 (continued)

"It's fantastic to see so many colleagues come together for a great cause while also promoting physical and mental wellbeing. These walks aren't just about raising money—they help build relationships, encourage teamwork, and give us all a chance to reset outside of the work environment. I'm proud to be part of an organisation that supports both its employees and the wider community in such a meaningful way."

Steven Roberts, AR Project Co-Ordinator

We are incredibly proud of our employees' generosity and enthusiasm and look forward to continuing these impactful efforts in the years to come.

A Journey of Success and Innovation

Tekmar Group is proud of our ongoing partnership with UTC South Durham, which began in 2022. Over the past three years, our collaboration has grown, driven by a shared commitment to inspiring and developing future engineering talent. We aim to bridge the gap between education and industry, equipping young people with the skills and confidence to thrive in STEM careers.

This year, we deepened our involvement by becoming an official employer partner, reinforcing our dedication to real-world learning experiences. Our first UTC Industry Project was a great success, with students tackling a live Tekmar challenge and showcasing impressive technical and problem-solving skills. We were especially proud when the team working on a Tekmar project won, demonstrating the potential of these young engineers.

At Tekmar, we are committed to developing future engineers and will continue to expand our engagement with UTC South Durham, offering more projects, mentoring, and hands-on experiences to nurture the next generation of STEM talent.

Beyond projects, we support students through career guidance, industry talks, and hands-on learning, helping to inspire interest and build confidence in STEM careers. Catherine Purvis Mawson, Principal of UTC South Durham, emphasised the value of such partnerships:

"Forming relationships with companies like Tekmar Group is crucial for our students. It provides them with exposure to real-world applications of their studies and opens pathways to exciting careers in STEM fields. We are grateful for Tekmar's commitment to our students' development and their continued support in making STEM accessible and appealing."

Catherine Purvis Mawson, Principal of UTC South Durham

Sustainability Report 2024 (continued)

World Clean Up Day 2024

Tekmar Group proudly participated in World Clean Up Day 2024, a global initiative dedicated to tackling pollution and promoting environmental responsibility. Organised by Let's Do It World, World Clean Up Day unites millions of volunteers across 190 countries in a collective effort to remove waste, raise awareness, and drive positive change in local communities.

As part of our commitment to sustainability, a team of Tekmar Energy volunteers took time to clear litter around our manufacturing site and head office in Newton Aycliffe. This initiative reflects our company values—Do Things Right, Break Boundaries, and Work Together—showcasing our dedication to taking action beyond our day-to-day responsibilities.

A special thank you goes to Liam Bettinson and Joe Lincoln, whose leadership was instrumental in organising the event and bringing our team together. Their efforts demonstrate how collective action can make a meaningful difference in our communities.

Liam Bettinson reflected on the day's success: "It was fantastic to see so many colleagues come together for a shared goal. Small actions like this have a big impact, and it's great to work for a company that supports initiatives that give back to the environment and local community. Hopefully, this is something we can continue to build on in the future."

Liam Bettinson, Commercial Manager

World Clean Up Day is more than just a one-day event—it is a reminder of the responsibility we all share in protecting our environment. Tekmar Group remains committed to sustainable business practices and will continue to seek opportunities to support global and local initiatives that contribute to a cleaner, healthier future.

Tekmar Group's Annual Food Bank Donation to Junction 7

As part of our ongoing commitment to supporting local communities, Tekmar Group once again contributed to Junction 7's crisis intervention project through our annual food bank donation. Junction 7 provides emergency food, preloved school uniforms, furniture assistance, financial support, and guidance to individuals and families facing hardship. Their work plays a vital role in offering immediate relief to those in need, particularly during the winter months when financial pressures often increase.

In winter 2024, Tekmar employees came together to donate several crates of essential food items, ensuring that those experiencing crisis had access to much-needed supplies. This initiative reflects our company values—Do Things Right, Break Boundaries, and Work Together—demonstrating the importance of collective action in making a positive impact.

A key part of Tekmar's sustainability and social responsibility efforts is to give back to the communities where we live and work. By partnering with Junction 7, we aim to help address food insecurity and provide support to individuals and families facing difficult circumstances.

Sustainability Report 2024 (continued)

Lynn Hood, HR Business Partner at Tekmar Group, highlighted the importance of this initiative, saying: "Supporting Junction 7 is something we are incredibly proud of. It's about more than just donating food—it's about showing solidarity with those facing difficult times in our community. The generosity of our employees speaks volumes, and it's fantastic to see how willing people are to help make a real difference."

Lynn Hood, People Business Partner

Tekmar Group remains committed to continuing our support for Junction 7 and other local initiatives, ensuring that we play an active role in making a difference in the lives of those in need.

Measuring Our Carbon Footprint & Our Commitment to Net Zero

This year, we took a significant step in our sustainability journey by conducting a comprehensive exercise to measure our carbon footprint across the business, providing valuable insights to guide our future actions.

For the first time, Tekmar Group has comprehensively measured its carbon emissions, marking a significant milestone in our sustainability journey. Understanding our environmental impact is the crucial first step in reducing it, and with this knowledge, we have now developed a Carbon Reduction Plan to guide our efforts. Our goal is clear: to achieve Net Zero emissions by 2050, aligning with global climate commitments and ensuring a sustainable future for our business, stakeholders, and future generations.

Our plan is built on science-based targets (SBTs), which set clear reduction goals in line with the latest climate science. This means reducing our absolute emissions by 90% from our baseline year before neutralising any remaining emissions through verified carbon offsets. To achieve this, we have outlined a structured approach to lower emissions across Scope 1, Scope 2, and Scope 3, setting measurable targets that will drive real progress towards decarbonisation.

Our Commitment to Carbon Reduction and Net Zero

At Tekmar Group, sustainability is at the heart of our business strategy, and we are committed to achieving Net Zero emissions by 2050. To meet this ambitious goal, we have developed a Carbon Reduction Plan that aligns with science-based targets (SBTs) to ensure our efforts contribute meaningfully to global climate action. Science-based targets require companies to set greenhouse gas reduction goals that align with the reductions necessary to limit global temperature rise to 1.5°C above pre-industrial levels. Under this framework, we aim to reduce our absolute emissions by 90% from our baseline year before neutralising any residual emissions with verified carbon offsets.

Our Carbon Reduction Targets

To ensure measurable progress, we have established the following near-term and long-term targets:

- Near-Term Target: Achieve Net Zero Scope 1 emissions by 2030.
- Long-Term Target: Reduce our total Scope 1, 2, and 3 emissions by at least 90% by 2050 and neutralise any remaining emissions through verified carbon offsets.
- Future Scope 2 & 3 Targets: We will set near-term targets for Scope 2 and Scope 3 emissions in the coming year once we have fully quantified a greater portion of our Scope 3 footprint.

Sustainability Report 2024 (continued)

Understanding Our Carbon Footprint

To drive meaningful change, it is crucial to understand where our emissions come from. We conducted a comprehensive carbon footprint assessment following the Greenhouse Gas (GHG) Protocol, which categorises emissions into three scopes:

- Scope 1: Direct emissions from sources owned or controlled by Tekmar Group, such as fuel combustion in company vehicles and facilities.
- Scope 2: Indirect emissions from purchased electricity, steam, heating, and cooling used in our operations.
- Scope 3: Indirect value chain emissions, including upstream and downstream activities such as employee commuting, business travel, supplier transportation, purchased goods and services, and product lifecycle impacts.

Baseline Emissions Measurement

A baseline emissions measurement provides a reference point against which future reductions can be measured. Tekmar Group has set 1st October 2022 – 30th September 2023 as our baseline year, marking our first carbon reporting period. Our emissions have been measured using the operational control approach, ensuring we account for all Scope 1 and Scope 2 sources, as well as key Scope 3 categories.

For Scope 3, we have quantified emissions from:

- Fuel- and energy-related activities
- Upstream transportation and distribution
- Waste generated in operations (including water-related emissions)
- Business travel (including hotel-related emissions)
- Employee commuting (including homeworking-related emissions)

We have not yet quantified emissions from:

- Purchased goods and services
- Capital goods
- Processing, use, and end-of-life treatment of sold products

Key Findings from Our Carbon Assessment

Our largest source of emissions is upstream transportation, which includes emissions from the transport of incoming goods arranged by suppliers or Tekmar Group. Our second-largest category is fuel- and energy-related activities, which includes upstream energy use such as business travel and employee commuting. We have also accounted for emissions from electricity generation, fuel combustion, and well-to-tank emissions (extraction, processing, and transportation of fuels).

Sustainability Report 2024 (continued)

Next Steps: Turning Insights into Action

With a clear understanding of our emissions profile, Tekmar Group is focused on the following key actions:

- Developing a Carbon Reduction Plan to address our core carbon hotspots and identify ways to reduce emissions across all scopes.
- Setting additional near-term reduction targets for Scope 2 and Scope 3 to guide our journey towards Net Zero.
- Engaging our team by promoting carbon literacy and encouraging sustainable practices across our operations.
- Improving our data quality for future reporting to ensure more accurate tracking and compliance with evolving regulations.

As we continue on this journey, we remain committed to transparency and collaboration, sharing our progress with stakeholders and working together to make a lasting impact on the planet.

Lewis Barnes

Supply Chain Manager / Responsible for Environmental Initiatives

ESG Strategy & Commitment to Sustainability

Sustainability is a core part of our strategy, guiding decisions and shaping our long-term impact. Our ESG Strategy, aligned with the UN Sustainable Development Goals (UN SDGs), focuses on four key areas:

- Governance – Ethical business conduct and compliance
- Planet – Environmental sustainability and carbon reduction
- People – Employee well-being, diversity, and inclusion
- Prosperity – Innovation, economic resilience, and community engagement

Led by our ESG Committee, with representatives from across the business, we continue to implement structured and measurable initiatives that drive progress.

Energy Transition & Innovation

Tekmar plays a key role in the offshore energy sector, supporting renewable energy growth while maintaining energy security. Tekmar aims to continue to be the leading provider of technology and services for the global offshore energy market.

As the sector evolves, we continue to invest in sustainability-driven technology, reducing the environmental impact of offshore projects and aligning our growth with global net-zero targets.

Sustainability Report 2024 (continued)

Carbon Reduction & Sustainability

Reducing our carbon footprint remains a priority as we work toward long-term sustainability goals. Following our first full carbon assessment, we have identified key emission sources and developed a tailored reduction strategy. Our focus remains on:

- Annual carbon measurement and reporting
- Engaging our supply chain in emissions reduction efforts
- Regionalising production and optimising logistics to lower transportation-related emissions
- Exploring onsite power generation feasibility
- Implementing sustainable workplace policies

As an EcoVadis network member, we continue working with customers and suppliers to improve sustainability practices across the value chain.

Responsible Business & Governance

We uphold the highest standards of business integrity, transparency, and compliance. Our zero-tolerance policy on bribery, corruption, and unethical practices is reinforced by our Business Integrity Policy and compliance programme.

Key governance initiatives:

- Mandatory compliance training for employees and contractors
- Annual risk assessments and policy updates
- Adherence to the QCA Corporate Governance Code
  Certifications in ISO 45001 (Health & Safety), ISO 14001 (Environmental Management), and ISO 9001 (Quality Management)

Strong governance remains fundamental to our long-term success as we continue expanding our global operations.

Our People: Culture, Inclusion & Development

Our People Strategy focuses on six core pillars:

- Modern Workplace
- Culture & Inclusion
- Talent Attraction
- Talent Development
- Performance Management
- Health & Wellbeing

The FY25 people strategy supports the business strategy and growth ambitions.

Communications and Engagement

In FY25 we are committing to an improved communications and engagement strategy which encompasses employee voice with continual feedback and involvement, which meets the requirements of today and supports our growth ambitions. The results of our HIVE Employee Engagement survey and quarterly eNPS pulse surveys will link to this, through implementing action plans and feedback channels including our Employee Engagement Forum.

Sustainability Report 2024 (continued)

Reward & Recognition Strategy

In FY25, in line with our growth targets, we continue with steps to support the attraction, retention and motivation of our people via the creation of our reward & recognition strategy. Our reward & recognition strategy is designed to ensure our people feel valued and recognised for their contributions. By offering competitive and fair rewards, aligned with business performance and individual impact, we create a culture of excellence that supports sustainable growth.

Preparing teams for success

We are focusing on enabling teams to succeed via robust performance management and development frameworks, and providing managers with the toolkit required to have meaningful conversations via manager training. This includes ensuring team objectives have a clear link to the overall business strategy. We will leverage the technology of our HRIS utilising the appraisal system, enabling structured appraisal processes leading to performance conversations and understanding teams training and development needs. Looking ahead, this will link to succession planning and high-performance initiatives to further harness the potential of our people.

Employment Practices & Human Rights

We are committed to upholding internationally recognised human rights standards, with a zero-tolerance policy on child or forced labour. With 15 nationalities represented across our workforce, we champion diversity and inclusion, further strengthened by our Tier 2 skilled worker sponsor licence, which broadens our global talent pool.

Community Engagement & STEM Initiatives

Tekmar actively supports local communities through STEM education and outreach. Our employees volunteer as STEM Ambassadors, participating in:

- Work experience programmes
- Manufacturing facility tours
- Mock interviews and career fairs
- Judging student projects

We continue our partnerships with UTC South Durham and the North-East STEM Foundation, inspiring young people to pursue careers in engineering and technology.

Customers & Suppliers

Tekmar follows a customer-led strategy, working closely with energy majors, developers, and contractors worldwide. Supported by UK Export Finance, we continue to expand our export activities, ensuring long-term trusted relationships with our supply chain.

We remain committed to:

- Transparency and legal compliance
- Respecting human rights across our supply chain
- Engaging with customers to solve industry challenges

Sustainability Report 2024 (continued)

Driving Business Improvements

Tekmar continues its collaboration with Sharing in Growth (SIG), focusing on sales pipeline expansion and continued operational efficiency.

Our customer satisfaction scorecard and Net Promoter Score (NPS) survey provide valuable insights, leading to key improvements:

- Expanded technical and sales support capacity for better responsiveness
- Adoption of Key Account Management (KAM) for enhanced customer focus
- Streamlined sales processes through commercial framework agreements

These initiatives strengthen our ability to deliver high-quality, customer-focused solutions, ensuring Tekmar remains a trusted and competitive partner in the energy industry.

A Sustainable Future

By focusing on sustainability, innovation, and continuous improvement, Tekmar remains committed to shaping a responsible, future-ready business. We will continue to lead in offshore energy, supply chain sustainability, and responsible business practices, ensuring long-term growth, resilience, and impact.

2025 ESG Goals: Driving Sustainability and Positive Impact

As we move into 2025, Tekmar Group remains committed to advancing our Environmental, Social, and Governance (ESG) initiatives. Building on the progress made in 2024, our key goals for the coming year focus on reducing our carbon footprint, supporting regulatory compliance, strengthening social impact, and enhancing sustainability within our supply chain. These initiatives align with our long-term strategy to become a more sustainable, inclusive, and forward-thinking organisation.

Environmental Goals (E)

Carbon Footprint Reduction

Following our first comprehensive carbon measurement exercise in 2024, we will take meaningful steps to reduce emissions across our operations. In 2025, we will action-plan based on our findings, establish an annual measurement process, and work towards including the full complement of Scope 3 emissions.

Closed-Loop Manufacturing

We will explore opportunities to reduce waste and improve circularity in our operations by investigating end-of-life and closed-loop manufacturing solutions for PU waste. This initiative aligns with our commitment to sustainable resource use and minimising environmental impact.

Sustainability Report 2024 (continued)

Governance Goals (G)

CBAM Preparation

The Carbon Border Adjustment Mechanism (CBAM), introduced by the EU, places reporting and taxation obligations on carbon-intensive imports. While Tekmar is not directly impacted at this stage, we will proactively assess and report on GHG emissions in our exported products to support our customers in meeting compliance requirements. With CBAM set to be phased into the UK in 2026, taking early action will ensure we remain ahead of regulatory changes.

EcoVadis – Achieve Gold Standard

In 2025, we aim to progress from EcoVadis Committed status to Gold accreditation, extending our sustainability evaluation beyond our business to include suppliers and customers within our value chain. Strengthening ESG risk management and compliance will reinforce Tekmar's position as a responsible industry leader.

Social Goals (S)

Communications and Engagement

In FY25 we are committing to an improved communications and engagement strategy which encompasses employee voice with continual feedback and involvement, which meets the requirements of today and supports our growth ambitions. The results of our HIVE Employee Engagement survey and quarterly eNPS pulse surveys will link to this, through implementing action plans and feedback channels including our Employee Engagement Forum. Effective communication and meaningful engagement are fundamental to fostering a high-performing, collaborative culture at Tekmar Group. By ensuring our people are informed, involved, and heard, we strengthen alignment with our business strategy, driving innovation, accountability, and shared success.

Reward & Recognition Strategy

In FY25, in line with our growth targets, we are putting the building blocks in place to support attraction, retention and motivation of our people via our reward & recognition strategy. Our reward & recognition strategy will ensure our people feel valued and recognised for their contributions. By offering competitive and fair rewards, aligned with business performance and individual impact, we create a culture of excellence that supports sustainable growth.

Looking Ahead

Our 2025 ESG goals reflect our commitment to sustainability, regulatory readiness, and social impact. By focusing on carbon reduction, ethical governance, and community engagement, we aim to create lasting positive change while driving business success.

We look forward to working collaboratively with our employees, customers, and partners to make 2025 a year of impactful progress.

Leanne Wilkinson

Chief Financial Officer / ESG Committee Chair

Get to Know Tekmar's CEO, Richard Turner

With over 40 years of experience in the offshore energy sector, Tekmar has established itself as a trusted leader, delivering innovative engineering solutions that have driven the rapid growth of the global offshore wind market. In 2024, the company welcomed Richard Turner as CEO, marking the beginning of an exciting new chapter for Tekmar.

Richard brings with him a proven track record of leadership and transformation in global organisations, as well as extensive expertise in operational excellence, Lean methodologies, and business growth. With nearly two and a half decades of experience, spanning roles in engineering, manufacturing, and offshore energy, Richard's career reflects his ability to deliver results in challenging environments and drive sustainable growth.

In his first three months at Tekmar, Richard has already made significant strides in planning and executing *Project Aurora*, a transformative three-year plan to double revenue, expand into key markets, and position Tekmar for long-term success. His vision and expertise are guiding the business toward its ambitious goals, building on Tekmar's strong foundations.

We sat down with Richard to learn more about his journey, his leadership approach, and his plans for Tekmar's future.

Q&A with Richard Turner: Tekmar Group's CEO

Q: What attracted you to Tekmar Group?
Richard Turner: Tekmar's reputation speaks for itself. With over 40 years of experience in the offshore energy sector, the company has a proven track record of delivering innovative solutions. From over 100,000 subsea stabilisation products in service to 10,000 Cable Protection Systems supplied across 25 countries, the breadth and depth of Tekmar's accomplishments are truly impressive. What really drew me in, though, was the opportunity to work with such a talented team and to lead the business at this pivotal time, with *Project Aurora* setting a clear path for growth and transformation.

Get to Know Tekmar's CEO, Richard Turner (continued)

Q: Can you tell us about your career journey before joining Tekmar?
Richard Turner: My professional journey started in 2000 with Komatsu and later Terex, where I spent significant time in Japan and the USA. Those early years gave me a deep understanding of Lean and Six Sigma principles, supply chain management, and large-scale product development.

In 2009, I joined Technip, where I led global deployment of the Lean Production System, implemented a major safety culture transformation program, and delivered large capital expenditure projects in global facilities.

In 2014, I became President & CEO of JDR Cables ltd, where I helped position the company as an early mover into offshore wind cables. During my tenure, we built major factories, drove a fourfold increase in order intake, and completed the sale of the business to a trade buyer.

From 2019, as CEO of BEL Valves, I led a significant restructuring effort, rebuilding customer relationships, and developing a spares and O&M business, turning a £(10)m EBITDA loss into EBITDA profit of £3m.

Most recently, I served as CEO of Geoquip Marine. There, I spearheaded a major restructuring, launched operational excellence programs, and achieved a remarkable turnaround—improving EBITDA loss from $(3)m to EBITDA profit of $27m in just 15 months, all while devising a 10-year strategy to reach $100m EBITDA.

Each of these experiences has shaped my approach to leadership and transformation, and I'm excited to bring these lessons to Tekmar.

Q: Why did you choose to join Tekmar at this stage in your career?
Richard Turner: I saw Tekmar as a company with a rich legacy and immense potential. The offshore energy market is evolving rapidly, and Tekmar has the experience, technology, and talent to not just participate in this evolution but lead it. With *Project Aurora*, we're focused on growth, diversification, and innovation—aligning perfectly with my career-long passion for driving change and building sustainable businesses.

Q: What excites you most about Tekmar's future?
Richard Turner: The energy transition is the defining challenge of our time, and offshore wind is at the heart of that shift. Tekmar is perfectly positioned to capitalise on this opportunity, especially as new technologies like floating wind farms gain traction and global markets expand. What excites me most is our potential to lead this change—not just through innovation but by being a trusted partner for our customers as they navigate these transformative times. With our strong foundations and ambitious vision, I believe Tekmar is poised to shape the future of offshore energy.

Q: How has your perspective on Tekmar evolved after three months in the role?
Richard Turner: My initial impressions of Tekmar were incredibly positive, but after three months, I'm even more impressed. Our track record—spanning 40 years—is phenomenal, and the dedication of our team is unmatched. The financial stability we've achieved, the clarity of our strategy through *Project Aurora*, and the appetite for innovation within the company all reinforce my confidence that Tekmar is on the right path.

Get to Know Tekmar's CEO, Richard Turner (continued)

Q: How do you plan to lead Tekmar in this next chapter?
Richard Turner: My focus is on leveraging our strengths—our heritage, technology, and financial platform—to deliver sustainable growth. We have clear goals under *Project Aurora*, including doubling our revenue and achieving mid to high teens EBITDA margins. To get there, we'll invest strategically in innovation, operational excellence, and market diversification. Leadership is about empowering people, and I'm committed to creating an environment where our team can thrive and deliver exceptional results for our customers and shareholders.

Q: What message do you have for Tekmar's customers and shareholders?
Richard Turner: For our customers, my message is that Tekmar is here to solve your challenges and deliver the solutions you need to succeed. For our shareholders, I want to assure you that we have a clear plan for sustainable growth. With our proven track record, strong financial foundations, and *Project Aurora* guiding our future, Tekmar is well-positioned to create significant value and deliver on our commitments.

Richard Turner's extensive experience and transformational leadership are driving Tekmar toward a new phase of growth, innovation, and market leadership. His focus on leveraging Tekmar's strong foundations and embracing future opportunities ensures that the company will continue to lead in the global offshore energy sector.

Vision, Mission and Values

Bringing Our Vision, Mission, and Values to Life at Tekmar Group

At Tekmar Group, we are proud to share the guiding principles that define who we are and what we do: our vision, mission, and values. These principles are not just statements—they are the foundation of our organisation, shaping our strategy, culture, and day-to-day operations. Whether you are new to Tekmar or already familiar with our work, we are excited to show how we bring these principles to life, creating meaningful impact in the global offshore energy market.

Our Vision: A Responsibility to Future Generations

Our vision is both ambitious and purpose-driven: **to enable the world's energy transition, reflecting our responsibility to future generations.** This encapsulates our commitment to addressing one of the world's most pressing challenges—climate change—by supporting the transition to renewable energy sources.

At Tekmar, we don't just talk about sustainability; we deliver tangible results. We have already safeguarded over **40GW of offshore energy capacity** and supplied over **10,000 cable protection systems** across more than **120 projects worldwide**. These solutions play a crucial role in the reliability and longevity of offshore wind and tidal energy projects, ensuring they perform optimally for decades.

Our commitment extends beyond products to include world-class expertise. We have delivered over **180,000 hours of analysis** and more than **160,000 hours of geotechnical design**, helping clients optimise their projects for performance, safety, and sustainability. Additionally, with over **100,000 subsea stabilisation products** in active service, we are making a measurable impact on the global offshore energy infrastructure.

Our vision is a call to action for every member of the Tekmar team, driving us to innovate, collaborate, and lead in the transition to a cleaner, greener future.

Our Mission: Innovating for the Global Offshore Energy Market

To fulfil our vision, we are guided by our mission: **to provide innovative engineering solutions and products for the global offshore energy market.** This mission reflects our technical expertise, our commitment to solving complex challenges, and our focus on delivering value to clients around the world.

Innovation is at the core of what we do. As the offshore energy sector evolves, so too do the demands for robust and efficient solutions. Our engineering and geotechnical services, combined with our advanced subsea products, provide clients with the tools they need to succeed in a competitive and fast-changing industry.

Our **100,000 subsea stabilisation products**, currently in service, are a testament to our ability to deliver solutions that stand the test of time. These products, alongside our cable protection systems and engineering expertise, ensure that our clients' offshore assets are safeguarded in the most challenging environments.

Global reach is another cornerstone of our mission. With projects in over **120 locations worldwide**, Tekmar is a trusted partner for offshore energy developers across continents. By combining local insights with global expertise, we deliver solutions that are tailored, effective, and forward-looking.

Vision, Mission and Values (continued)

Our Values: The Heart of Tekmar's Culture

At the heart of Tekmar are our values: **work together, do things right, and break the boundaries.** These principles define our culture, guide our decision-making, and influence how we engage with our clients, partners, and colleagues.

Work Together

Collaboration is essential to our success. At Tekmar, we believe that by working together, we can achieve more—both as a team and with our clients and partners. This spirit of collaboration fosters innovation, ensures seamless delivery, and builds strong relationships that stand the test of time.

Do Things Right

Integrity and excellence are non-negotiable. Whether it's delivering high-quality subsea stabilisation products, performing meticulous geotechnical designs, or conducting thorough analysis, we are committed to doing things the right way. By adhering to the highest standards of safety, quality, and sustainability, we maintain the trust and confidence of our stakeholders.

Break the Boundaries

Innovation means pushing limits. At Tekmar, we encourage our people to think differently, embrace challenges, and explore new possibilities. Breaking boundaries is about more than technological advancements; it's about finding better, smarter, and more sustainable ways to serve our clients and contribute to the offshore energy market.

Living Our Principles Every Day

Bringing our vision, mission, and values to life is an ongoing journey that involves every aspect of our organisation. It's evident in the way we design and deliver our products, the relationships we build with our clients, and the contributions we make to the offshore energy industry.

At Tekmar, we are not just meeting the demands of today's energy market; we are shaping its future. By working together, doing things right, and breaking the boundaries, we are enabling the energy transition and building a legacy that we—and future generations—can be proud of.
We invite you to join us on this journey as we continue to innovate, collaborate, and deliver for a better tomorrow.

Governance
Message from the Chairman

We have developed our corporate governance processes in line with practices appropriate to the size of the Group to ensure good business conduct and culture. We seek to drive the right values and behaviours throughout the Group and ensure the Board remains visible and accountable.

Our corporate governance covers the way that we behave with each other and how we interact with our wider stakeholders – including customers, suppliers, shareholders, employees and the communities around us. We have provided more detail on these areas in our Sustainability Report and in other areas of this report. We strive to create a culture at Tekmar based on the highest ethical standards as this is fundamental to the Group's success.
The Directors acknowledge the value of high standards of corporate governance and adopt and comply with the QCA Corporate Governance Code which is an effective and flexible governance model for the Group. Our Corporate Governance Statement (overleaf and on our website) provides more detail.

In delivering our strategic growth ambitions it is important that the Board composition provides a balance of experience and healthy challenge to the Executive team. I believe that the different experiences and backgrounds of the Board brings a suitable range of skills in light of the Group's challenges and opportunities. At the same time, the composition of the Board ensures that no individual (or a small Group of individuals) can dominate the Board's decision-making. The Board meets regularly to formulate, approve and review progress against the Group's strategy, budgets, corporate actions and goals.

The Board delegates some duties and responsibilities to representative committees, Audit, Remuneration and Nomination, each having agreed terms of reference and a process for making recommendations to the Board. Details of the activities for each of the committees are included in this governance section of the Annual Report.
The Executive Team have the appropriate delegated authorities from the Board to ensure the right decision-making takes place across the business and that the right controls are embedded into these processes. They are responsible for the day-to-day management of the Group and driving the execution of our strategy.

This next section of the Annual Report covers our corporate governance and how it operates for the Group. I hope it provides the detail you require and am always happy to receive feedback from our stakeholders in this regard.

Corporate Governance Statement

The Board is focussed on effective strategy development and deployment to ensure the long-term sustainable success of the Group, generating value for shareholders whilst managing risk. We adhere to the QCA Code in support of this and demonstrate our commitment to all stakeholders, including shareholders, with a description of how we apply the ten governance principles is provided below.

Principle 1. Establish a strategy and a business model that promote long-term value for shareholders
The Board has a clear strategy for delivering long-term shareholder value. Our ambition is to:

Create greater scale, resilience and return on capital by;

- Doubling Tekmar's revenue within 3-5 years through organic growth and complement this growth through targeted M&A
- Delivering EBITDA growth that out performs revenue growth
- Further underpinning Tekmar's technology leadership position within the offshore energy industry
- Diversifying Tekmar's offering, expanding service revenues and expanding geographical reach to capitalise on expanding global offshore energy markets
- Creating a diverse and dynamic environment that provides our people with the platform to drive success and to grow with our business

The key focus areas within our growth strategy:

- Organic Growth – Capitalising on our industry pedigree and improving market conditions to significantly expand our orderbook to support sustainable revenue growth
- Utilising existing capacity and benefiting from operational gearing to as well as continuously improving our operational efficiency and commercial discipline to deliver higher % profits and positive cash generation
- Sustainable business – target ongoing business improvement, underpinned by our People Strategy and our ESG Strategy
- Invest strategically in businesses and technology that further reinforce our position as a complete subsea systems solutions provider

Our organic & acquisitive strategic pillars are deployable in parallel as Tekmar benefits from its position on the public markets and has the additional flexibility of the £18m Convertible Loan Note facility with major shareholder SCF Partners. This will enable us to realise our growth potential more quickly and to outperform our markets maximising returns and shareholder value.

Further incremental investments will support growth and be self-funded where possible, to protect the business and shareholder interests. We will manage risk closely to limit any potential adverse effects in the implementation of our strategy. We do this by ensuring that we have a framework in place to identify and monitor risk and uncertainty in line with our business risk assessment procedures.

Corporate Governance Statement (continued)

Principle 2. Seek to understand and meet shareholder needs and expectations
We are dedicated to communicating clearly and openly with shareholders to ensure that our strategy, business model and performance are clearly understood.

Understanding what analysts and investors think about us, including the factors which drive their investment decisions towards us, and helping our stakeholders understand our business, is a key component in driving our business forward.

Maintaining regular and positive engagement with shareholders is a priority. Our primary methods of communication are through the Annual Report; interim and full-year results announcements; the Annual General Meeting and other information shared on the Group's investor website. We will also continue to carry out investor roadshows at significant times throughout the year, attend investor conferences and a commitment to host investors at Tekmar's facilities where appropriate. The Company also seeks improved levels of communication with a bolstered financial PR and Investor Relations function and the use of the Investor Meet Company platform. Information in relation to the Company, garnered from these engagements will be relayed back to the Board by the CEO and CFO, to ensure the concerns of shareholders are promptly addressed

If and when voting decisions at AGMs or General Meetings deviate from the Company's expectations, the Board will communicate with shareholders to understand and address any issues informing those decisions.
Requests for information on any of these matters, including details of investor days, can be made to investors@tekmar.co.uk. Note: no unpublished price sensitive information will be provided by this email address. All Tekmar Group plc communications will align and accord with official AIM guidelines.

Principle 3. Take into account wider stakeholder and social responsibilities, and implications for longer term success
The Board strives to create a socially and ethically responsible business and has developed an ESG Strategy to formalise our alignment to the UN Sustainable Development Goals. The Executive Team maintain oversight over the delivery of this strategy going forward including delivery against targeted improvements.

The Board appreciates the need to maintain effective working relationships across a wide range of stakeholders, including investors, employees, partners and local communities. Our ESG Strategy will continue to evolve as we respond to feedback from our wider stakeholders and actions taken as a result seen as an essential part of ensuring long term success.

Our operational processes are also externally audited and reflected by the ISO accreditations within our subsidiary businesses. Our commitment to these areas is shown through their inclusion in our annual strategic planning process, including a SWOT analysis, and thus they are embedded into the Group's strategy and business model.

Corporate Governance Statement (continued)

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, as well as the Group's risk appetite. This risk management is included in and reviewed as part of our annual business plan and Strategic Review. Operating in the offshore energy sector, managing risk is fundamental to our everyday responsibilities and our policies, procedures and behaviours are continuously reviewed to ensure these are appropriate.

The Board aims to set policies that provide a balance between reducing risk as far as possible, without unduly impacting the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value; including the Group's supply chain through to the end-customer; while also protecting the Group's established corporate culture.

A breakdown of the Company's key risk factors can be found in the Risk Management report. Risk management, including financial and non-financial controls; what the Board does to identify, assess and manage risk and how it obtains assurance that our risk management and control systems are operating effectively, is covered by the Group's business risk assessment procedures.

Principle 5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Directors recognise the importance of high standards of corporate governance and believe the QCA Code provides the most appropriate guidance for the Group by setting out a standard best practice for small and mid-size quoted companies, particularly those listed on AIM. The Chairman maintains overall responsibility for ensuring the Group's compliance with the QCA Code. The Non-Executive Directors share responsibility for the effective running of the Board's committees which comprise an important element of the governance process.

In line with QCA guidance, three of the Non-Executive Directors are independent. The Non-Executive Directors of the Board have been selected with the desire to increase the breadth of skills and experience of the Board and bring constructive challenge to the Executive Directors.

The Company Directors are:

- Steve Lockard, Non-Executive Chairman
- David Wilkinson, Senior Independent Non-Executive Director
- Richard Turner, Chief Executive Officer
- Leanne Wilkinson, Chief Financial Officer
- Colin Welsh, Non-Executive Director
- David Kemp, Non-Executive Director
- Lars Bondo Krogsgaard, Non-Executive Director

The Group has determined that the composition of the Board and its committees brings a desirable portfolio of skills, personal qualities and experience for delivering our strategy, based upon the size and nature of the business.

Corporate Governance Statement (continued)

All Directors are subject to re-election by shareholders at the Annual General Meeting within a three-year period of their appointment. Any Directors appointed during the financial year must be formally elected at the Annual General Meeting following their appointment.

It is considered that the composition of the Board is appropriate for the Group's current size and structure and supports our strategic aims. This is reviewed on an annual basis. The Group believes that the successful functioning and effectiveness of the Board is predicated upon a number of key factors, in addition to its composition. These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance;
- Access to appropriate advice and administrative services – via both the Company Secretary and external resources, as required;
- Detailed induction of new Directors to the Board and its committees; and
- Regular assessment of Board performance – both as a unit and of its members individually.

Both the Chairman and the other members of the Board hold these factors in the highest regard and are dedicated to performing ongoing evaluation to evaluate how they are applied in practice.

The time commitments of the Non-Executive Directors are as follows:

- Steve Lockard minimum time commitment of four days per month.
- David Wilkinson minimum time commitment of three or four days per month.
- Colin Welsh minimum time commitment of two days per month.
- David Kemp minimum time commitment of two or three days per month.
- Lars Bondo Krogsgaard minimum time commitment of two or three days per month.

Principle 6. Ensure that between them, the Directors have the necessary up-to-date skills, experience and capability

The Board is confident that its members have an appropriate balance of backgrounds, skills and knowledge in order to deliver on its core objectives. The members of the Board have particular experience in offshore energy; engineering; manufacturing; operations and finance, covering both private and public companies.

Linked to the strategic investment in April 2023, Colin Welsh and Steve Lockard joined the Board as representatives of SCF. Colin is a Partner of SCF with global energy sector experience and experience as an advisor and investor. Steve is an Operating Partner within SCF and has over 35 years' experience in global operations and executive leadership.

In August 2024, in light of Ian Ritchey and Julian Brown stepping down from the Board, the Group announced the appointment of two Non-Executive Directors, David Kemp and Lars Bondo Krogsgaard. David is an accomplished and experience FTSE 250 CFO with a strong track record leading diverse global teams. Before joining Tekmar, David was the CFO at John Wood plc. Lars brings considerable wind industry experience and an extensive track record leading global organisations for over 20 years, including publicly listed companies.

Corporate Governance Statement (continued)

The Nomination Committee is responsible for overseeing the selection of Board members that possess an appropriate range of experience, knowledge, integrity and ethics. Throughout the year, the Directors can access advice and services of independent professional advisors, at the expense of the Company.

Each of the Directors are active in the energy sector and continually refine and improve their knowledge of the latest techniques and strategies in order to ensure they are adding maximum value to the Board.

For acquisition activity we use a range of professional advisors to protect and enhance the Group's position as it delivers on its strategy.

Principle 7. Evaluate Board performance based upon clear objectives and reassess continuously
The Board has an annual process for the performance appraisal of its members, the scope of which includes skills, experience and capabilities, and incorporates consideration of additional responsibilities such as chairing or membership of the Board committees. The annual appraisal is carried out by the Chairman with regards to the competencies and responsibilities set out by the Nomination Committee pursuant to each Board role. As part of this process, any training and personal development needs will be identified and a plan formulated to ensure these are met over an appropriate timeframe.
The Chairman's performance is also appraised through a process managed by a Chairman Appraisal Group, comprising the Chief Executive Officer and the Chief Financial Officer.

The responsibilities of the Board are to review, formulate and approve the Group's strategy, budgets and corporate activities, and to oversee the Group's progress towards its goals. The Group has a defined process for evaluating the performance of the Board, its committees and the individual Directors, including the Chairman, in respect of these objectives.

The Board carries out an evaluation of its performance regularly, covering Board composition and skills, strategy and performance, governance and organisation, Board dynamics, and communication with shareholders and other key stakeholders. This evaluation is based upon the self-assessment of the Chairman and Directors. If deemed necessary, an external adviser may be brought in to support with the evaluation.

The Nomination Committee may use the output of the evaluation process when evaluating the composition of the Board for selecting new Board members, and in succession planning for the Directors of the Board as well as key executive team members.

Corporate Governance Statement (continued)

Principle 8. Promote a culture which is based on ethical values and behaviours
We have a clear vision and values. Our values are:

Work Together- We foster teamwork without boundaries, to ensure the best results are delivered in an environment where people feel empowered, safe, trusted, confident and inspired to develop.

Do Things Right - We take a united approach towards Safety, Quality and Delivery. We lead by example and constantly find ways to raise standards. We challenge the norm and have courage to stand up for what is right.

Break the boundaries - We collaborate with our customers and constantly look for ways to develop our technology and services to make today's impossible tomorrow's deliverable.

The Board advocates ethical responsibility and good conduct within the Group, encouraging a culture of inclusion, responsibility and openness which is consistent with the Group's objectives. We constantly strive to actively promote a proactive attitude towards HSQE by all stakeholders and we have a safety-first approach in everything we do.

The Group is an equal opportunities employer and actively encourages diversity at all levels. These values are embedded in the Group's leadership and throughout the organisation.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board
Quality underpins everything we do. Within the offshore energy industry, standards and the protection of those standards are paramount and something which the Tekmar Board has a wealth of experience in. Our independently audited quality management systems and ISO accreditations demonstrate our commitment in this area.

The Group operates an effective governance framework. Within this framework the Board encourages and challenges the Executive Team in developing and delivering the Group's strategy. An open and constructive dialogue is entered into before decisions within these governance structures are concluded.

The Chairman leads the Board and takes responsibility for its governance structures, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive, and that deliberations and discussions are not dominated by any individual member. The Chairman is also responsible for ensuring that links between the Board and the Executive Team and the Board and shareholders, are strong and effective. Meanwhile, the Chief Executive Officer takes responsibility for the day-to-day management of the Group's operations and for delivering the strategic goals agreed by the Board.
The Board maintains an agenda of regular financial and operational matters for discussion, as well as reviewing each committee's area of work. The Board takes ultimate responsibility for making any key strategic or business decisions. Members of the Executive Team are invited to attend appropriate portions of meetings of the Board in order to facilitate these processes. In other instances, the Chief Executive Officer communicates their relevant views and information to the rest of the Board.

The effectiveness of the corporate governance structures and processes is formally assessed as part of the annual Board evaluation.

Corporate Governance Statement (continued)

Principle 10. Communicate how the company is governed and performing by maintaining a dialogue with shareholders and other relevant stakeholders

We are committed to communicating openly with our shareholders to ensure our strategy, business model and performance are all clearly understood. Understanding what key stakeholders think about us, including the drivers behind their investment decisions, is a key part of developing our business. We also maintain a strong focus on ensuring our stakeholders understand our business.

The principal methods of communication with shareholders are the Annual Report, the interim and full-year results announcements, the Annual General Meeting and other announcements as and when applicable on the Group's investor website. In support of this communication the company meets at least bi-annually with institutional investors and also utilises the Investor Meets Company platform at relevant points during the year to address the retail investor community. Where possible, we proactively support investor roadshows at key dates throughout the year, attend investor conferences and host site visits to Tekmar premises, including ad-hoc meetings by exception.

The website is updated regularly with information regarding developments across the Group, and users can register to receive email alerts regarding new announcements, reports and events, including Annual General Meetings.

The Board

Steve Lockard

Chair and Non-Executive Director

Steve Lockard was appointed Chair of Tekmar Group in 2024, having joined the Board in 2023 following investment from SCF Partners. With 40 years of global operations leadership experience, Steve brings invaluable expertise in renewable energy and company platform building. In addition to his role at Tekmar, Steve is an operating partner and supports energy transition investments and company platform building for SCF.

Steve is the former CEO and current Chairman of TPI Composites (NASDAQ: TPIC), where he transformed the business into the world's largest independent wind blade manufacturer, driving significant growth in the global offshore and onshore wind sectors.

He brings extensive board experience from roles at D2Zero and leadership positions with the American Wind Energy Association (AWEA) and the American Clean Power Association (ACP).

Steve's strategic guidance and deep industry expertise position him to help drive Tekmar's growth and leadership in offshore wind and energy transition markets. Based in Arizona, Steve enjoys golf, skiing, and spending time with his family.

Richard Turner

Chief Executive Officer

Richard Turner joined Tekmar Group as CEO in 2024, bringing extensive leadership experience in the offshore energy sector, including offshore wind, oil and gas, and renewables. With a strong track record of driving transformational growth, Richard has delivered significant value through strategic vision, operational excellence, and commercial acumen in his previous roles.

Richard joined Tekmar from Geoquip Marine, where he served as CEO. During his tenure, he developed and executed a clear strategy that delivered substantial revenue and EBITDA growth in just 12 months. This was achieved through restructuring the business, enhancing operational performance, and implementing new front-end processes to rebalance risk.

Prior to Geoquip, Richard was CEO of BEL Valves, where he successfully led a significant rightsizing program, rebuilt key customer relationships, and developed a spares and O&M business, turning a £(10)m EBITDA loss into a £3m profit. At JDR Cable Systems, as President and CEO, Richard positioned the company as an early mover in offshore wind cables, delivering a fourfold increase in order intake and overseeing major factory builds while driving the successful sale of the business to a trade buyer.

The Board (continued)

Leanne Wilkinson

Chief Financial Officer

Leanne Wilkinson became Chief Financial Officer and an Executive Director of the Board in June 2023, following her tenure as Group Finance Director. Leanne joined Tekmar in July 2020 as Tekmar Energy Finance Director before progressing to senior leadership roles within the Group.

A CIMA-qualified accountant with over 20 years of experience as a senior finance professional and business leader, Leanne brings extensive expertise in business change, transformation, and integration, gained from her work in the manufacturing and technology sectors.

Leanne has played a pivotal role in Tekmar's success, co-leading the investment process with SCF and driving key fundraising activities to strengthen the Group's financial platform. As Chair of the ESG Committee, Leanne oversees Tekmar's commitment to sustainability and its environmental, social, and governance strategy. Her leadership was integral to Tekmar's return towards profitability in 2024, where she focused on operational improvements and financial discipline to deliver sustainable growth.

Leanne's strategic vision and deep understanding of Tekmar's business position her as a critical leader in executing the Group's transformative *Project Aurora* strategy.

Alasdair MacDonald

Executive Director (Resigned February 2025)

Alasdair ("Ally") MacDonald has over 30 years of experience in the offshore energy sector, bringing deep industry expertise and strategic leadership to Tekmar Group. An engineer by trade, Ally holds an honours degree in mechanical engineering and has built a distinguished career in senior executive roles across the sector.

Ally spent 19 years with Technip UK Limited, a global engineering and construction company, where he held a number of senior leadership roles, including Managing Director of Technip Umbilicals Limited from 2005 to 2008, a leader in its global markets. He later joined Wellstream Holdings plc, a FTSE 250 designer, manufacturer, and supplier of flexible pipeline products to the offshore oil and gas industry, where he held senior executive positions and contributed to the company's growth and operational success. Ally has also served as a Director for several privately funded businesses, further broadening his leadership experience.

Having served as Tekmar Group's CEO, Ally stepped down in 2024 and continued as a member of the Board as an Executive Director until January 2025. His extensive industry knowledge and engineering expertise continued to play a vital role in supporting Tekmar's strategic direction.

The Board (continued)

David Wilkinson

Senior Independent Non-Executive Director

David is a Fellow of the Institute of Chartered Accountants and holds the ICAEW's Corporate Finance qualification. He was a Partner at Deloitte for almost 30 years, initially being responsible for Corporate Finance advisory and transaction support work, but later in his career undertook audits as the Responsible Individual for large private companies and plcs within a diverse range of industries, including the technology, manufacturing, and engineering sectors. In recent years, David has taken up several Non-Executive Director roles in Technology and engineering companies.

Colin Welsh

Non-Executive Director

Colin Welsh joined the Board of Tekmar Group as a Non-Executive Director in 2023, following the investment from SCF Partners. As a Partner at SCF Partners, Colin brings extensive experience in international energy investment banking and corporate finance, contributing valuable strategic insights to the Group.

Prior to joining SCF Partners in 2017, Colin served as Chief Executive Officer and Head of International Energy Investment Banking at Simmons & Company International. Joining Simmons in 1999, he was instrumental in expanding the firm's activities outside North America, establishing offices in Aberdeen, London, and Dubai. Under his leadership, Simmons & Company International grew significantly, culminating in its sale to Piper Jaffray (NYSE: PJC) in February 2016.

A Scottish Chartered Accountant, Colin has over 30 years of experience in the energy sector. Before his tenure at Simmons & Company, he spent 16 years with Ernst & Whinney, Touche Ross, and RMD, where he gained extensive experience in accounting, auditing, and financial advisory services.

Colin's deep understanding of the global energy market and his expertise in strategic growth and investment align with Tekmar's ambitions. His involvement strengthens the Board's capacity to drive Tekmar's expansion and deliver long-term value to shareholders.

The Board (continued)

Lars Bondo Krogsgaard

Non-Executive Director

Lars Bondo Krogsgaard joined the Board of Tekmar Group as a Non-Executive Director in 2024, bringing over 20 years of leadership experience in the global wind industry. Lars has an extensive track record of leading publicly listed companies and driving growth across wind turbine manufacturing, renewable energy project development, and supply chain activities.

Previously, Lars served as Onshore CEO at Siemens Gamesa Renewable Energy, a leading global wind turbine manufacturer with revenues of approximately €10.2 billion. Before his role at Siemens Gamesa, Lars was Co-CEO at MHI Vestas Offshore Wind, where he played a pivotal role in advancing offshore wind technology and market growth. He also served as a member of the Management Board and CEO of Nordex, a publicly listed German wind turbine manufacturer, where he oversaw significant organisational and market expansions.

Lars' deep industry knowledge, operational expertise, and proven leadership in the renewable energy sector make him an invaluable member of Tekmar's Board. His experience aligns with Tekmar's strategic focus on the offshore wind market and supports the Group's ambitions.

David Kemp

Non-Executive Director

David Kemp joined the Board of Tekmar Group as a Non-Executive Director in 2024, bringing extensive financial and strategic leadership experience from a distinguished career in FTSE 250 companies and global organisations.

Most recently, David served as Group CFO at John Wood Group Plc ("Wood Group"), a global engineering and consulting company with over 35,000 professionals across 60 countries and revenues of approximately US$6 billion. During his decade-long tenure, David played a key leadership role in transforming Wood Group from an oil and gas-dominated, unintegrated organisation into a global, multi-sector engineering and consultancy business. His responsibilities included extensive capital raising, where he oversaw over US$4 billion in public and private markets, as well as executing over US$3 billion of strategic acquisitions.

Prior to Wood Group, David served as Group CFO of Jersey Oil and Gas plc, an AIM-quoted exploration company, where he was responsible for driving financial and operational performance.

David's proven expertise in strategy development and execution, business transformation, and M&A aligns closely with Tekmar's ambitions. His deep understanding of capital markets and experience leading diverse global teams make him a key contributor to the Board as Tekmar accelerates its growth and transformation agenda.

Key Management

Fraser Gibson

Managing Director of RYDER

Fraser Gibson is the Managing Director of RYDER, Tekmar Group's global engineering powerhouse formed in 2024 through the merger of Ryder Geotechnical and AgileTek Engineering. A Chartered Engineer with the Institution of Civil Engineers, Fraser brings over 16 years of experience as a geotechnical engineering consultant in the offshore sector.

Fraser began his career at UTEC Geomarine, where he progressed from Senior Engineer to Principal Engineer and later Regional Manager for APAC. During his time in Singapore, Fraser successfully established an office for UTEC Geomarine in the region, further expanding its presence in the Asia-Pacific market.

In 2016, Fraser founded Ryder Geotechnical to provide specialist geotechnical consultancy services to the offshore energy industry. Under his leadership, the company built a strong reputation for technical excellence, contributing to Tekmar Group's unrivalled track record of over 340,000 engineering hours delivered. Now, as Managing Director of RYDER, Fraser leads a multidisciplinary team, combining geotechnical and advanced engineering expertise to offer integrated solutions to the offshore wind, oil and gas, and marine civil engineering markets.

Fraser's entrepreneurial spirit, deep technical knowledge, and leadership have been instrumental in establishing RYDER as a trusted partner for complex offshore projects worldwide.

Marc Bell

Chief Operations Officer

Marc Bell was the Managing Director of Tekmar Energy, bringing over 25 years of technical and operational leadership experience across manufacturing, service, and project engineering-focused organisations. A Mechanical Engineer with a Master's in Business Management from the University of Durham, Marc has spent the past 15 years working within the Global Energy Sector, holding key roles in offshore wind and subsea industries.

Before joining Tekmar Energy as Managing Director in 2021, Marc served as Global Operations Director for JDR Cables, Head of Offshore Wind UKI for Siemens Gamesa, and Global Manufacturing Manager for Technip Umbilicals. In each of these roles, Marc demonstrated a strong ability to drive operational excellence, deliver complex projects, and embed innovative practices within global organisations.

From January 2025, Marc transitioned to the role of Chief Operations Officer, overseeing Pipeshield operations in addition to Tekmar Energy. Marc's focus will be on embedding the best practices established at Tekmar Energy across RYDER and Pipeshield, ensuring operational consistency and continuous improvement across the Group.

Marc's extensive experience and leadership capabilities position him to play a pivotal role in driving Tekmar Group's operational excellence as part of its *Project Aurora* strategy.

Key Management (continued)

Tallulah Whitewood-Spedding

Group Legal Counsel / Company Secretary

Tallulah Whitewood-Spedding is Tekmar Group's Group Legal Counsel and Company Secretary, bringing over a decade of experience in supporting businesses and public corporations with complex science and engineering projects. She has particular expertise in commercial law and intellectual property within the offshore, energy services, and defence sectors.

Prior to joining Tekmar, Tallulah held senior legal roles at Siemens and Royal IHC Limited, where she provided strategic legal advice and managed high-value negotiations. As Head of Legal and Procurement at the National Physical Laboratory (NPL Management Limited), the United Kingdom's National Measurement Institute, Tallulah gained significant experience in leading negotiations, advising on commercial strategy, and drafting complex cross-jurisdictional contracts.

Tallulah also sits on Tekmar's ESG Committee, where she provides key governance and legal expertise to support the Group's environmental, social, and governance initiatives. Her strategic approach and deep understanding of legal and commercial frameworks ensure Tekmar operates with robust governance while supporting its global operations and long-term objectives.

Alistair Cutting

Group Head of Finance

Alistair Cutting is Tekmar Group's Head of Finance and a member of the Institute of Chartered Accountants in England and Wales. With a decade of experience in finance, Alistair brings a strong background in financial reporting, audit, and the development and implementation of financial controls.

Alistair joined Tekmar Group as Financial Controller of the former subsidiary Subsea Innovation Limited before progressing to the role of Group Financial Controller. His dedication, deep understanding of the business, and strong work ethic have been instrumental in his promotion to Group Head of Finance.

During his tenure, Alistair has played a pivotal role in audits, investment activities, and key account reporting. His expertise and attention to detail have ensured the Group's financial processes remain robust and transparent, supporting Tekmar's ongoing growth and operational excellence.

Key Management (continued)

Michael Manning

Head of Marketing

Michael Manning is Tekmar Group's Head of Marketing, bringing over a decade of experience in delivering impactful marketing strategies across both the private and public sectors. With a proven track record of driving brand awareness and growth, Michael's passion for design and brand identity has enabled him to craft campaigns that resonate with target audiences while effectively communicating the unique value proposition of Tekmar's products and services.

In 2024, Michael transitioned to the role of Head of Marketing, where he has led the rebranding and repositioning of RYDER, establishing its identity as a global engineering powerhouse. As the sole marketing professional within the Group, Michael works across all subsidiaries, managing key projects such as exhibitions, communications, and investor relations.

Michael also plays a pivotal role in internal communications, ensuring clarity and alignment across the Group. Additionally, he supports the development of strategic marketing plans and lead generation initiatives, working closely with sales teams to achieve company targets and financial goals.

Prior to joining Tekmar, Michael served as Marketing Lead for digital twin company, Twinview and building technology company, Space Group, where he specialised in crafting forward-thinking campaigns to support reducing carbon in the digital and technological innovation. Before that, he worked as a Project Manager for engineering conglomerate Thyssenkrupp, gaining valuable experience in managing large-scale initiatives within complex engineering environments.

Michael's leadership in marketing, communications, and strategy continues to enhance Tekmar Group's global reputation, foster collaboration, and drive growth.

Investment Case

Creating value
"I joined the Board in April 2023, initially as Non-Executive Director and was appointed Chair in June 2024. The period of time with which I have been involved with Tekmar has strengthened my conviction about the opportunity we have to make Tekmar a stand-out offshore energy business – a business that delivers exceptional value for customers, creates significant value for shareholders and is a rewarding and stimulating environment for our colleagues. This is what drives us a Board." **Steve Lockard, Chair of Tekmar**

Why Invest in Tekmar?
Our engineering and technical excellence sets us apart
Tekmar is a leader in offshore protection and stabilisation solutions, offering cutting-edge technologies and expert engineering services that underpin some of the most challenging projects in the energy and marine sectors.

- **No one else does what we do**: Tekmar holds a unique market position, delivering innovative solutions that are critical to the success of offshore wind, oil and gas, and marine civil engineering projects.
- **Protection and stabilisation technologies**: We provide advanced subsea protection and stabilisation solutions, enabling our customers to optimise their projects while reducing risks, improving safety, and lowering costs.
- **Engineering services**: Tekmar's expertise spans the entire project lifecycle, from initial feasibility studies to Operations & Maintenance (O&M), delivering tailored solutions for offshore wind, oil and gas, and marine infrastructure.
- **Pioneers and pedigree**: With decades of experience, Tekmar is a trusted partner for developers worldwide, with a reputation for innovation, reliability, and technical excellence.

Favourable markets support sustained demand for Tekmar's technology
Tekmar operates at the intersection of several high-growth industries, each benefitting from strong, long-term market fundamentals.

- **Offshore wind**: As governments and industries accelerate towards net zero carbon emissions, offshore wind is a critical component of the energy transition, providing significant opportunities for Tekmar's market-leading solutions.
- **Offshore oil and gas**: Tekmar's proven technologies and expertise support the continued need for secure and reliable subsea infrastructure in this vital energy market.
- **Ports and marine civils**: Investment in port development and coastal infrastructure provides further growth opportunities, where Tekmar's protection and stabilisation solutions deliver proven benefits in these challenging environments.

We are building a durable and successful company, "no matter what" the path of energy transition
Tekmar is built to thrive across energy and marine sectors, combining innovation and resilience to deliver long-term success.

- **Refreshed management team**: Under the leadership of Richard Turner, our strengthened management team is driving a clear and focused strategy to deliver results.
- **Results-driven Board**: Our Board, with its wealth of experience, is committed to overseeing disciplined execution and delivering value for shareholders.
- **Sound stewards of capital**: Tekmar is committed to disciplined investment, ensuring shareholder returns are maximised while maintaining a strong financial position.
- **Profitable growth and cash generation**: Our focus is on enhancing EBITDA margins, generating free cash flow, and delivering sustainable returns on capital employed.

Investment Case (continued)

Our three-year strategic plan supports a step-change in Tekmar's scale and financial strength
Project Aurora is a bold and transformative plan that will position Tekmar for growth, profitability, and resilience.

- **Order book**: An expanding order backlog across offshore wind, oil and gas, and marine civil markets highlights the strength of demand for Tekmar's technologies and services.
- **Well-run business with capacity**: Operational discipline and efficient use of existing capacity ensure Tekmar is well-prepared to scale as market opportunities grow.
- **Operational gearing**: Improved utilisation rates and disciplined investment are delivering enhanced profitability, positioning Tekmar for strong financial performance over the coming years.

Our ambitious M&A strategy drives additional scale and diversification
Tekmar's mergers and acquisitions strategy complements our organic growth plan by targeting opportunities that strengthen our market position, broaden our product offering, and diversify into new markets and geographies.

- **Leveraging strategic capital**: Our partnership with SCF provides access to £18m of capital through the Convertible Loan Note (CLN), enabling us to execute targeted acquisitions.
- **Focused approach**: The executive team has conducted an initial mapping of the M&A "universe," identifying over 40 potential acquisition targets. These have been prioritised against key criteria, with further evaluation underway in collaboration with the M&A committee.

Key criteria for acquisitions:

- Positive EBITDA and cash generative businesses
- Opportunities for market consolidation
- Complementary products and services
- Expansion into new geographies
- Strengthening offshore services
- Future-facing technology and growth potential
- "Brown to green" transition opportunities

Our disciplined M&A strategy aims to create value through carefully selected acquisitions, ensuring they align with Tekmar's long-term vision and growth objectives.

This investment case demonstrates why Tekmar is uniquely placed as a market leader in offshore wind, oil and gas, and marine civil engineering. With a robust strategy, clear growth opportunities, and a commitment to sustainable and profitable performance, Tekmar offers a compelling proposition for long-term investors.

Risk Management

Identifying, evaluating and monitoring the key indicators to the success of our business is pivotal to informing our strategic decision making.

The Board has overall responsibility for setting the course for the Group's risk management objectives and policies. Working within the offshore energy industry, managing risk is integral to our business and we continuously review our policies, procedures and behaviours to mitigate our risks and reduce them to acceptable levels.

The objective of the Board is to set policies that seek to mitigate ongoing risk as far as possible whilst maintaining the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value; from key suppliers to end-customers; while also protecting the Group's established corporate culture and creating shareholder value.

The Group operates a structured process in relation to risk management, including both financial and non-financial controls, which identifies and evaluates risks and uncertainties and reviews activity to mitigate those risks. The most salient and significant risks that the Board considers could potentially impact the business are described below. We consider the nature of the Group's principal risks and uncertainties have not materially changed since last year:

Risk 1. Access to capital (Liquidity Risk & Cashflow risk)

Risk Type: Strategic, Finance

Description: Access to capital is a significant factor in the Group's ability to maintain sufficient liquidity which underpins the trading activity of the Group. There is uncertainty in relation to how, when and to what extent developments will impact on the markets we operate in, the wider economy, levels of investor activity and confidence.

Impact: Without access to sufficient finance the company may struggle to maintain sufficient liquidity or undertake all aspects of its organic growth plan alongside as Groups acquisition strategy for accelerated growth.

Mitigation: The business has ongoing relationships with banks and other financial institutions that offer the required level of support. The Group has previously strengthened its cash position with the extension on banking facilities and the equity fundraise. As noted in the basis of preparation of the financial statements on page 107, there is a risk that bank facilities are not renewed. The business has a strong relationship with Barclays and as a result, management are confident that bank facilities will continue to be available to the Group for the foreseeable future.

In April 2023, the Group received capital investment from SCF Partners and related parties of £4.3m alongside a placing and retail fund raise of £2.1m raised cash proceeds of £5.3m, net of expenses. In addition, SCF Partners have committed, with conditions an additional investment of £18.0m available through the convertible loan note facility. The strategic investment from a global institutional investor in the energy sector provides funding for the Company to follow an ambitious plan for growth, both organically and by acquisition.

Evaluation: Monitored by Board

Risk Management (continued)

Risk 2. Project timings and delay to contract awards

Risk Type: Strategic, Financial performance, Liquidity

Description: The project-based, contractual nature of the Group's business, coupled with its concentrated customer base, leads to a revenue profile that is inherently uneven over the year. Most contract awards and associated revenues are dependent on large capital projects within the energy sector, the timing of which is out of the business' control.

Impact: There is an associated risk that the fulfilment of any contract, together with its revenue, may fall outside the financial period that was originally forecast. This, in turn, may have a material adverse impact on the Group's reported financial performance for the specific period. As noted in the basis of preparation of the financial statements on page 107, there is a risk that delays in contract award could lead to liquidity challenges for the Group.

Mitigation: The business has produced a 5-year strategic plan that includes an assessment on project timing and the revenue streams macro climate. The wider Group portfolio offers a mix of project timings due to new markets and regions as well as further diversification into service based revenue streams.

Evaluation: Monitored by Board

Risk 3. Macroeconomic environment

Risk Type: Financial, Operational

Description: General economic conditions: This risk relates to the Group's exposure to short-term macroeconomic conditions in our sector such as inflation, cost increases and supply chain logistics. The factors driving the market changes can be outside of the Group's control and difficult to forecast.

Impact: The Group has experienced increased supply chain costs and general cost inflation. These Macroeconomic changes have the potential to reduce the financial resources available to the Group.

Mitigation: The Group cannot control the market conditions in which it operates. The Group has implemented effective cost initiatives, enhanced controls surrounding pricing and gross margin management.

Evaluation: The Board continues to closely monitor the increased risks macroeconomic risks which are mitigated by enhanced controls.

Risk Management (continued)

Risk 4. Systems and processes

Risk Type: Operational, Compliance

Description: IT systems are vital to the operations of the Group. Failure to adequately invest in and maintain the Group's systems could lead to the loss or theft of sensitive data or compromise the Group's ability to effectively carry out operations.

Impact: Systems failures could lead to an inability to meet customers' needs and lead to reputational damage. The loss of sensitive information could lead to significant damage with an associated risk of fines.

Mitigation: The Group predominantly outsources provision of IT services to a suitably qualified third-party, whose competence and service are regularly reviewed. Regular staff training is offered or mandated, depending upon the nature of the training, to ensure that all staff maintain awareness of their responsibilities with respects to IT security, with particular focus on cyber-security. The Group is currently undertaking the implementation of a new finance and business system which is scheduled to be implemented by March 2025.

Evaluation: Risk remain low due to continuous review and upgrade of systems as required.

Risk 5. Technology and competition

Risk Type, Strategic

Description: The risk of new competitors leading to a reduction in pricing. Design changes could lead to technology obsolescence and subsequently reduced volume of sales.

Impact: Reduced volume of sales. Increase in capital expenditure to develop new products. Resulting in a reduction in the Group's financial performance.

Mitigation: The business undergoes a detailed technology readiness level (TRL) programme when developing new products, which includes an assessment of competition and what our ultimate value proposition would be. Significant investment is made in the continuous development of existing products to ensure they keep pace with current market trends. Our more diversified product portfolio allows us to offer a unique proposition to customers.

Evaluation: Monitored by board

Risk 6. Recruitment and Retention of Key People

Risk Type: Operational, Compliance;

Description: The business may fail to attract, develop and retain key individuals with the skillsets required to maintain a successful business and culture, particularly within engineering and leadership.

Impact: A major impact on Tekmar's ability to fulfil its contractual obligations. Adverse impact on the future growth aspirations for the Group.

Mitigation: Key KPI's are reviewed monthly by the Executive Team and Board.

In addition, the People Strategy has been developed to focus on the retention and development of talent. Annual appraisal assessments are undertaken and a skills matrix and succession plan developed from this, including risk mitigation plans.

Risk Management (continued)

Annual review of remuneration and benefits to ensure we are consistent across the Group and are competitive in the relevant region. Executives and senior management incentive plan in place.

Regular pulse surveys to invite feedback on a range of issues over the period.

Evaluation: Monitored by board.

Risk 7. Risk of claims and failure to meet contractual obligations

Risk Type: Strategic, Financial, Operational

Description: The Group enters contracts that contain terms that, in some cases, contain wide reaching indemnities and warranties. These terms are commonplace in the subsea industry and do not unfairly prejudice the Group, nor do they put the Group in a materially worse position than its competitors. These warranties and indemnities lead to an inherent risk that the Group's liability for any breach could be extensive, especially if these are given on an uncapped basis.

Impact: A major impact on the business' ability to fulfil its contractual obligations. Adverse impact on the future growth strategy for the business.

Mitigation: Contracts are reviewed extensively prior to signing, and the likelihood of risks assessed by legal and technical teams. Uncapped liabilities are kept to a minimum and only agreed to for areas of the contract that Directors believe are very low risk. Where possible the Group insures against risks to minimise the potential financial impact. There is a strong focus across the Group on high quality project execution which is regularly reviewed under independent ISO certification where appropriate.

Evaluation: Monitored by board.

Risk 8. Financial management risks

Risk Type: Financial

Description: Price Risk: The Group's key products are reliant on key components including Polyurethane (PU), Cast Iron and concrete. There is an inherent risk that price increases outside of Groups control can have an impact of the trading conditions and environment in which the Group operates.

Interest Rate Risk: The current economic position within the UK has led the Bank of England to decrease the base interest rate. Current economic outlook suggests that borrowing rates are likely to remain at a high level in the short term. The current interest rates will lead to annual borrowing costs for the Group consistent with FY24.

Exchange Rate Risk: The Group's continued expansion into international markets increases the Group's exposure to risks associated with changes in foreign currency exchange rates on sales and operations. The proportion of revenue denominated in currencies other than pound sterling is expected to increase. Exchange rate variations could have an impact on the Groups reported financial results.

Credit Risk: The ability of the Group along with its key stakeholders, customers and suppliers to avoid default on credit is key to future growth strategy of the business.

Impact: Without access to sufficient finance the company may struggle to undertake all aspects of its growth plan, such as the acquisition strategy and accelerated growth.

Risk Management (continued)

Mitigation: The business has ongoing relationships with banks and other financial institutions that offer the required level of support. The Group has strengthened its cash position with the extension on banking facilities. Cash flow forecasts are updated and discussed regularly, with analysis prepared at both a subsidiary and Group level.

Exchange Rate Risk: Where revenues are generated in international markets, with contracts denominated in non-sterling currencies, the Group aims to create a natural hedge by matching the currency of the supply chain to the currency of the revenue stream. Where natural hedges are not available or do not sufficiently cover the exposure, management will consider the use of forward currency contracts to mitigate exchange rate risks.

Enhanced due diligence is undertaken at the contracting stage to understand the price impacts of a particular contract, detailed financial project reviews are undertaken with multiple key suppliers underpinning the core of the Group's supply chain.

Evaluation: Increased risk due to economic environment, monitor.

This Strategic Report was approved by order of the Board.

Leanne Wilkinson

Leanne Wilkinson
Chief Financial Officer
3 March 2025

Audit Committee Report

It is my pleasure to present the Audit Committee Report for the year ended 30 September 2024. The Committee comprises David Kemp, a Non-Executive Director and myself as Chair. As a Chartered Accountant I bring the relevant financial experience in this role and this is my third year as Audit Chair for the Company.

Responsibilities
The Audit Committee oversees the formal and transparent arrangements for considering how the Board should apply the financial reporting and internal control principles for the Company and the wider Group and it maintains an appropriate relationship with the Company's auditors.

We monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcements relating to its financial performance, including reviewing any significant financial reporting issues and judgements which they contain.

The full Terms of Reference can be found on the Group's website, covering the following areas:
- Financial Reporting
- Internal Controls and Risk Management Systems
- Compliance, whistleblowing and fraud
- External Audit

Internal Controls and Risk Management Systems
The Audit Committee supports the Board in reviewing the risk management methodology and the effectiveness of internal controls. During the year the Group has continued to enhance its financial internal controls and governance procedures, including those relating to cyber-crime, and these are kept under constant review.

External auditor
The Audit Committee monitors the relationship with the external auditor, Grant Thornton UK LLP, to ensure that auditor independence and objectivity are maintained. Through this review, the Audit Committee monitors the provision of non-audit services by the external auditor. The non-audit services provided by Grant Thornton UK LLP are disclosed in note 8 of the financial statements. These fees, which amounted to £8k, are considered to be a low value and therefore do not impact on the auditor's independence.

Significant issues considered in relation to the financial statements
Significant risks relate to those significant non-routine transactions that are deemed complex and/or highly judgmental. The significant risks and key audit matters relating to the financial statements for this year were considered, discussed with the auditors and concluded upon. Details can be found in the Independent Auditor Report and are summarised below:

- **Revenue Recognition** – there are two types of revenue that require management judgement, being revenue recognised over time and revenue recognised at a point in time. The significant risk relates to the assessment of the revenue recognised overtime.

- **Valuation of goodwill and intangible assets –** there is a significant risk regarding the valuation of intangible assets including goodwill, which are based on management's assessment and assumptions in the annual impairment review. This risk is relevant to the offshore energy CGU.

Audit Committee Report (continued)

- **Accounting for defect notices and insurance claims –** Identifying for completeness all defect notices received and their appropriate disclosure in accordance with IAS 37 is a significant risk. Whilst many of these notices relate to an industry wide issue alleging CPS failures, they are each considered separately on their own merits in determining the appropriate accounting treatment. This disclosure is based on management's assessment of whether a present obligation exists. The Group has received funds following commercial settlement with insurers post year end, a risk exists around the Group's recognition and disclosure in relation to the insurance receipts in accordance with IAS37.

- **Going concern** – The Group forecasts show that the debt facilities which are relied upon, are due for renewal in June 2025 and the CBIL's facility due for renewal in October 2025. Additionally a material uncertainty regarding the timing of contract awards is included in the basis of preparation.

- **Contract loss provision -** There is a significant level of management judgement and estimation needed to assess the provisions. There is a significant level of judgement, being the estimation in calculating future expected costs on the contracts as the contracts are bespoke in nature. As there are several multi-year projects, the estimate around forecasting losses is sensitive and has the potential for material error.

- **Valuation of parent company's investments in subsidiaries** – this risk associated with valuation of subsidiaries is increased by the uncertainty caused by the current economic climate.

- **Management override of controls** – this is a non-rebuttable presumed risk for all companies and is reviewed for all companies in the Group.

As Chair of the Audit Committee, I am satisfied that the Audit Committee Report covers the activities of the Committee over the year to 30 September 2024 along with the subsequent audit of the financial statements.

I will be available at the Group's Annual General Meeting to discuss any matters raised in this report.

David Wilkinson
Chair of the Audit Committee
3 March 2025

Remuneration Committee Report

I, David Wilkinson, Chair of the Remuneration Committee, present the Directors' Remuneration Report for the year ended 30 September 2024. I chair the Remuneration Committee and am joined by Colin Welsh Independent Non-Executive Director. The report provides shareholders with details regarding our Directors' remuneration policy and the impact of this on Executive remuneration outcomes in the period, along with how this links to the Group's financial performance.

Responsibilities

The Remuneration Committee ensures that the Executive Directors and Executive Management are fairly rewarded for their individual contributions to the overall performance of the Group, having appropriate regard to the views of our shareholders and other stakeholders. Our policy aims to provide appropriate incentives to encourage enhanced Group performance, without paying more than is necessary, having regard to relevant remuneration trends. The Committee also oversees any major changes in employee benefit structures across the Group, also ensuring changes to employment law are duly enacted.

The remuneration of Non-Executive Directors is a matter for the Chairman of the Board along with the Executive Members, not this Remuneration Committee, and no Director or Manager is involved in any decisions as to his or her own remuneration.

Executive Incentive Plan (EIP)

The Group operates an Executive Incentive Plan to ensure the Senior Management Team are motivated and rewarded for supporting the growth aspirations of the Group. The EIP is made up of equal parts long term share option plans and bonus, with values being indicative of an individual's role and tenor. The EIP is reviewed by this Committee to ensure performance measures align to the financial targets of the Group, including reward for material stretch targets.

Targets for the CEO, CFO and the remaining Executive Management Team are based on Adjusted Earnings Before Interest & Tax and Cash Generation.

Employee remuneration

Annual Pay Review

In recognition of the hard work and loyalty of our people during the last twelve months, and to assist with cost of living, we confirmed an inflationary award of 3% to all eligible staff from 1 October 2024.

Sharesave Plan 2024 (SAYE)

Following the success of our previous Sharesave plans we launched a fourth plan in March 2024. The scheme was again open to all employees subject to a qualifying service period. A total of 12 employees subscribed to 1,045,472 share options over a period of three years.

Remuneration Committee Report (continued)

Group Remuneration Policy

The key components of the remuneration policy are:

	Why	**How**
Basic annual salary	To attract and retain the right talent reflecting the responsibilities of the role, along with experience and skills required.	Inflationary pay rises tracking national indicators
Pension	To provide a contributory pension scheme in line with or exceeding statutory requirements, to provide employees with support after retirement	The Group continues to contribute 5% to employees' pensions and has transitioned to a salary sacrifice scheme within the year
Other benefits	Additional benefits to support the health and wellbeing of our employees	Life assurance, healthcare scheme, wellbeing programme
Annual bonus	To reward high-performing individuals	Annual bonus with performance criteria based upon financial targets, to support the Group's growth strategy. The key criteria for performance is based on revenue growth, Adjusted EBITDA and cash generation.
Share schemes	Share ownership is an important part of employee incentivisation and retention	All employee SIP and SAYE Plans and LTIPs for executive management

Remuneration Committee Report (continued)

Remuneration of the Board

The Remuneration Committee reviewed the market rates in considering the remuneration of the CEO and CFO during the period, along with the Non-Executive Director roles, and confirm they remain in line with appropriate benchmarks.

Director remuneration Name of Director	Basic salary / fees £000	Share awards £000	Social security £000	Bonus £000	Company Pension contributions £000	**FY24 Total** **£000**	**FY23 Total** **£000**
A MacDonald	241	67	41	-	-	349	486
J Brown	83	-	13	-	13	94	69
D Bulmer	-	-	-	-	-	-	122
I Ritchey	69	-	7	-	7	83	38
D Wilkinson	46	-	11	40	-	97	41
L Wilkinson	168	10	22	-	19	219	234
C Welsh	40	-	4	-	-	44	20
S Lockard	53	-	-	-	-	53	21
DM Kemp	6	-	1	-	-	7	-
LB Krogsgaard	6	-	-	-	-	6	-
R Turner	25	-	3	-	3	31	-

Retention Plan

Following the resignation of the former CEO, James Ritchie, on 3 August 2020 the Board approved a new share option incentive plan, the Retention Plan, to further incentivise the Executive Management Team. The team were granted awards for up to 200,000 ordinary shares based on length of service, effectively reallocating a large proportion of the IPO options that lapsed on James leaving.

Retention plan	**Options b/fwd**	**Options lapsed - employment**	**Options exercised**	**Remaining options**
Alasdair MacDonald	17,073	-	17,073	-

Under the plan shares became available to exercise on 2nd June 2021. All options in relation to the retention plan have now been exercised or lapsed.

LTIPs

In April 2023, the remuneration committee approved a Long term Incentive Plan to incentivise and reward management for the three financial years, ending 31 March 2026. Management were granted awards for up to 4,819,666 ordinary shares. There are no performance conditions for this tranche of LTIPs.

The table below shows the activity in the period in relation to LTIPs including the position at the period end, showing those options lapsing due to performance conditions not being met and those lapsing due to the employment conditions not being met.

LTIPS	**Options Granted**	**Option lapsed - employment**	**Option Exercised**	**Remaining options**
Alasdair Macdonald	2,427,600	(1,618,400)	(809,200)	-
Leanne Wilkinson	375,000	-	(125,000)	250,000
Other Senior Management	1,454,565	(645,305)	(246,080)	563,180

Remuneration Committee Report (continued)

The Board recognises the need to ensure the Executive Management Team remain incentivised going forward and will be launching the FY25 LTIP once clear of the financial closed period. This will include the arrangements for the current CEO and CFO.

The above report sets out our approach to remuneration for the Executive Management Team and employees. However, if you have any questions regarding this, I will be available at the Group's Annual General Meeting to discuss them.

David Wilkinson
Chair of the Remuneration Committee
3 March 2025

Nomination Committee Report

I, Lars Krogsgaard, Chair of the Nomination Committee, present the Nomination Committee Report for the year ended 30 September 2024. The Committee comprises Lars Krogsgaard, Steve Lockard and David Wilkinson.

Responsibilities
The Nomination Committee regularly reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes. We give regular consideration to the succession planning for Directors and Senior Executives, taking into account the skills and experience needed both now and in the future.

During 2024, the Committee maintained its focus on the careful succession planning of the Board and Executive Management Team to ensure that they remain effective in driving forward the strategy of the Company.

There have been three change to the Board this year and I provide more detail as to the Nomination Committee's involvement and process below.

Appointment of Chief Executive Officer – September 2024
On 2 September 2024, we welcomed Richard Turner to the board of directors in the role of Chief Executive Officer.

Appointment of Chairman – September 2024
On 30 September 2024, Steve Lockard was appointed to the role of Chairman.

Non-Executive directors – August 2024
On 12 August 2024, we welcomed David Kemp and Lars Krogsgaard to the Board as Non-Executive Directors.

Other changes
On 12 August 2024, Ian Ritchey stepped down from the role of Non-executive Director.

On 2 September 2024, Alasdair Macdonald stepped down from the role of Chief Executive Officer taking on the role of Executive director.

On 30 September 2024, Julian Brown stepped down from the role of Chairman.

Lars Krogsgaard
Chair of the Nomination Committee
3 March 2025

Directors' report

for the year ended 30 September 2024

The Directors present their report together with the audited Group financial statements of the Parent Company ('the Company') and the Group for the year ended 30 September 2024.

Directors

The directors who held office during the year and up to the date to the approval of accounts were as follows:

Richard Turner	Appointed 2nd September 2024
Leanne Wilkinson	
David Wilkinson	
Colin Welsh	
Steve Lockard	
David Kemp	Appointed 12th August 2024
Lars Krogsgaard	Appointed 12th August 2024
Alasdair Macdonald	
Julian Brown	Resigned 30th September 2024
Ian Ritchey	Resigned 12th August 2024

Business review and future developments

The information that fulfils the requirements of the strategic report and business review, including details of the results for the year ended 30 September 2024, principal risks and uncertainties, financial KPIs and the outlook for future years, are set out in the Chairman's Statement and Chief Executive Officer's and Chief Financial Officer's Reviews.

Research and development

The business continuously invests in research and development activity. The highlight during the financial year was the continued development of the next generation TekLink product in the offshore wind division. A total of £85,000 of Research and Development costs were incurred in year. All costs have been capitalised as intangible assets under IAS38.

Major shareholders

As at 1th February 2025 the following interests of shareholders in excess of 3% have been notified to the Company:

	Number of ordinary shares	Ordinary shares as a % of issued share capital
SCF-IX, L.P.	43,616,569	31.69%
Schroders plc	16,825,738	12.21%
J O Hambro Capital Management Limited	12,683,333	9.22%
River Global Investors	10,081,580	7.33%
Hargreaves Lansdown, Stockbrokers (EO)	6,051,217	4.40%

Directors' report (continued)

Going Concern

The Group meets its day-to-day working capital requirements through its available banking facilities which includes a CBILs loan of £3.0m currently available to 31 October 2025 and a trade loan facility of up to £4.0m that can be drawn against supplier payments, currently available to 31 July 2025. The latter is provided with support of 80% from UKEF due to the nature of the business activities both in renewable energies and in driving growth through export lead opportunities. The Group held £4.6m of cash at 30 September 2024 including draw down of the £3.0m CBILS loan and a further £3.1m of the trade loan facility. There are no financial covenants that the Group must adhere to in either of the bank facilities. The Directors have prepared cash flow forecasts to 31 March 2026. The base case forecasts include assumptions for annual revenue growth supported by current order book, known tender pipeline, and by publicly available market predictions for the sector. The forecasts also assume a retention of the costs base of the business with increases of 5% on salaries and consistent gross margin on contracts. These forecasts show that the Group is expected to have a sufficient level of financial resources available to continue to operate on the assumption that the two facilities described are renewed and refinanced respectively. Within the base case model management have modelled the outflow of cash of £5.8m in relation to note 20 Provisions within the going concern period which is offset against the corresponding insurance receivable within the same period, Management have not modelled anything in relation to the matter set out in note 20 Contingent Liabilities, as management have assessed there to be no present obligation.

The Directors have sensitised their base case forecasts for a severe but plausible downside impact. This sensitivity includes reducing revenue by 17% (£10m equivalent) for 18 month the period to 31 March 2026, to model the potential loss or delay of a certain level of contracts in the pipeline that form the base case forecast, and a further 5% increase in costs across the Group as a whole for the same period. In addition, the delays of specific cash receipts have been modelled. The base case and sensitised forecast also include discretionary spend on capital outlay. The Directors note there is further discretionary spend within their control which could be cut, if necessary, although this has not been modelled in the sensitised case given the headroom already available. These sensitivities have been modelled to give the Directors comfort in adopting the going concern basis of preparation for these financial statements. Further to this, a 'reverse stress test' was performed to determine at what point there would be a break in the model, the reverse stress test included reducing order intake by £15m (60% of unsecured revenue) and increasing overheads by 7% against the base case. In addition, the delays of specific cash receipts have been modelled, this results in elimination of liquidity headroom in the final month in the going concern period. The severe but plausible case includes mitigating actions such as delayed capital expenditure spend.

Facilities - Within the base case, severe but plausible case and reverse stress test, management have assumed the renewal of trade loan facility in July 2025 and renewal or conversion of the CBILS loan into a term loan in October 2025. In the unlikely case that the facilities are not renewed, the Group would aim to take a number of co-ordinated actions designed to avoid the cash deficit that would arise.

The Directors are confident, based upon the communications with the team at Barclays, the historical strong relationship and recent bank facility renewal in November 2024, that these facilities will be renewed and will be available for the foreseeable future. The renewal of the two facilities in October 2025 and July 2025 are yet to be formally agreed and the Group's forecasts rely on their renewal.

Contract Award and timings – In the severe but plausible scenario, management has adjusted the base case forecast to account for the potential downside impact of order intake not being converted within the expected timescales. This adjustment results in a 17% reduction in revenue over the entire going concern period. This sensitised model shows that there is sufficient cash headroom to continue to operate the business.

Directors' report (continued)

The Group operates on a contract basis and during the normal course of business, contracts are expected to be executed within specific timeframes during the forecast period. If the Group fails to secure a number of significant contracts, in line with its forecasted timeframes, during a period of lower cash reserves cash headroom would be breached. Management does not consider this to be a likely outcome based on current backlog levels being representative of prior periods coupled with a strong pipeline visibility, opportunities at preferred supplier status and further anticipated contracts awards within the required timescales. Such contract awards would provide sufficient cash resources for the going concern period.

Both the required renewal of the facilities and contract award timing represent events or conditions which would indicate a material uncertainty that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern.

The Directors are satisfied that, taking account of reasonably foreseeable changes in trading performance and on the basis that the bank facilities are renewed, these forecasts and projections show that the Group is expected to have a sufficient level of financial resources available through current facilities to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Dividends

The Directors do not anticipate that the Company will declare a dividend in the near term, as available cash will support working capital requirements along with the identified strategic investment plan. No dividends have been paid in the period.

Directors and their interests

The Directors of the Company during the period and their interests in the ordinary share capital at the end of the year are shown in the table below:

Ordinary shares of 1p each	30 September 2024	30 September 2023
A MacDonald	3,876,140	3,049,867
S Lockard	3,888,889	3,888,889
L Wilkinson	489,130	-

There have been no changes to the above shareholdings since the period end. Post year end Richard Turner (CEO) has acquired 799,313 shares on 28 January 2025.

Further details of the Directors' interests can be found in the Remuneration Committee Report.

Directors indemnities

The Group has not made qualifying third-party indemnity provisions for the benefit of its Directors during the year.

Streamline energy and carbon reporting (SECR)

The Group does not report under SECR as none of its subsidiary undertakings are large companies. The parent company is exempt from reporting as it is a low energy user consuming less than 40MWh per annum.

Directors' report (continued)

Relations with stakeholders

The Group considers its key stakeholders to be its shareholders, employees and customers and suppliers. How the Group engages with these, and broader, stakeholders is described in the s172 statement on page 22.

Financial risk management

Details of the Group's exposure to financial risks are set out in Note 22 to the financial statements.

Takeover Directive requirements

The Company has one class of equity share, namely 1p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons. The rights and obligations attaching to these shares are governed by the Companies Act 2006 and the Company's Articles.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website (investors.tekmar.co.uk).

Notice of Annual General Meeting

The Annual General Meeting will be held at 9.30am on 27 March 2025 at Pod 3, The Workplace, Heighton Lane, Aycliffe Business Park, Newton Aycliffe, DL5 6AH. The Notice of Annual General Meeting which sets out the resolutions to be proposed at the forthcoming AGM has been posted to shareholders.

These Group financial statements will be laid before the Company in a general meeting held at 9.30am on 27 March 2025 at Pod 3, The Workplace, Heighton Lane, Aycliffe Business Park, Newton Aycliffe, DL5 6AH. The Notice of General Meeting which sets out the resolutions to be proposed at that meeting accompanies these Group financial statements.

Events after the reporting date

After the reporting period, the Group received insurance proceeds of £5.2m in relation to legacy warranty matters. Further details can be found in note 20 of the annual report. There were no other subsequent events.

Independent auditor

The auditor, Grant Thornton UK LLP, has been re-appointed and a resolution concerning their appointment will be proposed at the AGM.

Disclosure of information to the auditor

The directors confirm that at the time this report is approved:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This Directors' Report was approved by order of the Board.

Leanne Wilkinson

Leanne Wilkinson
Chief Financial Officer
3 March 2025

Statement of Directors' Responsibilities

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 the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (IFRS's)) and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue on that basis;

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 also responsible for safeguarding the assets of the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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.

Richard Turner
Chief Executive Officer
3 March 2025

Independent auditor’s report to the members of Tekmar Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Tekmar Group plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 30 September 2024, which comprises the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cash flow statement, the Notes to the group financial statements, including material accounting policy information, the Parent company balance sheet, the Parent company statement of changes in equity and Notes to the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 September 2024 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial statements, which indicates that at the reporting date, the group meets its day-to-day working capital requirements through reliance on its available banking facilities which includes a COVID Business Interruption Loan (CBIL) of £3.0m, currently available to 31 October 2025 and a trade loan facility of up to £4.0m that can be drawn against supplier payments, currently available to 31 July 2025. The note also confirms that it is not certain that the facilities will be renewed or refinanced. The cash flow forecasts show that the group is expected to have a sufficient level of financial resources available to continue to operate on the assumption that the two facilities described are renewed however, the renewal of both facilities is not guaranteed.

Furthermore, Note 2(b) in the financial statements, also indicates that the going concern basis of preparation is dependent on the group securing significant contract awards in line with the forecast time. If certain significant contract awards are delayed, the Group may not have a sufficient level of financial resources available to continue to operate as a going concern.

As stated in Note 2(b), these events or conditions, along with the other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of management's assessment of the entity's ability to continue as a going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of how management prepared their base case and sensitised forecasts for the period to March 2026;
- Assessing the accuracy of management's forecasting by comparing the reliability of past forecasts to management's actual results, and considering whether management's historic forecasting accuracy impacts the reliance we can place upon the forecasts provided;
- Obtaining an understanding of key trading, balance sheet and cash flow assumptions and testing those key assumptions to underlying historical financial data, post year end trading information and market analysis data;
- Considering the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic factors such as inflation and assessing how these factors were incorporated into the base case and sensitised forecasts;
- Assessing the terms of the external debt held and challenging management's assessment of the possibility of renewal during the going concern period including correspondence with the lender;
- Assessing the plausibility of the mitigating actions available to management to continue as a going concern if downside sensitivities were to crystalise;
- Evaluating management's reverse stress test and worse-case forecasts and management's consideration of the magnitude of a decline in cash that would give rise to the elimination of the headroom in the borrowing facilities;
- Performing arithmetical and consistency checks on management's going concern base case, severe but plausible and reverse stress test models; and
- Assessing the adequacy of related disclosures within the annual report for consistency with management's assessment of going concern and whether they are in line with the accounting standards.

Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

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

Our approach to the audit

Grant Thornton

Overview of our audit approach

Overall materiality:

Group: £329,000**,** which represents approximately 1% of the group's revenue.

Parent company: £492,000**,** which represents approximately 1% of the parent company's total assets.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters were identified as:

- Accounting for defect notices and the completeness of the defect provision (updated from the previous year to include reference to provision);
- Occurrence of contract revenue (same as previous year); and
- Valuation of goodwill and intangible assets (same as previous year).

Our auditor's report for the year ended 30 September 2023 included one key audit matter that has not been reported as key audit matters in our current year's report. This relates to the valuation of investments in subsidiaries (parent company only)**.**

Scoping of the group has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key quantitative benchmarks used to determine significance of components, specifically:

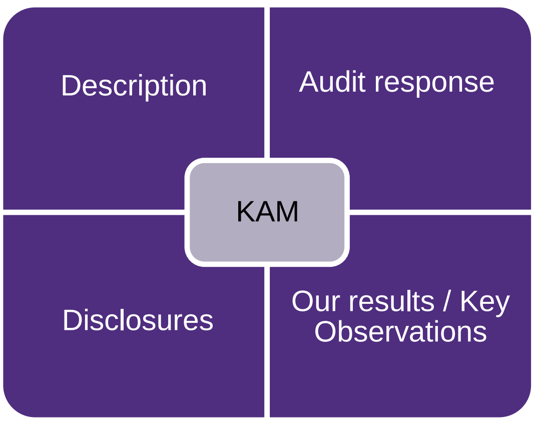
Group revenue: 96%

Group absolute loss before tax: 47%

In response to changes within the group since the prior year, one component is no longer subject to specific-scope audit procedures as it is a discontued operation; it is instead subject to specified audit procedures at the group level.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit. This is not a complete list of all risks identified by our audit.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter – Group	How our scope addressed the matter – Group
Accounting for defect notices and the completeness of the defect provision We identified the accounting for defect notices and the completeness of the defect provision as one of the most significant risks of material misstatement due to error. This is due to the judgement involved in assessing whether there is a present obligation for each defect notice received. The assessment of whether the requirements of IAS 37 Provisions, contingent liabilities and contingent assets have been appropriately applied is a significant judgement by management. Where a present obligation has been identified to exist at the balance sheet date, a provision relating to the defect notice has been recognised. There is a high level of estimation uncertainty in management's valuation of the present obligation and the provision required. Following the receipt of defect notices on historical contracts and recent contracts, management have considered whether a provision or a contingent liability exists for all contracts. A provision for defect notices has been recognised at 30 September 2024 of £5,821,000 (2023: £nil).	In responding to the key audit matter, we performed the following audit procedures: • Assessed the design and implementation of controls for the evaluation of the accounting treatment for defect notices and valuing a provision; • Made enquiries of management, the group's internal legal counsel and, where applicable, the group's external legal counsel to understand management's conclusion in relation to the defect notices received; • Obtained and read all correspondence with customers, and assessed management's conclusions, where this has changed from the prior year, challenged management regarding the change of opinion; • Read board and other meeting minutes to identify areas in relation to defect notices and related provision; • Met with the Group's internal legal counsel to understand ongoing and potential legal matters;

Key Audit Matter – Group	How our scope addressed the matter – Group
A contingent liability has been disclosed at 30 September 2024 in respect of certain other defect notices.	• Challenged managements assumptions in valuing the provisions and whether a present obligation exists at the Balance Sheet date; • Assessed the reasonableness of management's likelihood and the quantification of outflow assessment, obtaining supporting evidence where management have determined there is a provision; • Reviewed the proposed accounting and disclosure of actual and potential liabilities; and • Considered management's application of the requirements of IAS 37 and the adequacy of the disclosures.
Relevant disclosures in the Annual Report 2024 • Financial statements: Note 20, Provisions and contingent liabilities. • Audit committee report: Significant issues considered in relation to the financial statements	**Our results** From the work performed, we did not identify any material misstatements with regard to the accounting for defect notices and the completeness of the defect provision.
Occurrence of contract revenue We identified occurrence of contract revenue as one of the most significant assessed risks of material misstatement due to fraud and error The group has entered into contracts with customers which span the 30 September 2024 year end with varying terms and degrees of complexity, generating revenue over time. The group uses both the input and output methods for recognising revenue over time. There is a significant risk of material misstatement in open contracts at 30 September 2024 due to the judgement involved in the related estimates for revenue recognised over time in accordance with International Financial Reporting Standard ('IFRS') 15 'Revenue from Contracts with Customers' and the motivation to meet market expectations. Management's assessment includes several key estimates including: • Estimated total contract costs; and • Estimated stage of completion derived from the outputs satisfied. Total revenue recognised over time is £30,919,000 (2023: £32,381,000).	In responding to the key audit matter, we performed the following audit procedures: • Assessed the design and implementation of key controls in the contract revenue recognition process; • Evaluated the revenue recognition policies for consistency with IFRS 15, through assessment of management's IFRS 15 paper; including, specifically, consideration of management's identification of performance obligations and allocation of the transaction prices to the performance obligations; • Obtained an understanding of the process and methods of estimating costs to complete from project managers. We assessed whether there were indicators of management bias in the assumptions used and corroborated estimates based on prior experience to historic data; • For a sample of contracts where revenue is recognised using the input method, we challenged management's total expected costs to assess if revenue had been recognised correctly. We compared costs expected with post period end results and tested a sample of forecasted costs to supporting

Key Audit Matter – Group	How our scope addressed the matter – Group
	evidence such as purchase invoices, purchase orders and supplier quotations. We also tested costs incurred and recorded in the year to corroborate each project position at year-end; • For a sample of contracts where revenue is recognised using the output method, we evaluated the revenue assigned to each performance obligation and/or output and tested whether this is consistent with the outputs achieved in the period; • Tested the historical accuracy of forecasting by comparing final outturn of completed contracts to original forecasts; • Tested a sample of contracts held by the group and recalculated the revenue that should have been recognised in the period and revenue that should have been deferred at the period end; and • Recalculated the period-end contract liabilities based on management's schedules and performed procedures on a sample basis to ensure schedules were complete and accurate.
Relevant disclosures in the Annual Report 2024 • Financial statements: Note 4 Revenue and segmental reporting • Audit committee report: Significant issues considered in relation to the financial statements	**Our results** From the work performed, we did not identify any material misstatements with regard to the occurrence of contract revenue.
Valuation of goodwill and intangible assets We identified the valuation of goodwill and intangible assets as one of the most significant risks of material misstatement due to error, specifically in relation to the offshore energy cash generating unit (CGU). The carrying value of goodwill and other intangible assets at 30 September 2024 was £16,708,000 (2023: £19,367,000) after an impairment charge of £1,546,000 (2023: £4,745,000). There is an increased risk that the goodwill and intangible assets held by the group in relation to the offshore energy CGU are impaired as per International Accounting Standard ('IAS') 36 'Impairment of Assets'. This is due to the high level of estimation uncertainty in management's assessment of the future performance of the CGU and in determining appropriate operating cash flows, long-term growth rates and discount	In responding to the key audit matter, we performed the following audit procedures: • Assessed the design and implementation of key controls for the impairment review process; • Assessed management's identification of the CGUs and the assignment of assets to those CGUs; • Assessed management's annual impairment review to determine those CGU's that are most at risk and include the most judgement. Specifically, those with limited headroom, significant growth or high susceptibility to changes in assumptions; • Assessed management's impairment model to ensure appropriate costs and expenses are included, and that cash flows included in the model are

Key Audit Matter – Group	How our scope addressed the matter – Group
rate to apply in calculating the 'value in use' of the CGU. We identified a significant risk within the offshore energy CGU as this CGU has a significantly material carrying value, significant levels of growth assumed, and actual performance has been below budget in the current year.	appropriate when taking into consideration global macro factors including, but not limited to supply chain delays, the impact of inflation on previously agreed fixed price contracts and the UK and global economic outlook; • Assessed the short-term and long-term growth rates included in the model by comparing the actual results to historical forecasting, evidencing accuracy; • Assessed management's sensitivity analysis for appropriateness and whether a reasonably possible change would lead to an impairment; • Engaged valuation experts to assess the appropriateness of the discount rate included in management's impairment model; and • Assessed whether the disclosure included for the headroom sensitivities is appropriate and assessed whether the accounting policy is in line with IAS 36 Impairment of Assets.
Relevant disclosures in the Annual Report 2024 • Financial statements: Note 11 Goodwill and Other Intangibles • Audit committee report: Significant issues considered in relation to the financial statements	**Key observations** From the work performed, our challenge of management regarding the cash flows and growth rates included in the impairment model resulted in a material impairment charge being recorded. Following the recording of the impairment charge, we did not identify any further material misstatement in the valuation of the goodwill and intangible assets related to the offshore wind cash generating unit.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial	

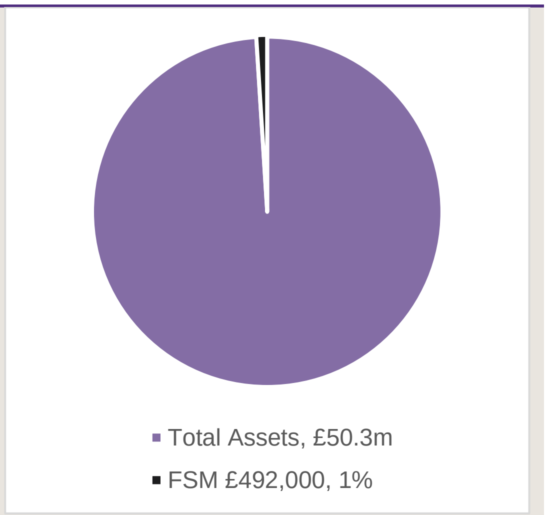
Materiality measure	Group	Parent company
	statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£329,000 (2023: £410,000), which represents approximately 1% of the group revenue.	£492,000 (2023: £316,000), which represents approximately 1% of total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • The metrics most relevant to the users of the financial statements which was determined to be revenue per the previous financial statements; • Whether the metric has been materially influenced by matters such as economic uncertainty or changes in the marketplace; and • This benchmark is considered the most appropriate because of the stability of revenue compared to loss before tax. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2023 to reflect reduction in group's revenue.	In determining materiality, we made the following significant judgements: • The metrics most relevant to the users of the financial statements which was determined to be total assets for the parent entity; • Whether the metric has been materially influenced by matters such as economic uncertainty or changes in the marketplace; and • This benchmark is considered the most appropriate because the parent company is a holding company, which does not trade. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2023, as materiity in the prior year was capped at component materiality.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£231,000 (2023: £287,000), which is 70% of financial statement materiality.	£369,000 (2023: £221,000), which is 75% (2023: 70%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • The strength of the control environment based on our assessment of the design and implementation of controls; and • Quantum and nature of misstatements identified in prior year's audit.	In determining performance materiality, we made the following significant judgements: • The strength of the control environment based on our assessment of the design and implementation of controls; and • Low complexity of the principal actitvity.

Materiality measure	Group	Parent company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside the normal course of business.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£16,500 (2023: £20,500), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£24,600 (2023: £15,800), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for communication to the audit committee.

Overall materiality - Group

Overall materiality - Parent



FSM: Financial statement materiality, PM: Performance materiality, TfC: Threshold for communication to the audit committee.

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, their environments, including group-wide controls

- We obtained an understanding of the group and its environment, including group-wide controls and assessed the risks of material misstatement at the group level; and
- We obtained an understanding of the effect of the group organisational structure on the scope of the audit, for example, the level of centralisation of the group control function and the use of service organisations.

Identifying components at which to perform audit procedures

- We evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the group's total revenue and the group's absolute loss before tax as well as considering qualitative factors, such as a component's specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Audits of the financial information of the component using component materiality (full-scope audit) procedures were performed on the financial information of three components. These procedures included a combination of tests of detail and analytical procedures. These full-scope audits included the majority our audit work on the identified key audit matters as described in the key audit matters section of our report.
- Audits of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) procedures were carried out on two component using component materiality. These procedures included a combination of tests of details and analytical procedures and were designed to increase coverage of the group's financial statement line items. This specific-scope audit included audit work on one of the identified key audit matters as described in the key audit matters section of our report.
- Specified audit procedures were carried out on two components using component materiality.

- For the eight components that were not individually significant to the group, or assessed as requiring specific-scope audits, analytical procedures were carried out at group level, using group materiality.

Performance of our audit

- the evaluation of management's going concern assessment was performed at a group level given the group structure and capital management policies;
- the group engagement team attended year-end inventory counts in the UK;
- audit procedures across all components were performed by the group engagement team in accordance with the scope described. There were no component engagement teams engaged to support the group engagement team; and
- as part of planning procedures, the group engagement team assessed the group's internal control environment including controls in relation to its IT systems and controls to inform our risk assessment. The audit testing approach was wholly substantive.
-

Audit approach	No. of components	% coverage revenue	% coverage loss before tax (on absolute basis)
Full-scope audit	3 (2023: 3)	96 (2023: 83)	47 (2023: 60)
Specific-scope procedures	- (2023: 1)	- (2023: 11)	- (2023: 3)
Specified audit procedures	3 (2023: 2)	3 (2023: 4)	50 (2023: 30)
Analytical procedures	8 (2023: 8)	1 (2023: 2)	3 (2023: 7)
Total	14 (2023: 14)	100	100

Changes in approach from previous period

- We performed specified audit procedures on the discontinued operation, which in the previous year was specific-scope procedures.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 86, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and determined that the most significant are applicable law and UK-adopted international accounting standards (for the group), United Kingdom Generally Accepted Accounting Practice (for the parent company) and UK corporation tax regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates through our general and commercial and sector experience, discussions with management and legal correspondence. We also discussed the relevant frameworks with company legal advisors as appropriate.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and of those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.

- We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries posted by senior finance personnel;
  - journal entries credited to the income statement above earnings before interest, tax, depreciation and amortisation ('EBITDA') and corresponding debit entry below EBITDA or to the balance sheet.
  - journal entries above a set threshold posted to revenue from an unexpected general ledger code; and
  - material post-close and consolidating journal entries;

- Audit procedures performed by the engagement team included:

  evaluating the processes and controls established to address the risks related to irregularities and fraud;

  journal entry testing, in particular those journals determined to be in respect of our principal risk documented above; and

  challenging assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the group and the parent company operate; and
  - understanding of the legal and regulatory requirements specific to the group and the parent company.
- We had team communications in respect of potential non-compliance with laws and regulations and fraud including the potential for fraud in revenue recognition through manipulation of the forecast costs to complete and through incomplete contract liabilities.

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

Use of our report

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

Victoria McLoughlin

Victoria McLoughlin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
3 March 2025

Financial Statements
Consolidated statement of comprehensive income
for the year ended 30 September 2024

	Note	12M ended 30 Sep 2024	12M ended 30 Sep 2023 Restated
		£000	£000
Revenue	4	32,808	35,633
Cost of sales	6	(22,291)	(27,319)
Gross profit		10,517	8,314
Other administrative expenses	6	(13,195)	(16,258)
Expected credit loss	16	(520)	-
Warranty provision	20	(656)	-
Total administrative expenses		(14,371)	(16,258)
Other operating income		22	18
Group operating loss		(3,832)	(7,926)
Analysed as:			
Adjusted EBITDA[1]	4	1,715	569
Depreciation	12	(1,277)	(1,172)
Amortisation	11	(366)	(586)
Exceptional Share based payments charges	26	(160)	(500)
Impairment of goodwill	11	(1,546)	(4,745)
Exceptional bonus payments		-	(296)
Exceptional IT costs		(169)	-
Foreign exchange (losses)/gains		(623)	(928)
Warranty provision		(656)	-
Expected credit loss		(520)	-
Restructuring costs		(230)	(268)
Group operating (Loss)		(3,832)	(7,926)
Finance costs		(727)	(627)
Finance income		19	4
Net finance costs	7	(708)	(623)
(Loss) before taxation from continuing operations		(4,540)	(8,549)
Taxation	9	(557)	(201)
(Loss) for the period from continuing operation		(5,097)	(8,750)
Discontinued operations	27	(1,316)	(1,374)
(Loss) for the period		**(6,413)**	**(10,124)**

Consolidated statement of comprehensive income (continued)

for the year ended 30 September 2024

	Note	12M ended 30 Sep 2024	12M ended 30 Sep 2023 Restated
Items which will not be reclassified subsequently to profit or loss			
Revaluation of property		75	-
Items which will be reclassified subsequently to profit or loss			
Retranslation of overseas subsidiaries		(333)	(281)
Total comprehensive loss for the period		(6,671)	(10,405)
Loss attributable to owners of the parent		(6,413)	(10,124)
Total comprehensive income attributable to owners of the parent		(6,671)	(10,405)
(Loss) per share (pence) from continuing operations			
Basic	10	(3.74)	(9.24)
Diluted	10	(3.74)	(9.24)
(Loss) per share (pence) from discontinued operations			
Basic	10	(0.97)	(1.45)
Diluted	10	(0.97)	(1.45)

1: Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, share based payments charge in relation to one-off awards, material items of a one-off nature and significant items which allow comparable business performance is a non-GAAP metric used by management and is not an IFRS disclosure.

2: Comparative period has been restated to reclassify Subsea Innovation Limited results as discontinued operations.

3: The statement of other comprehensive income comparative period has been restated to remove equity settled share-based payments, which has increased the total comprehensive loss by £548,000. This credit entry has now been presented within transactions with owners in the statement of changes in equity. This has no impact on retained losses.

Consolidated balance sheet

as at 30 September 2024

	Note	30 Sep 2024	30 Sep 2023
		£000	£000
Non-current assets			
Property, plant and equipment	12	4,514	6,808
Goodwill and other intangibles	11	16,708	19,367
Investment property	13	2,842	-
Total non-current assets		24,064	26,175
Current assets			
Inventory	15	1,878	2,127
Trade and other receivables	16	20,336	19,734
Cash and cash equivalents	17	4,630	5,219
Total current assets		26,844	27,080
Total assets		50,908	53,255
Equity and liabilities			
Share capital	24	1,373	1,360
Share premium		72,202	72,202
Merger relief reserve		744	1,738
Merger reserve		(12,685)	(12,685)
Foreign currency translation reserve		(441)	(108)
Retained losses		(33,029)	(27,854)
Total equity		28,164	34,653
Non-current liabilities			
Other interest-bearing loans and borrowings	19	924	834
Trade and other payables	18	-	327
Deferred tax liability	21	234	503
Provisions	20	656	-
Total non-current liabilities		1,814	1,664

Consolidated balance sheet (continued)

as at 30 September 2024

	Note	30 Sep 2024	30 Sep 2023
Current liabilities			
Other interest-bearing loans and borrowings	19	6,554	7,046
Trade and other payables	18	8,503	9,398
Corporation tax payable		647	29
Provisions	20	5,226	465
Total current liabilities		20,930	16,938
Total liabilities		22,744	18,602
Total equity and liabilities		50,908	53,255

The Group financial statements were approved by the Board and authorised for issue on 3 March 2025 and were signed on its behalf by:

Leanne Wilkinson

Leanne Wilkinson
Chief Financial Officer
Company registered number: 11383143

Consolidated statement of changes in equity

for the year ended 30 September 2024

	Share capital	Share premium	Merger relief reserve	Merger reserve	Foreign currency translation reserve	Retained losses	Total equity attributable to owners of the parent	**Total equity**
	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 1 October 2022	**609**	**67,653**	**1,738**	**(12,685)**	**173**	**(18,278)**	**39,210**	**39,210**
Loss for the Period	-	-	-	-	-	(10,124)	(10,124)	**(10,124)**
Exchange difference on translation of overseas subsidiary	-	-	-	-	(281)	-	(281)	**(281)**
Total comprehensive income for the year	-	-	-	-	(281)	(10,124)	(10,405)	**(10,405)**
Share based payments	-	-	-	-	-	548	548	**548**
Issue of shares	751	4,549	-	-	-	-	5,300	**5,300**
Total transactions with owners, recognised directly in equity	**751**	**4,549**	**-**	**-**	**-**	**548**	**5,848**	**5,848**
Balance at 30 September 2023	**1,360**	**72,202**	**1,738**	**(12,685)**	**(108)**	**(27,854)**	**34,653**	**34,653**
Loss for the Period	-	-	-	-	-	(6,413)	(6,413)	**(6,413)**
Revaluation of property	-	-	-	-	-	75	75	**75**
Exchange difference on translation of overseas subsidiary	-	-	-	-	(333)	-	(333)	**(333)**
Total comprehensive (loss) for the year	-	-	-	-	(333)	(6,338)	(6,671)	**(6,671)**
Share based payments	-	-	-	-	-	169	169	**169**
Issue of shares, net of transaction costs	13	-	-	-	-	-	13	**13**
Total transactions with owners, recognised directly in equity	**13**	**-**	**-**	**-**	**-**	**169**	**182**	**182**
Transfer following disposal of subsidiary	-		(994)	-	-	994	-	**-**
Balance at 30 September 2024	**1,373**	**72,202**	**744**	**(12,685)**	**(441)**	**(33,029)**	**28,164**	**28,164**

Consolidated cash flow statement

for the year ended 30 September 2024

	12M ended 30 Sep 2024	12M Ended 30 Sep 2023
	£000	£000
Cash flows from operating activities		
Loss before taxation	(5,856)	(9,923)
Adjustments for:		
Depreciation	1,365	1,327
Amortisation of intangible assets	483	763
Loss on disposal of fixed assets	41	-
Share based payments charge	193	537
Loss on disposal of discontinued operations	1,316	-
Impairment of goodwill	1,546	4,745
Unrealised foreign gains	(276)	-
Finance costs	727	552
Finance income	(19)	(4)
	(480)	(2,003)
Changes in working capital:		
Decrease in inventories	82	2,496
(Increase) in trade and other receivables	(2,533)	(6,360)
Increase / (decrease) in trade and other payables	790	(272)
Increase in provisions	5,439	465
Cash generated from / (used in) operations	3,298	(5,674)
Tax recovered	-	-
Net cash inflow / (outflow) from operating activities	3,298	(5,674)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,697)	(1,012)
Purchase of intangible assets	(235)	(310)
Proceeds on sale of property, plant and equipment	71	29
Proceeds/(outflows) from sale of subsidiary	(112)	-
Interest received	19	4
Net cash (outflow) from investing activities	(1,954)	(1,289)
Cash flows from financing activities		
Facility drawdown	11,413	11,526
Facility repayment	(11,805)	(11,941)
Repayment of borrowings under lease obligations	(436)	(414)
Shares issued	13	5,300
Interest paid	(795)	(505)
Net cash (outflow)/inflow from financing activities	(1,610)	3,966
Net decrease in cash and cash equivalents	(266)	(2,997)
Cash and cash equivalents at beginning of year	5,219	8,496
Effect of foreign exchange rate changes	(322)	(280)
Cash and cash equivalents at end of year	4,630	5,219

Notes to the Group financial statements

for the year ended 30 September 2024

1. GENERAL INFORMATION

Tekmar Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Grindon Way, Aycliffe Business Park, Newton Aycliffe, DL5 6SH. The registered company number is 11383143.

The principal activity of the Company and its subsidiaries (together the "Group") is that of design, manufacture and supply of subsea stability and protection technology, including associated subsea engineering services, operating across the global offshore energy markets, predominantly Offshore Wind.

Forward looking statements
Certain statements in this Annual report are forward looking. The terms "expect", "anticipate", "should be", "will be" and similar expressions identify forward-looking statements. Although the Board of Directors believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to a number of risks and uncertainties and events could differ materially from those expressed or implied by these forward-looking statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's principal accounting policies have been applied consistently to all of the years presented, with the exception of the new standards applied for the first time as set out in paragraph (c) below where applicable.

(a) Basis of preparation
The results for the year ended 30 September 2024 have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). The financial statements have been prepared on the going concern basis and on the historical cost convention modified for the revaluation of Investment property and Freehold property, and certain financial instruments. The comparative period represents 12 months to 30 September 2023.

Tekmar Group plc ("the Company") has adopted all IFRS in issue and effective for the year.

(b) Going concern
The Group meets its day-to-day working capital requirements through its available banking facilities which includes a CBILs loan of £3.0m currently available to 31 October 2025 and a trade loan facility of up to £4.0m that can be drawn against supplier payments, currently available to 31 July 2025. The latter is provided with support of 80% from UKEF due to the nature of the business activities both in renewable energies and in driving growth through export lead opportunities. The Group held £4.6m of cash at 30 September 2024 including draw down of the £3.0m CBILS loan and a further £3.1m of the trade loan facility. There are no financial covenants that the Group must adhere to in either of the bank facilities.

The Directors have prepared cash flow forecasts to 31 March 2026. The base case forecasts include assumptions for annual revenue growth supported by current order book, known tender pipeline, and by publicly available market predictions for the sector. The forecasts also assume a retention of the costs base of the business with increases of 5% on salaries and consistent gross margin on contracts. These forecasts show that the Group is expected to have a sufficient level of financial resources available to continue to operate on the assumption that the two facilities described are renewed and refinanced respectively. Within the base case model management have modelled the outflow of cash of £5.8m in relation to note 20 Provisions within the going concern period which is offset against the corresponding insurance receivable within the same period, Management have not modelled anything in relation to the matter set out in note 20 Contingent Liabilities, as management have assessed there to be no present obligation.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The Directors have sensitised their base case forecasts for a severe but plausible downside impact. This sensitivity includes reducing revenue by 17% (£10m equivalent) for 18 month the period to 31 March 2026, to model the potential loss or delay of a certain level of contracts in the pipeline that form the base case forecast, and a further 5% increase in costs across the Group as a whole for the same period. In addition, the delays of specific cash receipts have been modelled. The base case and sensitised forecast also include discretionary spend on capital outlay. The Directors note there is further discretionary spend within their control which could be cut, if necessary, although this has not been modelled in the sensitised case given the headroom already available. These sensitivities have been modelled to give the Directors comfort in adopting the going concern basis of preparation for these financial statements. Further to this, a 'reverse stress test' was performed to determine at what point there would be a break in the model, the reverse stress test included reducing order intake by £15m (60% of unsecured revenue) and increasing overheads by 7% against the base case. In addition, the delays of specific cash receipts have been modelled, this results in elimination of liquidity headroom in the final month in the going concern period. The severe but plausible case includes mitigating actions such as delayed capital expenditure spend.

Facilities - Within the base case, severe but plausible case and reverse stress test, management have assumed the renewal of trade loan facility in July 2025 and renewal or conversion of the CBILS loan into a term loan in October 2025. In the unlikely case that the facilities are not renewed, the Group would aim to take a number of co-ordinated actions designed to avoid the cash deficit that would arise.
The Directors are confident, based upon the communications with the team at Barclays, the historical strong relationship and recent bank facility renewal in November 2024, that these facilities will be renewed and will be available for the foreseeable future. The renewal of the two facilities in October 2025 and July 2025 are yet to be formally agreed and the Group's forecasts rely on their renewal.

Contract Award and timings – In the severe but plausible scenario, management has adjusted the base case forecast to account for the potential downside impact of order intake not being converted within the expected timescales. This adjustment results in a 17% reduction in revenue over the entire going concern period. This sensitised model shows that there is sufficient cash headroom to continue to operate the business.

The Group operates on a contract basis and during the normal course of business, contracts are expected to be executed within specific timeframes during the forecast period. If the Group fails to secure a number of significant contracts, in line with its forecasted timeframes, during a period of lower cash reserves cash headroom would be breached. Management does not consider this to be a likely outcome based on current backlog levels being representative of prior periods coupled with a strong pipeline visibility, opportunities at preferred supplier status and further anticipated contracts awards within the required timescales. Such contract awards would provide sufficient cash resources for the going concern period.

Both the required renewal of the facilities and contract award timing represent events or conditions which would indicate a material uncertainty that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern.

The Directors are satisfied that, taking account of reasonably foreseeable changes in trading performance and on the basis that the bank facilities are renewed, these forecasts and projections show that the Group is expected to have a sufficient level of financial resources available through current facilities to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements and for this reason they continue to adopt the going concern basis in preparing the financial statements.

(c) New standards, amendments and interpretations
The new standards, amendments or interpretations issued in the year, with which the Group has to comply with, have not had a significant effect impact on the Group. There are no standards endorsed but not yet effective that will have a significant impact going forward.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date control ceases. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

(e) Revenue

Revenue (in both the offshore energy and the marine civils markets) arises from the supply of subsea protection solutions and associated equipment, principally through fixed fee contracts. There are also technical consultancy services delivered through subsea energy.

To determine how to recognise revenue in line with IFRS 15, the Group follows a 5-step process as follows:

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

Revenue is measured at transaction price, stated net of VAT and other sales related taxes.

Revenue is recognised either at a point in time, or over-time as the Group satisfies performance obligations by transferring the promised services to its customers as described below.

i) Fixed-fee contracted supply of subsea protection solutions

For the majority of revenue transactions, the Group enters individual contracts for the supply of subsea protection solutions, generally for a specific project in a particular geographic location. Each contract generally has one performance obligation, to supply subsea protection solutions. When the contracts meet one or more of the criteria within step 5, including the right to payment for the work completed, including profit should the customer terminate, then revenue is recognised over time. If the criteria for recognising revenue over time is not met, revenue is recognised at a point in time, normally on the transfer of ownership of the goods to the customer.

For contracts where revenue is recognised over time, an assessment is made as to the most accurate method to estimate stage of completion. This assessment is performed on a contract-by-contract basis to ensure that revenue most accurately represents the efforts incurred on a project. For the majority of contracts this is on an inputs basis (costs incurred as a % of total forecast costs).

There are also contracts which include the manufacture of a number of separately identifiable products. In such circumstances, as the deliverables are distinct, each deliverable is deemed to meet the definition of a performance obligation in its own right and do not meet the definition under IFRS of a series of distinct goods or services given how substantially different each item is. Revenue for each item is stipulated in the contract and revenue is recognised over time as one or more of the criteria for over time recognition within IFRS 15 are met. Generally, for these items, an output method of estimating stage of completion is used as this gives the most accurate estimate of stage of completion. On certain contracts variation orders are received as the scope of contract changes, these variation orders are considered on a case by case basis to determine whether they form a seperate performance obligation in their own right or an addition to the orignial performance obligation. The same revenue recognition criteria discuss above is then applied to the variation order.

In all cases, any advance billings are deferred and recognised as the service is delivered.

ii) Manufacture and distribution of ancillary products, equipment.

The Group also receives a proportion of its revenue streams through the sale of ancillary products and equipment. These individual sales are formed of individual purchase orders for which goods are ordered or made using inventory items. These items are recognised on a point in time basis, being the delivery of the goods to the end customer.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

iii) Provision of consultancy services

The entities within the offshore energy division also provide consultancy-based services whereby engineering support is provided to customers. These contracts meet one or more of the criteria within step 5, including the right to payment for the work completed, including profit should the customer terminate. Revenue is recognised over time on these contracts using the inputs method.

Tekmar Group plc applies the IFRS 15 Practical expedient in respects of determining the financing component of contract consideration: An entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Accounting for revenue is considered to be a key accounting judgement which is further explained in note 3.

(f) EBITDA and Adjusted EBITDA
Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Group. EBITDA is defined as profit before net finance costs, tax, depreciation and amortisation. Material items of a one-off nature or of such significance they are considered relevant to the user of the financial statements and share based payment charge in relation to one-off awards are excluded.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

(g) Foreign currency
Transactions in foreign currencies are translated into the Group's presentational currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences arising on translation are recognised in the Statement of Other Comprehensive Income.

(h) Classification of instruments issued by the Group
Instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

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

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

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss with the exception of Freehold Property

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being fair value at the date of valuation less any subsequent accumulated depreciation and subsequent impairment losses. The fair value of land and building is considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss, or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

Leased property is accounted for as a “right-of-use” asset under IFRS 16 Leases. The initial value of a right-of-use asset is determined by the value of the lease liability.

Depreciation

Depreciation is charged to profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Freehold property	50 years straight line
Leasehold improvements	Over the life of the lease
Plant and equipment	3 years straight line or 6 years reducing balance or 15–25% straight line
Fixtures & fittings	4 years straight line
Motor vehicles	4 years reducing balance or straight line
Computer equipment	4 years straight line
IFRS16 ROU Assets	In line with lease term

It has been assumed that all assets will be used until the end of their economic life.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(j) Investment property

Investment property is property held to earn rentals and is accounted for using the fair value model.

Investment property is revalued annually with resulting gains and losses recognised in Statement of Comprehensive Income. This is included in the consolidated statement of financial position and their fair values. See note 13.

(k) Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable and are initially recognised at fair value. Other identified intangible assets include customer relationships and brands. These are amortised on a straight-line basis over the useful economic lives, which are estimated to be 3 and 10 years respectively.

Goodwill is stated at cost less any accumulated impairment losses. In cases where the fair value of the net identifiable assets exceeds the cost of acquisition, negative goodwill arises which is recorded immediately in the income statement. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and Product Development costs

Research costs are charged to the income statement in the year in which they are incurred and are presented within operating expenses. Internal development costs that are incurred during the development of significant and separately identifiable new technology are capitalised when the following criteria are met:

- It is technically feasible to complete the technological development so that it will be available for use;
- Management intends to complete the technological development and use or sell it;
- It can be demonstrated how the technological development will develop probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- Expenditure attributable to the technological product during its development can be reliably measured.

Capitalised development costs include costs of materials and direct labour costs. Internal costs that are capitalised are limited to incremental costs specific to the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred and presented within operating expenses, together with any amortisation which is charged to the income statement on a straight-line basis over the estimated useful lives of product development intangible assets of 2-5 years.

Computer software

Computer software purchased separately, that does not form an integral part of related hardware, is capitalised at cost.

Amortisation is charged to Statement of Comprehensive Income on a straight-line basis over the estimated useful lives and is presented within operating expenses. The useful life of computer software is 3 years.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(l) Impairment

Goodwill is not amortised but is reviewed for impairment at least annually, or when there is an indication of impairment. Intangible assets which are not yet available for use are tested for impairment annually. For other assets, the recoverable amount is only estimated when there is an indication that an impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets.

(m) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated on a first in first out basis and includes the cost of acquiring raw materials. Provision is made for any foreseeable losses where appropriate.

(n) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

(o) Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability is a disclosure in the notes to the financial statements only.

(p) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of less than 12 months or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

(q) Net financing costs
Net financing costs comprise interest payable and interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue using the effective interest method.

(r) Taxation
Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

(s) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

(t) Financial instruments

Financial assets
Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on the Group's business model and the contractual cash flow characteristics of the financial asset. All financial assets of the Group are held at amortised cost, which the exception of derivative financial instruments which are held at FVTPL.

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at transaction price and thereafter are measured at amortised cost using the effective interest rate. A loss allowance for expected credit losses on trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that will result from all possible default events over the expected life of a financial instrument. This assessment is performed on a collective basis considering forward-looking information. The Group considers a financial asset to be in

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

default when the receivable is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held).

Financial liabilities
Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Group's borrowings, finance leases, trade and most other payables fall into this category of financial instruments.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the year of the borrowings on an effective interest basis.

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 recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Financial derivatives
The Group uses derivative financial instruments to hedge its exposure to risks arising from operational activities, principally foreign exchange risk. In accordance with treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. The Group does not hedge account for these items. Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. At certain times the Group has foreign currency forward contracts that fall into this category. Movement in fair value is recognised in profit and loss.

(u) Contract assets
Contract assets represent the gross unbilled amount for contract work performed to date, calculated by way of units assembled using either the input or output method – refer policy (e). They are presented as part of "trade and other receivables" in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as "accruals and contract liabilities" in the balance sheet.

(v) Segmental reporting
The Group reports its business activities across Offshore Energy and Marine Civils and this is reported in a manner consistent with the internal reporting to the Board of Directors, which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-Executive Directors. Project performance is also monitored by both business entities and by Offshore Wind and Subsea markets to provide differing perspectives.

(w) Share capital
Share capital represents the nominal value of shares that have been issued.

(x) Share premium
Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(y) Merger reserve and Merger relief reserve
The merger reserve and the merger relief reserve were created as a result of the share for share exchange under which Tekmar Group plc became the parent undertaking prior to the IPO. Under merger accounting principles, the assets and liabilities of the subsidiaries were consolidated at book value in the Group financial statements and the consolidated reserves of the Group were adjusted to reflect the statutory share capital, share premium and other reserves of the Company as if it had always existed, with the difference presented as the merger reserve.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The Merger relief reserve was created on acquisition of Pipeshield International Limited and Subsea Innovation Limited as a result of part of the consideration being settle in equity of the plc.

(z) Translation reserve

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the statement of financial position date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and are credited/(debited) to the translation reserve.

(aa) Own shares held by ESOP trust

Transactions of the Group-sponsored ESOP trust are treated as being those of the Group and are therefore reflected in the financial statements. In particular, the trust's purchases and sales of shares in the Group are debited and credited to equity.

(ab) Retained losses

Retained earnings includes all current and prior year retained profits and losses.

(a) Share based payments

The Group operates equity-settled share-based remuneration plans for certain employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group financial statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the Group financial statements.

(a) Critical judgements in applying the entity's accounting policies

Revenue recognition
Judgement is applied in determining the most appropriate method to apply in respect of recognising revenue over-time as the service is performed using either the input or output method. Further details on how the policy is applied can be found in note 2(e).

(b) Critical accounting estimates

Revenue recognition – stage of completion when recognising revenue overtime
Revenue on contracts is recognised based on the stage of completion of a project, which, when using the input method, is measured as a proportion of costs incurred out of total forecast costs. Forecast costs to complete each project are therefore a key estimate in the financial statements and can be inherently uncertain due to changes in market conditions. For the partially complete projects in Tekmar Energy at year end if the percentage completion was 1% different to management's estimate the revenue impact would be £116,830. Within Pipeshield International there were a number of projects in progress over the year end and a 1% movement in the estimate of completion would impact revenue by £36,940. However, the likelihood of errors in estimation is small, as the businesses have a history of reliable estimation of costs to complete and given the nature of production, costs to complete estimate are relatively simple.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Recoverability of contract assets and receivables

Management judges the recoverability at the balance sheet date and makes a provision for impairment where appropriate. The resultant provision for impairment represents management's best estimate of losses incurred in the portfolio at the balance sheet date, assessed on the customer risk scoring and commercial discussions. Further, management estimate the recoverability of any accrued income balances relating to customer contracts. This estimate includes an assessment of the probability of receipt, exposure to credit loss and the value of any potential recovery. Management base this estimate using the most recent and reliable information that can be reasonably obtained at any point of review. The Group have recognised a credit loss provision in relation to a specific historic aged trade receivable (See note 16)

Impairment of non-current assets

Management conducts annual impairment reviews of the Group's non-current assets on the consolidated statement of financial position. This includes goodwill annually, development costs where IAS 36 requires it, and other assets as the appropriate standards prescribe. Any impairment review is conducted using the Group's future growth targets regarding its key markets of offshore energy and marine civils. Sensitivities are applied to the growth assumptions to consider any potential long-term impact of current economic conditions. Provision is made where the recoverable amount is less than the current carrying value of the asset. Further details as to the estimation uncertainty and the key assumptions are set out in note 11.

Provision for warranty costs and recognition of related insurance income

In accordance with IAS 37, the company recognises a provision when it has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The estimation and calculation of the value of provisions involves significant judgement, particularly in determining the likelihood, cost and timing of warranty related issues.

Additionally, the company may receive insurance receipts to cover certain warranty claims. These receipts are recognised as an asset only when it is virtually certain that reimbursement will be received if the company settles the obligation. The timing and amount of such receipts can be uncertain, requiring careful assessment and judgement to ensure accurate financial reporting. Post year end, the Group had £5.2m of cash receipts from insurance in relation to warranty related matters. The Group recognised this balance within other receivables on the balance sheet at the financial year end.

4. REVENUE AND SEGMENTAL REPORTING

Management has determined the operating segments based upon the information provided to the Board of Directors which is considered the chief operation decision maker. The Group is managed and reports internally by business division and market for the year ended 30 September 2024.

Major customers
In the year ended 30 September 2024 there were two major customers within the Group that individually accounted for at least 10% of total revenues (2023: three customers). The revenues relating to these in the year to 30 September 2024 were £11,085,000 (2023: £13,913,000). Included within this is revenue from multiple projects with different entities within the Group.

Analysis of revenue by region	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
UK & Ireland	5,836	7,683
Germany	439	1,133
Turkey	-	983
Italy	101	-
Other Europe	413	1,152
USA & Canada	555	3,006
China	665	1,676
Japan	102	1,083
Philippines	-	1,157
Taiwan	7,696	-
South Korea	828	-
Qatar	5,222	8,036
KSA	4,674	6,888
UAE	2,695	-
Abu Dhabi	225	-
Africa	2,129	-
India	543	-
Other Middle East	40	904
Rest of the World	645	1,932
	32,808	35,633

Analysis of revenue by market	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Offshore Wind	17,100	17,658
Other offshore	15,708	17,975
	32,808	35,633

4. REVENUE AND SEGMENTAL REPORTING (CONTINUED)

Analysis of revenue by product category	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Offshore Energy protection systems & equipment	17,916	15,844
Marine Civils	13,688	18,320
Engineering consultancy services	1,204	1,469
	32,808	35,633

Note – Engineering consultancy services forms part of the offshore energy segment.

Analysis of revenue by recognition point	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Point in Time	1,889	3,252
Over Time	30,919	32,381
	32,808	35,633

At 30 September 2024, the Group had a total transaction price £15,471k (2023: £19,462k) allocated to performance obligations on contracts which were unsatisfied or partially unsatisfied at the end of the reporting period. The amount of revenue recognised in the reporting year to 30 September 24 which was previously recorded in contract liabilities was £2,790k (2023: £3,188k).

Adjusted EBITDA is measured by division and the Board reviews this on the following basis.

4. REVENUE AND SEGMENTAL REPORTING (CONTINUED)

	Offshore Energy 2024	Marine Civils 2024	Group/ Eliminations	Total 2024
	£000	£000	£000	£000
Revenue	**19,465**	**13,343**	**-**	**32,808**
Inventory recognised as an expense	(9,842)	(7,059)	-	(16,901)
Other cost of sales	(3,900)	(1,490)	-	(5,390)
Gross profit	5,724	4,793	-	10,517
% Gross profit	29%	36%	-	32%
Administrative expenses	(6,962)	(3,078)	(3,155)	(13,195)
Warranty provision	(656)	-	-	(656)
Expected credit loss	(520)	-	-	(520)
Other operating income	1	9	12	22
Operating profit / (loss) from continuing operations	(2,413)	1,724	(3,143)	(3,832)
Analysed as:				
Adjusted EBITDA	**1,702**	**2,582**	**(2,569)**	**1,715**
Depreciation	(811)	(454)	(12)	(1,277)
Amortisation	(268)	-	(98)	(366)
Exceptional share based payment charges	(46)	(6)	(108)	(160)
Impairment of goodwill	(1,546)	-	-	(1,546)
Exceptional IT costs	(46)	-	(123)	(169)
Foreign exchange losses	(222)	(398)	(3)	(623)
Warranty provision	(656)	-	-	(656)
Expected credit loss	(520)	-	-	(520)
Restructuring costs	-	-	(230)	(230)
Operating profit / (loss) from continuing operations	(2,413)	1,724	(3,143)	(3,832)
Finance income	18	1	-	19
Finance costs	(74)	(6)	(647)	(727)
Tax	(496)	(334)	273	(557)
(Loss) / profit after tax from continuing operations	(2,965)	1,385	(3,517)	(5,097)

4. REVENUE AND SEGMENTAL REPORTING (CONTINUED)

	Offshore Energy 2024	Marine Civils 2024	Group/ Eliminations	Total 2024
	£000	£000	£000	£000
Other information				
Reportable segment assets	17,119	11,405	22,384	50,908
Reportable segment liabilities	(12,022)	(3,673)	(7,249)	(22,944)

The goodwill and other intangible assets allocated to Group for the purposes of internal reporting are £13,903k for Offshore Energy and £2,805k for Marine Civils.

4. REVENUE AND SEGMENTAL REPORTING (CONTINUED)

	Offshore Energy 2023 Restated	Marine Civils 2023 Restated	Group/ Eliminations	Total 2023 Restated
	£000	£000	£000	£000
Revenue	**17,313**	**18,320**	**-**	**35,633**
Inventory recognised as an expense	(12,272)	(12,166)	-	(24,438)
Other cost of sales	(2,053)	(828)	-	(2,881)
Gross profit	2,988	5,326	-	8,314
% Gross profit	17%	29%	-	23%
Administrative expenses	(11,185)	(2,528)	(2,545)	(16,258)
Other operating income	6	-	12	18
Operating (loss)/ profit from continuing operations	(8,191)	2,798	(2,533)	(7,926)
Analysed as:				
Adjusted EBITDA	**(1,195)**	**3,544**	**(1,780)**	**569**
Depreciation	(862)	(298)	(12)	(1,172)
Amortisation	(418)	-	(168)	(586)
Exceptional share based payment charges	(55)	(82)	(363)	(500)
Impairment of goodwill	(4,745)	-	-	(4,745)
Exceptional bonus payments	(180)	(34)	(82)	(296)
Foreign exchange gains/(losses)	(675)	(255)	2	(928)
Restructuring costs	(61)	(77)	(130)	(268)
Operating (loss)/ profit	(8,191)	2,798	(2,533)	(7,926)
Finance income	3	1	-	4
Finance costs	(48)	(10)	(569)	(627)
Tax	521	(789)	67	(201)
(Loss) / profit from continuing operations	(7,715)	2,000	(3,035)	(8,750)

	Offshore Energy 2023 Restated	Marine Civils 2023 Restated	Group/ Eliminations	Total 2023 Restated
	£000	£000	£000	£000
Other information				
Reportable segment assets	17,391	10,169	25,695	53,255
Reportable segment liabilities	(8,175)	(3,208)	(7,219)	(18,602)

Note - Comparative figures have been restated to remove Subsea Innovation Limited as reclassified as discontinued operations.

5. EMPLOYEES AND DIRECTORS

(a) Staff numbers and costs

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

	2024	2023 Restated
	No	No
Directors	7	6
Sales	6	7
Administration	48	49
Technical	32	34
Direct labour	41	38
	133	134

Staff costs for the Group during the period were:

	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Wages and salaries	6,654	6,983
Social security costs	760	698
Defined contribution pension cost	365	313
Share based payments (note 25)	191	658
	7,970	8,652

(b) Key management compensation

Key management of the Group is considered to be the Board of Directors. Remuneration paid to the Directors is as follows:

	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Short term benefits:		
Salaries including bonuses	839	891
Social security costs	102	110
Total short-term benefits	941	1,001
Post-employment benefits:		
Defined contribution pension plan	42	30
Total remuneration	983	1,031

Share options were awarded in the year, see note 26 for details of share option plans.

5. EMPLOYEES AND DIRECTORS (continued)

Director remuneration Name of Director	Basic salary / fees £000	Share awards £000	Social security £000	Bonus £000	Company Pension contributions £000	**FY24 Total** **£000**	**FY23 Total** **£000**
A MacDonald	241	67	41	-	-	349	486
J Brown	83	-	13	-	13	94	69
D Bulmer	-	-	-	-	-	-	122
I Ritchey	69	-	7	-	7	83	38
D Wilkinson	46	-	11	40	-	97	41
L Wilkinson	168	10	22	-	19	219	234
C Welsh	40	-	4	-	-	44	20
S Lockard	53	-	-	-	-	53	21
DM Kemp	6	-	1	-	-	7	-
LB Krogsgaard	6	-	-	-	-	6	-
R Turner	25	-	3	-	3	31	-

Highest paid director

The aggregate remuneration of the highest paid Director was £349,000 (2023: £486,000), which includes pension contributions of £nil (2023: £nil), and accrued bonus costs of £nil (2023: £nil). The number of Directors accruing pension benefits under a defined contribution plan was four (2023: four).

Note - Comparative figures have been restated to remove Subsea Innovation Limited as reclassified as discontinued operations.

6. EXPENSES BY NATURE

	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Employee benefit expense	7,970	8,652
Amortisation	366	586
Depreciation – leased	494	437
Depreciation – owned	783	735
Inventory recognised as an expense	16,901	24,438
Foreign exchange losses	623	924
Other expenses	6,803	3,060
Warranty provision	656	-
Expected credit loss	520	-
Impairment of Goodwill	1,546	4,745
Total cost of sales and administrative expenses	**36,662**	**43,577**

Note - Comparative figures have been restated to remove Subsea Innovation Limited as reclassified as discontinued operations.

7. NET FINANCE COSTS

	12M ending 30 Sep 2024	12M ending 30 Sep 2023 Restated
	£000	£000
Interest payable and similar charges		
On other loans	727	627
Total interest payable and similar charges	727	627
Interest receivable and similar income		
Interest receivable	19	4
Total interest receivable and similar income	19	4
Net finance costs	**708**	**623**

Interest expense on lease liabilities was £78,000 (2023: £49,000).

Note - Comparative figures have been restated to remove Subsea Innovation Limited as reclassified as discontinued operations.

8. AUDITORS' REMUNERATION

During the year the Group obtained the following services from the Company's auditors at costs as detailed below:

	12M ending 30 Sep 2024	12M ending 30 Sep 2023
	£000	£000
Fees payable to Company's auditor for the audit of the parent company financial statements	159	145
Fees payable to Company's auditor for other services:		
– The audit of Company's subsidiaries	100	100
– Other non-audit services	8	8
	267	**253**

9. TAXATION

Analysis of credit in year	12M ending 30 Sep 2024	12M ending 30 Sep 2023
	£'000	£'000
Current tax		
Current taxation charge for the year	305	-
Adjustments in respect of prior periods	313	-
Total current tax	**618**	**-**
Deferred tax		
Origination and reversal of timing differences	(61)	201
Adjustments in respect of prior periods	-	-
Total deferred tax	**(61)**	**201**
Tax on (loss) on ordinary activities	**557**	**201**
Reconciliation of total tax charge:		
(Loss) on ordinary activities before tax	(4,540)	(9,923)
(Loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 25% (2023: 22%)	**(1,217)**	**(2,183)**
Effects of:		
Fixed asset timing differences	(59)	-
Non-deductible expenses	473	1,637
Non-taxable income	(3)	-
Enhanced R&D tax relief	-	(290)
Adjustments in relation to prior periods	313	-
Impact of unrecognised deferred tax assets	1,050	1,037
Total taxation charge	**557**	**201**

Factors that may affect future tax charges
Following the Governments announcement in October 2022 to increase the corporation tax rate to 25% from 19% with effect from April 2023, deferred tax has been calculated at a rate of 25%. Our expectation is that the Group will utilise its losses in future accounting periods at the higher rate. See note 20 Deferred Tax.

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue. Diluted earnings per share are calculated by including the impact of all conditional share awards.

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

	30 Sep 2024		30 Sep 2023	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Earnings (£000)				
Earnings for the purposes of basic and diluted earnings per share being profit/(loss) for the year attributable to equity shareholders	(5,097)	(1,316)	(8,750)	(1,374)
Number of shares				
Weighted average number of shares for the purposes of basic earnings per share	136,305,536	136,305,536	94,694,962	94,694,962
Weighted average dilutive effect of conditional share awards	8,281,261	8,281,261	4,346,203	4,346,203
Weighted average number of shares for the purposes of diluted earnings per share	144,586,797	144,586,797	99,041,165	99,041,165
Profit per ordinary share (pence)				
Basic profit per ordinary share	(3.74)	(0.97)	(9.24)	(1.45)
Diluted profit per ordinary share	(3.74)	(0.97)	(9.24)	(1.45)
Adjusted loss per ordinary share (pence)*	**(1.00)**	**(0.97)**	**(3.19)**	**(1.30)**

The calculation of adjusted earnings per share is based on the following data:

	30 Sep 2024		30 Sep 2023	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	£000	£000	£000	£000
(Loss) for the period attributable to equity shareholders	(5,097)	(1,316)	(8,750)	(1,374)
Add back:				
Impairment of goodwill	1,546	-	4,745	-
Amortisation on acquired intangible assets	98	-	168	-
Exceptional share based payment	160	-	508	-
Exceptional staff costs (restructuring/bonus)	230	-	296	134
Exceptional IT costs	169	-	-	-
Warranty provision	656	-	-	-
Expected credit loss	520	-	-	-
Tax effect on above	351	-	22	-
Adjusted earnings	**(1,367)**	**(1,316)**	**(3,011)**	**(1,240)**

*Adjusted earnings per share is calculated as profit for the period adjusted for amortisation as a result of business combinations, one off items, share based payments and the tax effect of these at the effective rate of corporation tax, divided by the closing number of shares in issue at the Balance Sheet date. This is the measure most commonly used by analysts in evaluating the business' performance and therefore the Directors have concluded this is a meaningful adjusted EPS measure to present.

11. GOODWILL AND OTHER INTANGIBLES

	Goodwill	Software	Product development	Trade name	Customer relationships	Total
	£000	£000	£000	£000	£000	£000
COST						
As at 1 October 2022	**26,292**	**294**	**3,503**	**1,289**	**1,870**	**33,248**
Additions	-	-	311	-	-	311
As at 30 September 2023	**26,292**	**294**	**3,814**	**1,289**	**1,870**	**33,559**
Additions	150	-	85	-	-	235
Disposals	-	(272)	(845)	-	-	(1,117)
Discontinued operations	(234)	-	(880)	(738)	(445)	(2,297)
As at 30 September 2024	**26,208**	**22**	**2,174**	**551**	**1,425**	**30,380**
AMORTISATION AND IMPAIRMENT						
As at 1 October 2022	**4,109**	**155**	**2,134**	**455**	**1,831**	**8,684**
Amortisation charge for the year	-	139	456	129	39	763
Impairment charge	4,745	-	-	-	-	4,745
As at 30 September 2023	**8,854**	**294**	**2,590**	**584**	**1,870**	**14,192**
Amortisation charge for the year	-	-	385	98	-	483
Eliminated on disposal	-	(272)	(844)	-	-	(1,116)
Impairment charge	1,546	-	-	-	-	1,546
Discontinued operations	-	-	(576)	(412)	(445)	(1,433)
As at 30 September 2024	**10,400**	**22**	**1,555**	**270**	**1,425**	**13,672**
NET BOOK VALUE						
As at 30 September 2022	**22,183**	**139**	**1,369**	**834**	**39**	**24,564**
As at 30 September 2023	**17,438**	**-**	**1,224**	**705**	**-**	**19,367**
As at 30 September 2024	**15,808**	**-**	**619**	**281**	**-**	**16,708**

The remaining amortisation periods for software and product development are 6 months to 48 months (2023: 6 months to 48 months).

11. GOODWILL AND OTHER INTANGIBLES (continued)

Goodwill has been tested for impairment. The method, key assumptions and results of the impairment review are detailed below:

Goodwill is attributed to the CGU being the division in which the goodwill has arisen. The Group has 2 CGUs and the goodwill related to each CGU as disclosed below.

Goodwill	2024	2023
	£000	£000
Offshore Energy Division	13,218	14,848
Marine Civils Division	2,590	2,590

Goodwill is allocated to two CGUs being Offshore Energy and Marine Civils. Goodwill has been tested for impairment by assessing the value in use of the cash generating unit. The value in use has been calculated using budgeted cash flow projections for the next 5 years. The forecasts have been compiled at individual CGU level with the first year modelled around the known contracts which the entities have already secured or are in an advanced stage of securing. A targeted revenue stream based on historic revenue run rates has then been incorporated into the cashflows to model contracts that are as yet unidentified that are likely be won and completed in the year. The forecasts for years 2 to 5 are based on assumed compound annual growth rates (CAGR). The CAGR applied across the 5-year period were 15.1% for the Offshore Energy CGU and 10% for the Marine Civils CGU. Gross margin assumptions applied range from the overall group margin for FY24 to a level in line with the margin reported for the Marine Civils segment. The value in use calculation models an increase in revenue for both CGU's of 2% into perpetuity after year 5.

The cashflow forecasts assume growth in revenue and a corresponding increase in gross margin levels across the Group to bring the overall group margin broadly in line with the margin reported for the Marine Civils segment. These growth rates are based on past experience and market conditions and discount rates are consistent with external information. The growth rates shown are the average applied to the cash flows of the individual cash generating units and do not form a basis for estimating the consolidated profits of the Group in the future.

In addition to growth in revenue and profitability, the key assumptions used in the impairment testing were as follows:

- A post tax discount rate of 14.3 % WACC (FY23 15.5%) estimated using a weighted average cost of capital adjusted to reflect current market assessment of the time value of money and the risks specific to the Group
- Terminal growth rate percentage of 2% (FY23: 2%)

The discount rate used to test the cash generating units was the Group's post-tax WACC of 14.3%. The goodwill impairment review has been tested against a reduction in free cashflows. The Group considers free cashflows to be EBITDA less any required capital expenditure and tax.

Marine Civils
The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate sufficient headroom for the goodwill carrying value in the Marine Civils CGU.

11. GOODWILL AND OTHER INTANGIBLES (continued)

Offshore Energy

The value in use calculations performed for the impairment review were £1,546k lower than the carrying value of the Offshore Energy CGU. As a result, an impairment charge of £1,546k has been recognised in the P&L for the year ended 30 September 2024 against the goodwill apportioned to the Offshore Energy CGU.

The value in use calculations have a range of assumptions, which if changed would lead to a change in the impairment charge recognised. To assess these changes management have run a model which sensitises the assumption on EBITDA generated in the offshore wind division.

In the base case model, management have assumed varying growth rates across the 5 year period, with an average CAGR across the period of 15.1%. If the CGU fell short of the revenue growth by 1% in each year and gross margin fell by 1% in each period of the model a further impairment of £4,707k would be recognised. If revenue is stable but gross margin fell by 1% in each period of the model a further impairment of £2,042k would be recognised.

The base case model assumes a post-tax discount rate of 14.3%. If the discount rate used were to increase by 1%, a further impairment of £1,923k would be recognised.

All amortisation charges have been treated as an expense and charged to cost of sales and operating costs in the income statement.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Leasehold improvements	Plant and equipment	Fixtures and Fittings	Motor vehicles	Computer equipment	Right of use asset	Total
	£000	£000	£000	£000	£000	£000	£000	£000
COST								
As at 1 October 2022	**2,988**	**922**	**7,088**	**1,231**	**11**	**490**	**3,409**	**16,139**
Additions	70	23	876	2	22	30	1,262	2,285
Disposals	-	-	(133)	(923)	-	(26)	(1,549)	(2,631)
Forex on consolidation	-	-	(3)	-	-	-	-	(3)
As at 30 September 2023	**3,058**	**945**	**7,828**	**310**	**33**	**494**	**3,122**	**15,790**
Additions	-	225	1,294	133	-	46	274	1,972
Disposals	-	(18)	(1,121)	(6)	(12)	(348)	(1,541)	(3,046)
Forex on consolidation	-	-	(12)	-	-	-	-	(12)
Lease modification	-	-	-	-	-	-	201	201
Discontinued operations	-	-	(904)	-	(21)	-	(138)	(1,063)
Reclassify to Investment Property	(2,842)	-	-	-	-	-	-	(2,842)
As at 30 September 2024	**216**	**1,152**	**7,085**	**437**	**-**	**192**	**1,918**	**11,000**
DEPRECIATION								
As at 1 October 2022	**22**	**922**	**4,781**	**1,164**	**11**	**436**	**2,920**	**10,256**
Charge for the year	54	1	715	41	-	32	484	1,327
Eliminated on disposal	-	-	(130)	(904)	-	(26)	(1,539)	(2,599)
Forex on consolidation	-	-	(2)	-	-	-	-	(2)
As at 30 September 2023	**76**	**923**	**5,364**	**301**	**11**	**442**	**1,865**	**8,982**
Charge for the year	27	2	871	20	3	27	415	1,365
Eliminated on disposal	-	(18)	(1,031)	(6)	(12)	(344)	(1,542)	(2,952)
Revaluations	(71)	-	-	-	-	-	-	(71)
Forex on consolidation	-	-	(7)	-	-	-	-	(7)
Discontinued operations	(9)	-	(740)	-	(3)	-	(75)	(827)
As at 30 September 2024	**23**	**907**	**4,456**	**315**	**-**	**125**	**660**	**6,486**
NET BOOK VALUE								
As at 30 September 2022	**2,966**	**-**	**2,307**	**67**	**-**	**54**	**489**	**5,883**
As at 30 September 2023	**2,982**	**22**	**2,464**	**9**	**22**	**52**	**1,257**	**6,808**
As at 30 September 2024	**193**	**245**	**2,629**	**122**	**-**	**67**	**1,258**	**4,514**

Depreciation charges are allocated to administrative expenses in the income statement. The carrying value of the right of use asset relates to property leases (£1,127k), plant and equipment assets (£108k) and employee electric car scheme (£23k).

12. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 September 2024, freehold property with a carrying value of £nil were subject to a fixed and floating charge that forms security for the bank borrowings disclosed in note 19.

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with IAS 16 Property, plant and equipment.

Freehold Property

	30 Sep 2024	30 Sep 2023
	£000	£000
At fair value		
30 September 2022	2,988	2,988
Aggregate depreciation thereon	(137)	(54)
Transfer to investment property	(2,851)	-
Net book value	-	2,934
Historical cost of revalued assets	2,656	2,656
Aggregate depreciation thereon	(530)	(499)
Discontinued operations	(2,126)	
Historical cost net book value	-	2,157

13. INVESTMENT PROPERTY

Investment property includes commercial properties in England which are owned to earn rentals and for capital appreciation.

Changes to carrying amounts are as follows:

	30 Sep 2024	30 Sep 2023
	£'000	£'000
Fair value 1 October	-	-
Transferred from freehold property	2,842	-
Change in fair value – revaluation	-	-
Fair value 30 September	**2,842**	**-**

The investment property is either leased to third parties on operating leases or are vacant. Rental income of £nil (2023: £nil) is shown within other operating income. There are no expenses in relation to the investment property.

Although the risks associated with rights the Group retained underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. The under guaranteed residual values do not represent significant risk for the Group, as they relate to property which is located in a location where market value, year on year, has always remained stable with trivial fluctuations. For example, ensuring the contract includes clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term. The lessee does not have an option to purchase the property at the end of the lease expiry period.

The lease contract was initially signed for one year at zero rentals, with the option to extend at the end of the period in May 2025 at which time annual lease charges will be agreed.

The property was valued using by an independent valuer (G F White LLP) on 3rd January 2025. The revaluation of investment property in the year resulted in no change in valuation during the period.

14. INVESTMENTS

Subsidiary undertakings of the Group
Details of the investments in which the Group holds 20 per cent or more of the nominal value of any class of share capital are as follows:

	Class of share capital held	Proportion held By Parent Company	Proportion held By the Group
Tekmar Limited	Ordinary	100%	100%
Tekmar Holdings Limited	Ordinary	-	100%
Tekmar EBT Limited	Ordinary	-	100%
Tekmar Energy Limited	Ordinary	-	100%
Pipeshield International Limited	Ordinary	100%	100%
Pipeshield Company Limited	Ordinary	-	100%
Pipeshield International Trading LLC	Ordinary	-	100%
Tekmar Polyurethanes Limited	Ordinary	-	100%
Tekmar GmbH	Ordinary	-	100%
AgileTek Engineering Limited	Ordinary	-	100%
Ryder Geotechnical Limited	Ordinary	-	100%
Tekmar Marine Technology Company Limited	Ordinary	-	100%

On 13th November 2023, the Group purchased a further 200 shares in Ryder Geotechnical limited representing the remaining 20 per cent of share capital for £200,000. The Group now owns 100 per cent of the share capital of Ryder Geotechnical limited. There are no non-controlling interests.

All the companies listed above are incorporated in England and Wales, and have a registered address of Grindon Way, Aycliffe Business Park, Newton Aycliffe, DL5 6SH with the following exceptions:

Company	Country of Incorporation	Address
Pipeshield International Trading LLC	UAE	C2 Al Buttien Building, Office 642
Pipeshield Company Limited	Saudi Arabia	Dammam, KSA, Po Box 130 31952
Tekmar GmbH	Germany	Möllneyer Ufer 17, 45257 Essen, Germany
Tekmar Marine Technology Company Limited	China	Room 301,3F,No.1271 West Beijing Road, Jingan District, Shanghai, China

14. INVESTMENTS (continued)

There are no restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group's subsidiaries. The principal activities of these undertakings for the last relevant financial period were as follows:

Company	Principal activity
Tekmar Limited	Holding of shares in subsidiary companies and the management thereof
Tekmar Holdings Limited	Holding of shares in subsidiary companies and the management thereof
Tekmar EBT Limited	Corporate trustee for an employee benefit trust established to facilitate employee share ownership
Tekmar Energy Limited	Design and manufacture of subsea protection solutions for use in offshore subsea industry
Pipeshield International Limited	Design and manufacture of subsea asset protection
Pipeshield International Trading LLC	Design and manufacture of subsea asset protection
Pipeshield Company Limited	Design and manufacture of subsea asset protection
Tekmar Polyurethanes Limited	Dormant
Tekmar GmbH	Investment
AgileTek Engineering Limited	Engineering consulting for subsea environments
Ryder Geotechnical Limited	Geotechnical consulting for subsea environments
Tekmar Marine Technology Company Limited	Sales and project management for Asia Pacific region

14. INVESTMENTS (continued)

On 2nd May 2024, the Group disposed of its 100% equity interest in its subsidiary, Subsea Innovation Limited. The subsidiary was classified as held for sale in the March 2024 interim results.

The consideration was deferred but is expected to be fully received by May 2025. £209k was received by 30 September 2024, with a further £1.2m being received post year end.

At the date of disposal, the carrying amount of Subsea Innovation's net assets were as follows:

	2 May 2024 £000
Non-current assets	
Property, plant and equipment	235
Goodwill and other intangibles	863
	1,098
Current assets	
Inventory	168
Trade and other receivables	3,919
Cash and cash equivalents	59
	4,146
Non-current liabilities	
Other interest bearing loans and	(17)
Deferred tax liability	(62)
	(79)
Current liabilities	
Other interest bearing loans and	(44)
Trade and other payables	(2,041)
Provisions	(22)
	(2,107)
Total net assets	**3,058**
Total consideration	1,688
(Loss) on disposal	(1,370)

14. INVESTMENTS (continued)

The loss on disposal is included in the loss for the year from discontinued operations in the consolidated statement of profit or loss. See note 28.

Consideration received:

	£000
Cash received in the year	209
Deferred consideration	1,742
Less legal fees	(263)
Total consideration	1,688

15. INVENTORIES

	30 Sep 2024	30 Sep 2023
	£000	£000
Raw materials	1,027	1,489
Work in Progress	83	28
Finished goods	769	610
	1,879	**2,127**

All inventory items are carried at the lower of cost or net realisable value.

16. TRADE AND OTHER RECEIVABLES

	30 Sep 2024	30 Sep 2023
	£000	£000
Amounts falling due within one year:		
Trade receivables not past due	3,978	2,963
Trade receivables past due (1-30 days)	1,517	4,822
Trade receivables past due (over 30 days)	2,744	5,547
Trade receivables not yet due (retentions)	259	650
Expected credit loss	(520)	-
Trade receivables net	**7,978**	**13,982**
Contract assets	3,590	4,628
Other receivables	637	328
Warranty insurance debtor	5,165	-
Prepayments and accrued income	977	796
Deferred consideration on sale of subsidiary	1,742	-
Derivative asset	247	-
	20,336	**19,734**

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are assessed by management for credit risk and are considered past due when a counterparty has failed to make a payment when that payment was contractually due. Management assesses trade receivables that are past the contracted due date by up to 30 days and by over 30 days.

The carrying amounts of the Group's trade and other receivables are all denominated in GBP, USD, EUR and RMB.

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables arising from sale of goods and provision of consultancy services
- Contract assets relating to the sale of goods and provision of consultancy services

The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

1. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
2. The time value of money.
3. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

<u>Methodology</u>
The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns by geographical region and product type. The expected loss rates are based on the payment profiles of sales over a period of 5 years before 30 September 2024.

16. TRADE AND OTHER RECEIVABLES (continued)

To measure the expected credit losses, trade receivables and contract assets have been Grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Key Assumptions
The key assumptions used in estimating ECL are as follows:
- Historical credit loss experience.
- Adjustments for forward-looking information such as economic forecasts and industry trends.
- The impact of macroeconomic factors on the creditworthiness of customers.

On that basis, the loss allowance as at 30 September 2024 and 30 September 2023 was determined as follows for both trade receivables and contract assets:

31 Sep 24 - £'000	**Not yet due**	**< 3 Months past due**	**3m – 12m past due**	**> 12m past due**
Expected loss rate	0%	0%	0%	23%
Carrying amount – Trade receivables	4,273	2,240	-	2,021
Carrying amount – Contract assets	3,590	-	-	-
Loss Allowance	Nil	Nil	Nil	520

Historically the Group has recovered 100% of receivable balances and no credit losses have previously been accounted for. The Group continues to operate in global markets where payment practices surrounding large contracts can be different to those within Europe. The flow of funds on large capital projects within China tend to move only when the windfarm developer approves the completion of the project.

The Group has a number of trade receivable balances, within its subsidiary based in China, which have been past due for more than 1 year. At 30th September 2024 the value of these overdue trade receivables was £2.0m, of a total outstanding trade receivable balance for the entity of £2.2m, These amounts remain outstanding at the approval of the financial statements. The Group made an expected credit loss provision in relation to the outstanding balances due to its Subsidiary within China. The provision is calculated on the weighted probabilities of the potential range of outcomes in relation to the outstanding balance.

All other receivables are considered to be 100% recoverable on the basis that previous trading history sets a precedent that these balances will be received.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment discussion with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.
Reconciliation of Loss Allowance

16. TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance for credit losses during the year was as follows:

£'000	30 Sep 2024	30 Sep 2023
Opening balance	-	-
Increase in loss allowance	520	-
Closing Balance	**520**	**-**

17. CASH AND CASH EQUIVALENTS

	30 Sep 2024	30 Sep 2023
	£000	£000
Cash and cash equivalents		
Cash at bank and in hand	4,630	5,219

Cash and cash equivalents were held in the following currencies:

	30 Sep 2024	30 Sep 2023
	£000	£000
UK Pound	410	2,746
Euro	13	142
US Dollar	4,042	1,892
Other	165	439
	4,630	**5,219**

18. TRADE AND OTHER PAYABLES

	30 Sep 2024	30 Sep 2023
	£000	£000
Current		
Trade payables	5,858	4,396
Tax and social security	554	312
Accruals	1,358	3,010
Contract liabilities	670	1,651
Other creditors	63	-
Derivative financial liability	-	29
	8,503	**9,398**

	30 Sep 2024	30 Sep 2023
	£000	£000
Non-current		
Deferred government grants	-	327
	-	**327**

Trade and other payables are all current and any fair value difference is not material. The derivative financial liability relates to forward foreign currency contracts. Forward currency contracts are revalued using the period end spot rate.

The deferred government grant related to the building of innovation in house. This building was acquired by Tekmar Group Plc prior to the disposal of Subsea Innovation limited in May 2024. The remaining deferred grant was released by Subsea innovation limited on the sale of the building.

Contract liabilities have reduced in the year mainly due to timing of ongoing projects, how far through the work we are versus what cash was received in advance.

19. BORROWINGS

	30 Sep 2024	30 Sep 2023
	£000	£000
Current		
Trade Loan Facility	3,183	3,575
Lease liability	371	471
CBILS Bank Loan	3,000	3,000
	6,554	**7,046**
Non-current		
Lease liability	924	834
	924	**834**

	2024	2023
	£000	£000
Amount repayable		
Within one year	6,554	7,049
In more than one year but less than two years	344	327
In more than two years but less than three years	351	290
In more than three years but less than four years	175	214
In more than four years but less than five years	54	-
	7,478	**7,880**

The above carrying values of the borrowings equate to the fair values.

	2024	2023
	%	%
Average interest rates at the balance sheet date		
Lease liability	5.92	5.60
Trade Loan Facility	7.19	7.50
CBILS Bank Loan	7.50	7.50

The CBILS Bank Loan was renewed in July 2024 and is due for maturity on 31 October 2025. The trade Loan Facility has been renewed in July 2024 and is due for Maturity on 31 July 2025, as described in note 2b.

Lease liability

This represents the lease liability recognised under IFRS 16. The assets leased are shown as a right of use asset within Tangible Fixed Assets (note 12) and relate to the buildings from which the Group operates, along with leased items of equipment and computer software.

The asset and liability have been calculated using a discount rate between 3.25% and 7.25% based on the inception date of the lease.

These leases are due to expire between October 2024 and June 2029.

19. BORROWINGS (continued)

Cash flows from financing activities
An analysis of cash flows from financing activities is provided as follows:

	Lease liabilities £000	Loans & Borrowings £000	Total £000
Balance at 1 October 2022	402	6,990	7,392
Changes from financing cash flows			
Proceeds from loans & borrowings	-	11,526	11,526
Payment of loans & borrowings		(11,941)	(11,941)
Payment of lease liabilities	(414)	-	(414)
Total changes from financing cash flows	**(414)**	**(415)**	**(829)**
Other changes			
New leases	1,270	-	1,270
Interest expense	47	505	552
Payment of interest	-	(505)	(505)
Total other changes	1,317	**-**	**1,317**
Balance at 30 September 2023	**1,305**	**6,575**	**7,880**
Balance at 1 October 2023	1,305	6,575	7,880
Changes from financing cash flows			
Proceeds from loans & borrowings	-	11,413	11,413
Repayment of Loans & Borrowings	-	(11,805)	(11,805)
Payment of lease liabilities	(514)	-	(514)
Total changes from financing cash flows	**(514)**	**(392)**	**(906)**
Other changes			
New leases	494	-	494
Interest expense	78	569	647
Payment of interest	-	(569)	(569)
Adjustments to lease calculation	(8)	-	(8)
Disposal r.e. discontinued operations	(60)	-	(60)
Total other changes	**504**	**-**	**504**
Balance at 30 September 2024	**1,295**	**6,183**	**7,478**

20. PROVISIONS & CONTINGENT LIABILITIES

Provisions are split between current and non-current. The carrying amounts and the movements in the provision account are as follows:

	Onerous contracts	Warranty provision	Total
	£000	£000	£000
Carrying amount at 1 October 2022	-	-	-
Additional provision	465	-	465
Amounts utilised	-	-	-
Reversals	-		-
Carrying amount at 30 September 2023	**465**	**-**	**465**
Carrying amount at 1 October 2023	465	-	465
Additional provision	-	5,821	5,821
Amounts utilised	(404)	-	(404)
Reversals	-		-
Carrying amount at 30 September 2024	**61**	**5,821**	**5,882**

£5.2m of the warranty provision has been included as current liability as outflow of economic resources is expected within one year. The remaining provision (£0.7m) is expected to be paid in a period of greater than one year and therefore is included in non-current liabilities.

Onerous Contracts

The provision unwound in the year ending 30 September 2024 is for onerous contracts. The Group has assessed that the unavoidable costs of fulfilling the contract obligations exceed the economic benefits expected to be received from the contract. The provision relates to one contract in the offshore energy division (2023: two contracts) which are expected to be completed in the year ending September 2025.

Warranty Provisions

As noted by the Group in prior public announcements, there is a historic industry-wide issue regarding abrasion of legacy cable protection systems installed at off-shore windfarms. The precise cause of the issues in each instance is not always clear and could be as a result of a number of factors, such as the decision by windfarm developers to exclude a second layer of rock to stabilise the cables.

Since the emergence of the issue, Tekmar has been committed to working with relevant installers and operators, including directly with customers who have highlighted this issue, to investigate further the root cause and assist with identifying potential remedial solutions. This has been undertaken without prejudice and on the basis that Tekmar has consistently denied any responsibility for these issues. Given the extensive uncertainties the, the RCA investigations have not concluded that the Tekmar products are defective.

Post the financial year end, the Group entered commercial settlement discussions with [2 customers] to resolve disputes related to the legacy defect notifications on 9 projects with alleged CPS failures. The aggregate of the expected outflows under the proposed settlement is £5.2m in full and final settlement of the 9 claims. The provision has been estimated based on the proposed settlement value. In addition to the above a further provision of £0.7m has been made in respect of 1 legacy project with one of the above customers.

20. PROVISIONS & CONTINGENT LIABILITIES (continued)

Working in collaboration with the relevant 2 customers, Tekmar have sought to explore insurance available for such matters not withstanding Tekmar's position regarding responsibility and liability. In this regard, the Group have negotiated a commercial settlement with its EXPL insurance provider of £5.2m in relation to the above claims. The insurance proceeds are available for use at the discretion of the Group in settlement of the above claims, with any unused cash repayable to the insurer. The insurance receipt post year end is evidence that the insurance amount was virtually certain at year end, as such the Group have recognised the insurance income in the year ended 30 September 2024 with a corresponding insurance receivable recognised in the statement of financial position at 30 September 2024.

Tekmar has received a further defect notification in relation to incorrect/out of specification coating application on 1 historic project. The nature of this defect notification is entirely separate to the legacy defect issues disclosed above. There are a number of units which have been installed in relation to the this legacy project and discussions with the customer are ongoing in regards to the solution. Management believe that the most likely solution would result in an outflow of economic benefits of c£0.2m to provide a resolution to the issue.

The expected outflow of economic resources from the warranty matters has been recognised as an expense on the face of the statement of profit and loss for the year ended 30 September 2024. This value is shown net of the insurance receivable in accordance with IAS 37.

Tekmar Group plc has taken exemption under IAS37, Paragraph 92 to not disclose information on the uncertainties in relation to timing and the assumptions used to calculate the provision as this could prejudice seriously the position of the entity in a dispute with other parties on the subject matter as a result of the early stage of settlement discussions.

<u>CONTINGENT LIABILITIES</u>

Contingent liabilities are disclosed in the financial statements when a possible obligation exists, the existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable.

As noted by the Group in prior public announcements, there is a historic industry-wide issue regarding abrasion of legacy cable protection systems installed at off-shore windfarms. The precise cause of the issues in each instance is not always clear and could be as a result of a number of factors, such as the decision by windfarm developers to exclude a second layer of rock to stabilise the cables.

Tekmar is committed to working with relevant installers and operators, including directly with customers who have highlighted this issue, to investigate further the root cause in each case and assist with identifying potential remedial solutions. This is being done without prejudice and on the basis that Tekmar has consistently denied any responsibility for these issues. However, given these extensive uncertainties and level of variabilities at this early stage of investigations no conclusions can yet be made.

Tekmar have been presented with defect notifications for 2 legacy projects (in addition to those disclosed as provisions) on which it has supplied cable protection systems ("CPS"). These defect notifications have only been received on projects where there was an absence of the second layer of rock traditionally used to stabilise the cables.

At this stage management do not consider that there is a present obligation arising under IAS37 as insufficient evidence is available to identify the overall root cause of the damage to any of the CPS. Independent technical experts have been engaged to determine the root cause of the damage to the CPS, Tekmar have reviewed the assessments and concluded that a present obligation does not exists.

Management acknowledges that there are many complexities with regards to the alleged defects which could lead to a range of possible outcomes. Given the range of possible outcomes, management considers that a possible obligation exists which will only be confirmed by further technical investigation to identify the root cause of alleged CPS failures. As such management has disclosed a contingent liability in the financial statements.

20. PROVISIONS & CONTINGENT LIABILITIES (continued)

Tekmar Group plc has taken exemption under IAS37, Paragraph 92 to not disclose information on the range of financial outcomes, uncertainties in relation to timing and any potential reimbursement as this could prejudice seriously the position of the entity in a dispute with other parties on the subject matter as a result of the early stage of discussions.

21. DEFERRED TAX

	30 Sep 2024			30 Sep 2023		
	Asset	Liability	Net	Asset	Liability	Net
	£000	£000	£000	£000	£000	£000
At start of year	411	(914)	(503)	267	(580)	(313)
(Charge) / Credit to income statement	(69)	130	61	135	(336)	(201)
Credit on other comprehensive income	4	-	4	9	2	11
Discontinued operations	(14)	218	204	-	-	-
At end of year	332	(566)	(234)	411	(914)	(503)

The deferred tax liability relates to the following:

	30 Sep 2024			30 Sep 2023		
	Asset	Liability	Net	Asset	Liability	Net
Accelerated capital allowances on property, plant & equipment	4	(548)	(544)	-	(603)	(603)
On share based payments	97	-	97	190	-	190
Other timing differences	231	(18)	213	221	(311)	(90)
	332	(566)	(234)	411	(914)	(503)

Other timing difference relate to the deferred tax liability arising on the property revaluation.

In addition to the deferred tax liability above, the Group has additional unrecognised gross tax losses of £22,747,000 (2023: £18,871,000), hence an unrecognised deferred tax asset of £5,686,827 (2023: £4,717,750). These assets remain unrecognised as there is expected to be sufficient relief available in the businesses that hold the losses to mean it is unlikely that the losses will be used over the medium term and therefore the benefit derived from them is too uncertain to warrant recognition of an asset.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management
The Group uses various financial instruments. These have historically included cash, forward foreign exchange contracts, issued equity instruments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments are to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk
Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. The Group's policies for managing interest rate risk are set out in the subsection entitled "interest rate risk" below.

Currency risk
The Group contracts with certain customers in Euros, US dollars and Chinese Yuan. It manages this foreign currency risk through creating natural hedges on contracts by offsetting outflows in particular currencies against the inflow in that currency on particular contracts. Further to this, the Group uses forward foreign exchange contracts and foreign currency options which match the expected receipt of foreign currency income. At 30 September 2024 this covers the period up to March 2026 (As at 30 September 2023 the period to October 2024).

The table below shows the impact in GBP to the profit & loss account and net assets of the Group (excluding any changes in the fair value of derivatives) if there had been a 5% difference in the year end exchange rates:

At 30 September 2024	Eur	USD	QAR	AED	SAR	RMB	**Total**
	£000	£000	£000	£000	£000	£000	**£000**
+5%	(95)	(302)	(2)	7	(36)	(115)	**(542)**
-5%	105	334	2	(8)	39	127	**599**

At 30 September 2023	Eur	USD	SAR	AED	SAR	RMB	**Total**
	£000	£000	£000	£000	£000	£000	**£000**
+5%	(215)	(289)	21	5	1	(263)	**(740)**
-5%	163	319	(23)	(5)	291	(1)	**744**

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

The Group policy throughout the period has been to ensure continuity of funding. Short-term flexibility is achieved by bank loan facilities.

The table below analyses the Group’s non-derivative and derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 September 2024	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Borrowings	6,183	-	-	-
Lease Obligations	371	344	580	-
Trade and other payables	7,216	-	-	-

At 30 September 2023	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Borrowings	6,575	-	-	-
Lease Obligations	474	327	290	214
Trade and other payables	4,181	-	-	-

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Directors' policy to manage interest rate fluctuations is to regularly review the costs of capital and the risks associated with each class of capital, and to maintain an appropriate mix between fixed and floating rate borrowings.

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group’s policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on any trade receivables balance at each annual reporting date.

In addition, the Group does not hold any collateral relating to other financial assets (eg derivative assets, cash and cash equivalents held with banks) at each annual reporting date.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

The Directors have assessed Group's trade receivables for the year ended 30 September 2024 and recorded an expected credit loss provision of £0.5m. See note 3 for critical accounting estimates made regarding credit loss provisions and note 16 for further information on financial assets that are past due.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Summary of financial assets and liabilities by category
The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2024 £000	2023 £000
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	20,421	19,807
Cash and cash equivalents	4,630	5,219
Financial assets measured at FVTPL		
Forward foreign exchange contracts	247	-
	25,298	25,026
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Forward foreign exchange contracts	-	(29)
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings	(924)	(834)
Current:		
Borrowings	(6,554)	(7,046)
Trade payables	(5,858)	(4,859)
	(13,336)	(12,768)
Net financial assets and liabilities	11,962	12,258

Financial instruments carried at fair value include forward foreign exchange contracts which are valued using Level 2 inputs in accordance with IFRS 13.

Capital risk management
The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the Board based on the requirements of the business. Capital for the reporting period under review is shown as total equity in the table above.

23. SHARE CAPITAL

	Ordinary shares £0.01 Number	Ordinary Share Total £
At 30 September 2022	**60,960,234**	**609,602**
Issued during the period	75,112,392	751,124
At 30 September 2023	**136,072,626**	**1,360,726**
Issued during the period	1,197,353	11,974
At 30 September 2024	**137,269,979**	**1,372,700**

The new shares issued during the period arose from the exercise of share options (1,197,353 shares) (see Note 26). The nominal value of these shares £1,337.40 were not fully paid at year end, all other shares issued have been fully paid. These shares were issued for £0.01 per share.

4,111,548 shares were issued during 2023 relating to share-based payments (see Note 26 for details on the Group's share-based employee remuneration programmes). These shares were issued for £0.09 per share.

The Group issued 71,000,844 shares on 19 April 2023, corresponding to 52% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of Tekmar Group plc. These shares were issued for £0.09 per share

Proceeds received in addition to the nominal value of the shares issued in FY23 have been included in share premium, less registration and other regulatory fees and net of related tax benefits. The value of new shares charged to equity amounted to £nil (2023: £ 5,300,000). The costs associated with the issue of new shares amounted to £nil (2023: £1,141,593) and has been accounted for as a deduction to share premium.

24. RELATED PARTY TRANSACTIONS

The Directors consider there to be no ultimate controlling party following Admission in June 2018.

SCF – IX, L.P hold 32.1% shareholding in Tekmar Group plc and are considered by the directors to be a person with significant control through ownership of more than 25% but not more than 50% of the ordinary share capital and voting rights.

Related party transactions with the Company are as follows:

During the period, Tekmar Group plc procured entertainment events from Sport2Group Limited, a business which Alasdair Macdonald is a director. Costs relating to this purchase during the period were £24,000 (2023: £24,000). No amounts were due at the period end.

During the period Tekmar Group plc procured consultancy services from Elan Solutions UK Ltd, a business which Richard Turner is a director. Costs relating to this purchase during the period were £11,000 (2023: £nil). £11,000 was payable to Elan Solutions Limited at the period end (2023: £nil).

During the period Tekmar Group plc procured consultancy services from Craigshannoch Limited, a business which Colin Welsh is a director. Costs relating to this purchase during the period were £11,000 (2023: £nil). £1,000 was payable to Craigshannoch Limited at the period end (2023: £nil).

Key management compensation is given in note 5 (b), this includes remuneration to S Lockard and C Welsh who are partners of SCF – IX LP.

25. SHARE BASED PAYMENTS

During the year the Group operated four equity-settled share-based payment plans (2023: four) as described below.

The Tekmar Group plc Long Term Incentive Plan ("LTIP")
The LTIP is a discretionary executive share plan under which the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees nil or nominal cost options, options with a market value exercise price, conditional or restricted awards. All employees are eligible for selection to participate in the plan.

The Tekmar Group plc Retention Plan ("Retention")
The retention is a discretionary executive share plan under which the Board may, within certain limits and subject to any applicable service conditions, grant to eligible employees nil or nominal cost options, options with a market value exercise price, conditional or restricted awards. All employees are eligible for selection to participate in the plan.

The Tekmar Group plc Share Incentive Plan ("SIP")
The SIP is an all-employee ownership plan under which eligible employees may be awarded free and/or matching shares. The SIP operates through a UK-resident trust (the "SIP Trust"). On 13 September 2018 the Company issued 42,691 shares of £0.01 each in the Company. The shares will be held in trust for a minimum holding period of 3 years and there is a forfeiture period of 3 years during which employees who participated in the SIP will lose their Award if they resign or are dismissed from their employment.

On 15 September 2021 the Company issued 241,376 shares of £0.01 each in the Company. The shares will be held in trust for a minimum holding period of 3 years and there is a forfeiture period of 3 years during which employees who participated in the SIP will lose their Award if they resign or are dismissed from their employment.

The Tekmar Group plc Save as you earn Plan ("SAYE")
The SAYE is an all-employee ownership plan under which eligible employees are invited to subscribe for options over the Company's shares which may be granted at a discount of up to 20%. On 31 March 2021 the Company launched the a further SAYE plan (SAYE 2021) and options over 190,252 shares were granted to 52 staff. There is a forfeiture period of 3 years during which employees who participated in the SAYE will lose their award if they resign or are dismissed from their employment. On 31 March 2022 the Company launched the a further SAYE plan (SAYE 2022) and options over 550,393 shares were granted to 21 staff. On 31 March 2023 the Company launched a further SAYE plan (SAYE 2023) and options over 3,306,238 shares were granted to 43 staff. There is a forfeiture period of 3 years during which employees who participated in the SAYE will lose their award if they resign or are dismissed from their employment.

The Tekmar Group plc Management shares awarded
In 2013 Tekmar Group plc awarded 4,075,788 shares to senior management team members in settlement of annual bonuses. These share awards have been accounted for as share based payments under IFRS2.

25. SHARE BASED PAYMENTS (CONTINUED)

A summary of the options granted is shown in the table below:

Plan	1 October 2023	Granted in the period	Exercised in the period	Lapsed in the period	30 September 2024 share options outstanding	Vesting period	Exercise period
SIP	28,589	-	-	(11,451)	17,138	3 years	10 years
SAYE	3,445,474	1,045,472	-	(2,356,552)	2,134,394	3 years	10 years
Retention	17,073	-	(17,073)	-	-	3 years	10 years
LTIP	4,666,402	-	(1,180,280)	(1,672,942)	1,813,180	3 years	10 years

Plan	1 October 2022	Granted in the period	Exercised in the period	Lapsed in the period	30 September 2023 share options outstanding	Vesting period	Exercise period
SIP	53,589	-	-	(25,000)	28,589	3 years	10 years
SAYE	481,410	3,306,238	-	(342,174)	3,445,474	3 years	10 years
Retention	27,833	-	(10,760)	-	17,073	3 years	10 years
LTIP	-	5,257,165	-	(590,763)	4,666,402	3 years	10 years
Management Award	-	4,075,788	(4,075,788)	-	-	Nil	Nil

The weighted average share price at the date of exercise for share options exercised during the year was £0.10 (2023: £0.09).

The schemes had a weighted average remaining contractual life as follows:

Plan	2024	2023
SIP	6 Years	6 Years
SAYE	8 Years	8 Years
Retention	8 Years	8 Years
LTIP	8 Years	8 Years

The Group has recognised a total expense of £191,000 (2022: £658,427) in respect of equity-settled share-based payment transactions in the period ended 30 September 2024. The share-based payment transactions for the IPO options, management award options have been treated as an adjusted Item in the profit and loss account when calculating Adjusted EBITDA. These transactions account for a £160,000 (2023: £508,000) in the year to 30 September 2024. The remaining share based payment transactions are treated as administrative expenses £31,000 (2023: £151,000).

25. SHARE BASED PAYMENTS (CONTINUED)

Valuation model inputs
The key inputs to the Black-Scholes-Merton and Monte Carlo simulation models for the purposes of estimating the fair values of the share options granted in the year are as follows:

Plan	SIP	SAYE20	SAYE21	SAYE22	SAYE23	SAYE24	Retention	LTIP
Grant date	13/09/18	31/03/20	31/03/21	31/3/22	31/03/23	31/03/24	22/08/20	20/04/23
Share price at grant date (P)	161.5	83	63.75	37.50	8.5	9.25	108	10.5
Expiry date	13/09/28	31/03/30	31/03/31	31/03/32	31/03/33	31/03/34	22/08/30	19/04/26
Exercise price (P)	1.00	78.00	50.20	30.0	6.80	7.40	1.00	1.00
Expected volatility (%)	44.02	45.02	78.95	45.67	165.50	51.13	53.85	165.71
Risk-free rate (%)	2.0 %	2.0 %	2.0 %	2.0%	2.0%	2.0%	2.0 %	2.0 %
Expectation of meeting performance criteria	80%	100%	85%	75%	72%	61%	100%	85%

26. DISCONTINUED OPERATIONS

On 2nd May 2024, Subsea Innovation Limited was sold for £1,951,000 with payments due in instalments up until May 2025 resulting in a loss of £547,000.

Operating profit of Subsea Innovation Limited until the date of disposal, and the profit and loss from remeasurement and disposal of assets and liabilities classified as held for sale are summarised as follows:

	30 Sep 24	30 Sep 23
	£000	£000
Revenue	3,792	4,275
Cost of sales	(2,937)	(3,289)
Employee benefits expense	(763)	(1,911)
Depreciation and amortisation	(197)	(223)
Other expenses	(311)	(224)
Other income	327	8
Operating profit	(89)	(1,364)
Net finance income/(costs)	3	(10)
Loss from discontinued operations before tax	(86)	(1,374)
Tax expense	140	-
Profit/(loss) for the period / year	**54**	**(1,374)**
Loss on measurement and disposal		
Loss before tax on disposal (note 14)	(1,370)	-
Total loss on remeasurement and disposal	**(1,370)**	**-**
Loss for the year from discontinued operations	**(1,316)**	**(1,374)**

Cash flows generated by Subsea Innovation Limited for the reporting periods under review until its disposal were as follows:

	30 Sep 24	30 Sep 23
	£000	£000
Operating activities	48	(1,180)
Investing activities	(3)	(186)
Financing activities	(178)	1,538
Total cash flows	(133)	172

28. POST BALANCE SHEET EVENTS

After the reporting period, the Group received insurance proceeds of £5.2m in relation to legacy warranty matters. Further details can be found in note 20 of the annual report. There were no other subsequent events.

Parent company balance sheet

as at 30 September 2024

	Note	30 September 2024	30 September 2023
		£000	£000
Non-current assets			
Property, plant and equipment	4	29	35
Investments	3	24,797	26,804
Investment property	5	2,842	-
Deferred tax assets		57	112
Trade and other receivables	6	15,964	15,869
Total non-current assets		43,689	42,820
Current assets			
Trade and other receivables	6	6,348	9,481
Cash at bank and in hand		185	1,425
Total current assets		6,533	10,906
Total assets		50,222	53,726
Equity and liabilities			
Share capital		1,373	1,361
Share premium		72,201	72,201
Merger relief reserve		744	1,738
Retained earnings		(33,018)	(29,295)
Total equity		41,300	46,005
Current liabilities			
Other loans and borrowings	7	6,195	6,586
Trade and other payables	8	2,716	1,112
Total current liabilities		8,911	7,698
Non-current liabilities			
Other loans and borrowings	7	11	23
Total non-current liabilities		11	23
Total equity and liabilities		50,222	53,726

Parent Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the period was £4.9m (2023: £8.5m)

The Parent Company financial statements were approved by the Board of Directors on 3 March 2025 and were signed on its behalf by:

Leanne Wilkinson

Leanne Wilkinson
Chief Financial Officer
Company registered number: 11383143

Parent company statement of changes in equity

for the year ended 30 September 2024

	Share capital	Share premium	Merger relief reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 October 2022	609	67,652	1,738	(21,275)	48,724
Loss for the year	-	-	-	(8,537)	**(8,537)**
Total comprehensive expense for the year	**-**	**-**	**-**	(8,537)	**(8,537)**
Share based payments	-	-	-	517	517
Issue of shares	752	4,549	-	-	5,301
Total transactions with owners, recognised directly in equity	**752**	**4,549**	**-**	**517**	**5,818**
Balance at 30 September 2023	1,361	72,201	1,738	(29,295)	46,005
Loss for the period	-	-	-	(4,880)	**(4,880)**
Total comprehensive expense for the period	**-**	**-**	**-**	(4,880)	**(4,880)**
Share based payments	-	-	-	163	**163**
Issue of shares	12	-	-	-	12
Total transactions with owners, recognised directly in equity	**12**	**-**	**-**	**163**	**175**
Transfer following sale of subsidiary	-	-	(994)	994	-
Balance at 30 September 2024	**1,373**	**72,201**	**744**	**(33,018)**	**41,300**

Notes to the parent company financial statements

for the year ended 30 September 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Basis of preparation
Tekmar Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Grindon Way, Aycliffe Business Park, Newton Aycliffe, DL5 6SH. The registered company number is 11383143.

The principal activity of the Company and its subsidiaries (together the "Group") is that of design, manufacture and supply of subsea cable, umbilical and flexible protection systems operating across the Offshore Wind, Oil & Gas and other energy sectors, including associated subsea engineering services.

(b) Reporting framework
The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"), on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK. The principal accounting policies are set out below.

The following exemptions from the requirements in IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1 "Presentation of Financial Statements"
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures)
- IFRS 7 "Financial Instruments : Disclosures";
- IAS 7 "Statement of Cash Flows";
- IAS 24 (paragraphs 17 and 18a) "Related Party Disclosures" (key management compensation); and
- IAS 24 "Related Party Disclosures" – the requirement to disclose related party transactions between two or more members of a Group.
- IAS 8.30 – the requirement to disclose accounting standards issued but not effective

As the Group financial statements include the equivalent disclosures, the Company has taken the exemptions available under FRS 101 in respect of the following disclosures;

- IFRS 2 "Share-based Payments" in respect of Group settled equity share-based payments; and
- Certain disclosures required by IFRS 13 "Fair Value Measurement" and disclosures required by IFRS 7 "Financial Instruments : Disclosures"

(c) Parent Company profit and loss account
The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the period was £5.129m (2023: £8.537m)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Dividend distribution
The distribution of a dividend to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which it is approved by the Company's shareholders.

(e) Investment in subsidiary undertakings
Investments in Group undertakings are stated at cost, unless their value has been impaired in which case they are valued at their recoverable amount.

(f) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Leased assets are accounted for as a "right-of-use" asset under IFRS 16 Leases. The initial value of a right-of-use asset is determined by the value of the lease liability.

Depreciation
Depreciation is charged to profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Motor vehicles	4 years reducing balance or straight line

It has been assumed that all assets will be used until the end of their economic life.

(g) Investment property
Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model.

Investment properties are revalued annually with resulting gains and losses recognised in profit or loss. These are included in the consolidated statement of financial position and their fair values. See note 13.

(h) Deferred taxation
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

(i) Share-based payments
The Group operates equity-settled share-based remuneration plans for certain employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

The fair value determined at the grant date of equity-settled share-based payments issued to employees of subsidiary undertakings is recognised as an addition to the cost of investment in subsidiary undertakings on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Employer social security contributions payable in connection with the grant of share awards are considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

(k) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(l) Financial assets

Classification
The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at the transaction price and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. Loans and receivables comprise mainly trade and other receivables, including amounts owed by related entities.

Impairment of financial assets
A loss allowance for expected credit losses on trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that will result from all possible default events over the expected life of a financial instrument. This assessment is performed on a collective basis considering forward-looking information. The Group considers a financial asset to be in default when the receivable is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held)

(m) Financial liabilities
The Company initially recognises its financial liabilities at fair value net of transaction costs where applicable and subsequently they are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables, amounts owed to Group undertakings, other liabilities and accruals and are initially recognised at fair value, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other liabilities include payments in advance from customers.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

(n) Critical accounting estimates
The preparation of the Parent Company financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the Group financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Critical accounting estimates

Impairment of investments

The carrying amount of the Company's investments in subsidiaries £24,797,000 as at 30 September 2024 (2023: £26,804,000). The Directors have carried out an impairment review in accordance with the accounting policies. The forecast cash generation for each investment and the Weighted Average Cost of Capital ("WACC") represent significant assumptions.

The cash flows are based on a five-year forecast with a compound average growth rate over the 5 year period of 15.1%. Subsequent years are based on a reduced growth rate of 2.0% into perpetuity.

The discount rate used was the Group's pre-tax WACC of 14.3%.

The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate sufficient headroom for the investments in subsidiaries and therefore do not give rise to impairment concerns.

2. REMUNERATION OF DIRECTORS AND AUDITORS

Details of Directors' remuneration are shown in the Directors' Remuneration Report on page 125 of the Group financial statements. Details of auditor remuneration are shown in note 8 of the Group financial statements.

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	2024	2023
	No	No
Directors	7	6
Administration	14	13
	21	19

Staff costs for the Company during the period were:

	12M ending 30 Sep 2024	12M ending 30 Sep 2023
	£000	£000
Wages and salaries	1,834	1,447
Social security costs	242	197
Defined contribution pension cost	80	55
Share based payments (note 25)	117	486
	2,273	2,186

3. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	30 Sep 2024	30 Sep 2023
	£000	£000
Investment in subsidiaries at 01 October 2023	26,804	32,325
Impairment of investment	-	(5,673)
Additions (Capital contribution in relation to share based payments)	59	152
Disposal of subsidiary	(2,066)	-
Investment in subsidiaries at 30 September 2024	24,797	26,804

The carrying amount of the Company's investments in subsidiaries £24,797,000 as at 30 September 2024 (2023: £26,804,000). The Directors have carried out an impairment review in accordance with the accounting policies. The forecast cash generation for each investment and the Weighted Average Cost of Capital ("WACC") represent significant assumptions.

The investments in the Groups subsidiaries have been reviewed for impairment on an individual basis by assessing the value in use of the subsidiary. The value in use has been calculated using budgeted cash flow projections for the next 5 years. The forecasts have been compiled at individual entity level with the first year modelled around the known contracts which the entities have already secured or are in an advanced stage of securing. A targeted revenue stream based on historic revenue run rates has then been incorporated into the cashflows to model contracts that are as yet unidentified that are likely be won and completed in the year. The forecasts for years 2 to 5 are based on assumed compound annual growth rates (CAGR). The CAGR applied across the 5-year period were 15.1% for the Tekmar Limited and 10% for Pipeshield International Limited. This CAGR is in line with expected market rate. The value in use calculation models an increase in revenue for both CGU's of 2% into perpetuity after year 5.

The discount rate used was the Group's pre-tax WACC of 14.3%.

The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate sufficient headroom for the investments in subsidiaries and therefore do not give rise to impairment concerns.

3. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings:

	Class of share capital held	By Parent Company	Carrying Value FY24	Carrying Value FY23
Tekmar Limited	Ordinary	100%	17,494	17,430
Subsea Innovation Limited	Ordinary	0%	-	2,124
Pipeshield International Limited	Ordinary	100%	7,256	7,250
Total			24,750	26,804

All the companies listed above are incorporated in England and Wales and have a registered address of Grindon Way, Aycliffe Business Park, Newton Aycliffe, DL5 6SH.

There are no restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group's subsidiaries. The principal activities of these undertakings for the last relevant financial period were as follows:

Company	Principal activity
Tekmar Limited	Holding of shares in subsidiary companies and the management thereof
Subsea Innovation Limited	Design and manufacture of equipment for the offshore subsea industry
Pipeshield International Limited	Design and manufacture of subsea asset protection

4. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Total
	£000	£000
COST		
As at 1 October 2022	46	46
Additions	-	-
As at 30 September 2023	**46**	**46**
Additions	-	-
As at 30 September 2024	**46**	**46**
DEPRECIATION		
As at 1 October 2022	**-**	**-**
Charge for the year	11	11
As at 30 September 2023	**11**	**11**
Charge for the period	6	6
As at 30 September 2024	**17**	**17**
NET BOOK VALUE		
As at 30 September 2022	**46**	**46**
As at 30 September 2023	**35**	**35**
As at 30 September 2023	**29**	**29**

5. INVESTMENT PROPERTY

Investment property includes commercial properties in England which are owned to earn rentals and for capital appreciation.

Changes to carrying amounts are as follows:

	30 Sep 2024	30 Sep 2023
	£’000	£’000
Carrying amount 1 October	-	-
Additions	2,842	-
Change in fair value – revaluation	-	-
Carrying amount 30 September	**2,842**	**-**

The investment property is either leased to third parties on operating leases or are vacant. Rental income of £nil (2023: £nil) is shown within other operating income all at a fixed rate. There are no expenses in relation to the investment property.

Although the risks associated with rights the Group retained underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. The under guaranteed residual values do not represent significant risk for the Group, as they relate to property which is located in a location where market value, year on year, has always remained stable with trivial fluctuations. For example, ensuring the contract includes clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term. The lessee does not have an option to purchase the property at the end of the lease expiry period.

The lease contract was initially signed for one year at zero rentals, with the option to extend at the end of the period in May 2025 at which time annual lease charges will be agreed.

6. TRADE AND OTHER RECEIVABLES

	30 Sep 2024	30 Sep 2023
	£000	£000
Amounts owed by Group undertakings – non-current	15,964	15,869
Amounts owed by Group undertakings – current	4,234	9,410
Prepayments and accrued income – current	372	71
Deferred consideration	1,742	-
Total - Current	6,348	9,481
	22,312	25,350

All of the amounts owed by Group undertakings shown above are repayable on demand and attract interest at rates between 0% and 3%. No expected credit losses are recognised on intercompany receivables as historically no balances have been defaulted on.

7. BORROWINGS

	30 Sep 2024	30 Sep 2023
	£000	£000
Current		
Trade Loan Facility	3,183	3,575
Finance lease	12	11
CBILS Loan Facility	3,000	3,000
	6,195	6,586
Non-current		
Finance lease	11	23
	11	23

	30 Sep 2024	30 Sep 2023
	£000	£000
Amount repayable		
Within one year	6,195	6,586
In more than one year but less than two years	11	23
	6,206	6,609

The above carrying values of the borrowings equate to the fair values. The trade loan facility is provided at interest rate of 2% over base rate pa and is available to the Company until 31 July 2025. The CBILS loan facility is provided at interest rate of 2% over base rate pa and is available to the Company until 31 October 2025.

Finance leases related to electric vehicles purchased as part of an employee benefit scheme. These have been discounted at a rate of 3.25%.

8. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 Sep 2024	30 Sep 2023
	£000	£000
Trade payables	235	243
Amounts due to Group undertakings	1,623	393
Other taxation and social security	275	99
Accruals and deferred income	583	377
	2,716	1,112

9. SHARE CAPITAL

Details of movements in shares are set out in note 24 to the Group financial statements.

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in IAS 24 ‘Related Party Disclosures’ not to disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a Group whose accounts are publicly available.

Directors’ transactions

Details of the Directors’ interests in the ordinary share capital of the Company are provided in the Directors’ Report.

11. SHARE-BASED PAYMENTS

The Company operates a number of share option arrangements for key executives and employees, further details of which can be found in note 26 to the Group financial statements. Further details of the arrangements for senior executives can be found in the Directors' Remuneration Report in the Group financial statements.

The Company recognised total expense of £118,000 in respect of the equity-settled share-based payment transactions in the period ended 30 September 2024 (2023: £486,036).