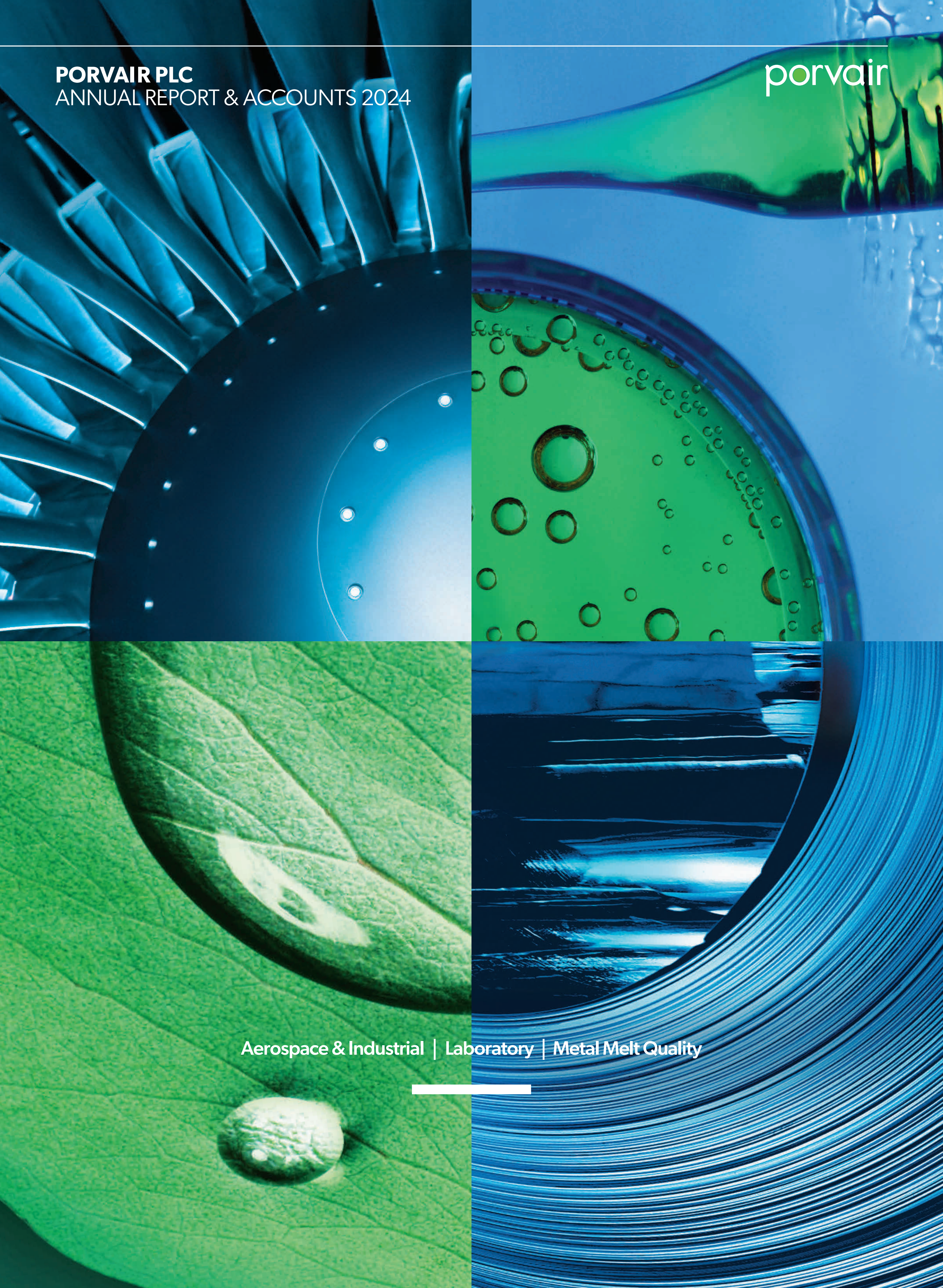
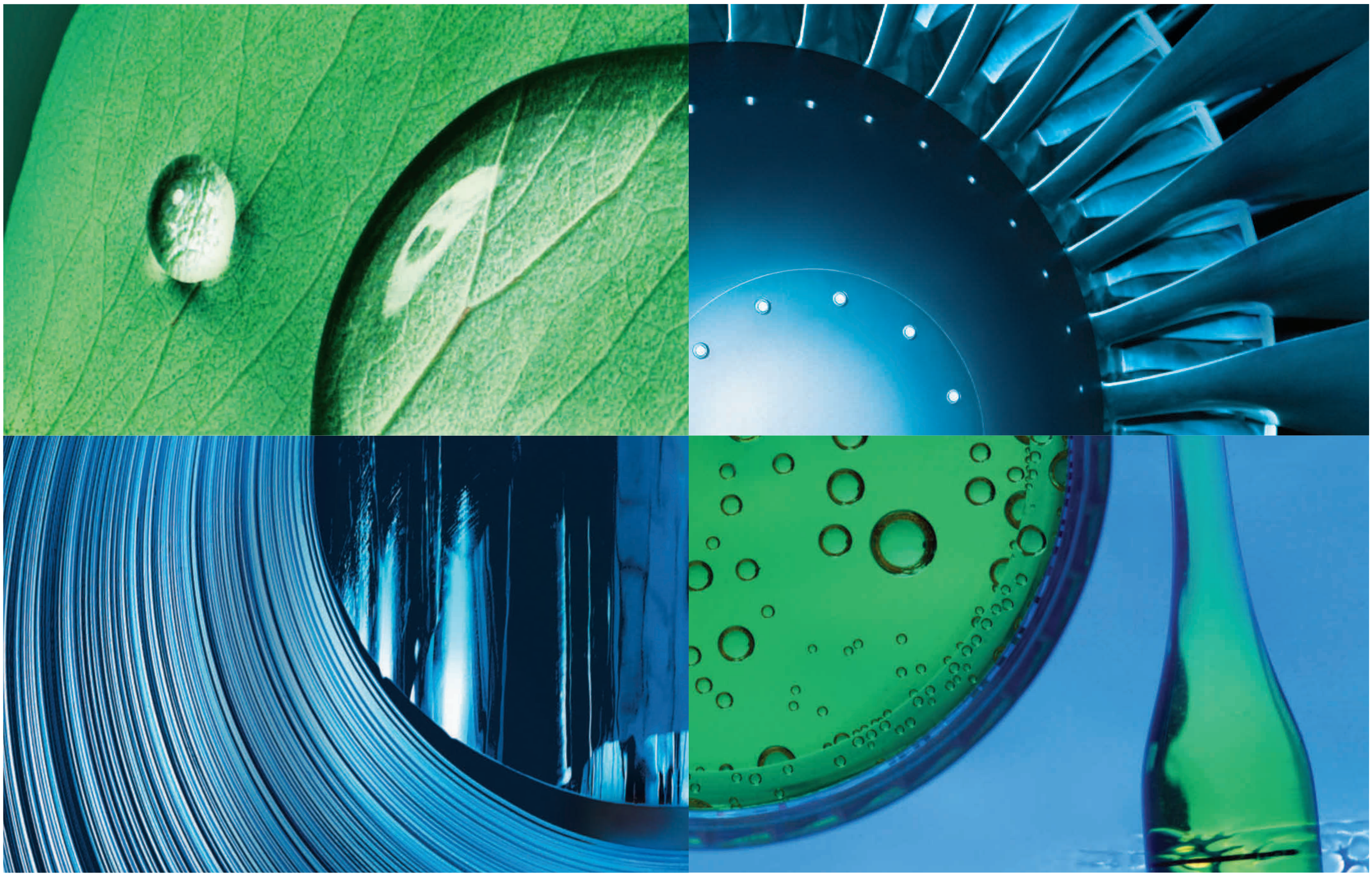
PORVAIR PLC
ANNUAL REPORT & ACCOUNTS 2024

porvair



Aerospace & Industrial | Laboratory | Metal Melt Quality

Porvair is a specialist filtration, laboratory and environmental technology group. We aim to develop our businesses for the benefit of all our stakeholders.



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Strategic Purpose and ESG Commitment

Porvair's strategic purpose is to develop specialist filtration, laboratory and environmental technology businesses both organically and by acquisition for the benefit of all stakeholders. Principal measures of success, on which management incentives are based, are consistent earnings per share growth, and improvement in selected ESG metrics.

Annual Report 2024

Find out more about Porvair and its latest financial information, results, presentations, reports and shareholder services or view and download pdf versions of the 2024 Annual Report and ESG Report:
www.porvair.com

Summary Group performance in 2024

FINANCIAL SUMMARY

Revenue (£m)
£192.6m ↑ +9%
2023 £176.0m
2024 £192.6m

Profit before tax (£m)
£20.9m ↑ +4%
2023 £20.1m
2024 £20.9m

Adjusted basic earnings per share* (pence)
38.6p ↑ +4%
2023 37.2p
2024 38.6p

Operating profit (£m)
£22.8m ↑ +8%
2023 £21.2m
2024 £22.8m

Adjusted profit before tax* (£m)
£22.7m ↑ +6%
2023 £21.4m
2024 £22.7m

Closing cash (£m)
£13.7m
2023 £14.1m
2024 £13.7m

Adjusted operating profit* (£m)
£24.5m ↑ +8%
2023 £22.6m
2024 £24.5m

Basic earnings per share (pence)
35.8p ↑ +3%
2023 34.8p
2024 35.8p

Total dividend (pence per share)
6.3p ↑ +5%
2023 6.0p
2024 6.3p

*See notes 2, 3 and 8 for definitions and reconciliations.

Robust financial and operating performance

- Record revenue and profits.
- Strength in aerospace and petrochemical markets.
- Acquisitions contributed to growth.
- Emphasis on automation, productivity and capacity investments.

Strong ESG performance continues to support the move towards a sustainable future

- Improved our Employee Engagement activities and our Voluntary Quit Rate metric.
- Carbon intensity reduced by 8%.
- Good health and safety performance.
- Reduced our water usage by 16%.

CAGR* track record

The Group's record for growth, cash generation and investment is:

	5 years	10 years	15 years	20 years
Revenue CAGR*	6%	6%	9%	8%
Earnings per share CAGR*	9%	10%	23%	12%
Adjusted earnings per share CAGR*	9%	10%	19%	13%

*Compound annual growth rate.

	5 years £m	10 years £m	15 years £m	20 years £m
Cash from operations	104.5	175.5	227.3	250.1
Investment in acquisitions and capital expenditure	51.3	102.1	120.7	141.6

Porvair's strategy and purpose have remained consistent for over 20 years, a period that now encompasses two recessions and a pandemic. This longer-term growth record gives the Board confidence in the Group's capabilities and is the basis for capital allocation and planning decisions.

Chief Executive's report on pages: 8 to 15.

Group overview

The Group has three operating divisions.

AEROSPACE & INDUSTRIAL DIVISION

What we do

The Aerospace & Industrial division designs and manufactures a broad range of specialist filtration equipment for aerospace, energy, and industrial applications. It has operations in the UK, US, the Netherlands, Belgium and India and its sales are global.

44% % of Group revenue 2024

£84.2m 2024 revenue

Main operating companies

- Porvair Filtration Group
- Royal Dahlman
- European Filter Corporation ("EFC")

LABORATORY DIVISION

What we do

The Laboratory division designs and manufactures instruments and consumables for use in environmental and bioscience laboratories with a particular focus on water analysis instruments, diagnostics and sample preparation equipment. It has operations in the UK, US, Germany, Hungary, the Netherlands and China and its sales are global.

33% % of Group revenue 2024

£64.4m 2024 revenue

Main operating companies

- Seal Analytical
- Porvair Sciences
- Finneran
- Kbiosystems
- Ratiolab

METAL MELT QUALITY DIVISION

What we do

The Metal Melt Quality division designs and manufactures porous ceramic filters for the filtration of molten metals. It is the world leader in the filtration of cast house aluminium and superalloys. It has operations in the US and China and its sales are global.

23% % of Group revenue 2024

£44.1m 2024 revenue

Main operating companies

- Selee Corporation
- Selee China

We have leading positions in attractive and growing niche markets that have robust demand drivers; product regulation or accreditation requirements; and need specialist design and engineering skills.

AEROSPACE | MARKET

The Group is a leading specialist in the design and manufacture of filtration components and assemblies for the aerospace industry. Our components are designed specifically for, and specified on, most of the world's commercial airframes.

Expertise:

- **Fuel tank inerting.**
- **Coolant systems for aircraft control systems.**
- **Fuel line and hydraulic filters.**

INDUSTRIAL | MARKET

The Group provides filtration solutions for energy and industrial process applications. Our filters are to be found in many of the harshest industrial environments.

Expertise:

- **Hot gas and gasification filtration.**
- **Pulse jet filtration systems.**
- **Nuclear containment filtration.**
- **FCC slurry oil filtration.**
- **Microelectronics manufacturing filtration.**

LABORATORY | MARKET

The Group designs and manufactures a range of equipment for use in laboratories. Seal Analytical is a global leader in the manufacture of laboratory based instruments and robotics for clean water analysis. Porvair Sciences produces a broad range of microplates, filters, tubing, pipette tips, and associated consumables used in diagnostics, sample preparation and chromatography applications.

Expertise:

- **Sample preparation, filtration, and separation.**
- **The filtration of genetic material.**
- **Chromatography consumables.**
- **Clean water analysis.**
- **Laboratory robotics.**

METAL MELT QUALITY | MARKET

The Group's Metal Melt Quality division specialises in the design and manufacture of ceramic filters for molten metal. The Group provides patent protected filters for: the aluminium cast house industry; the filtration of gray and ductile iron; and the filtration of superalloys used in the manufacture of turbine blades.

Expertise:

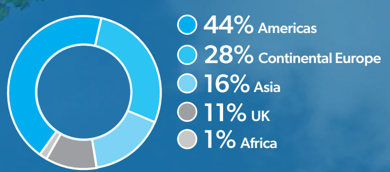
- **Cast house aluminium filtration including high grade alloys.**
- **Gray and ductile iron filters in the US.**
- **Filters for casting aerospace and industrial gas turbine blades.**

We have operating plants in the UK, US, Germany, Hungary, the Netherlands, Belgium, India and China. Our global manufacturing footprint allows us to be flexible and resilient, and deliver innovative solutions to customers in all geographies.

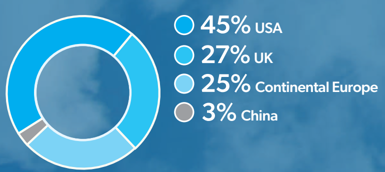
Regional dynamics:

- Most aviation engineering is carried out in the US and EU, with China and Brazil also active.
- Water cleanliness regulation is growing throughout the world.
- Most higher grades of aluminium are smelted in the US, Middle East and China.

Revenue by customer location



Revenue by manufacturing location



Consistent strategy, resilience and growth

We have a clear strategy and business model with a long track record of growth, cash generation and investment. The range of our activities, differentiated product portfolio and strong domain expertise combine to support Group performance and deliver consistent results.

Capabilities and strengths

- **Aerospace:** We have strong engineering, test and measurement capabilities, excellent customer accreditations and good commercial relationships.
- **Aluminium cast house:** We offer unrivalled technical expertise and a differentiated product.
- **Vyon sheet and frit:** Following investments in new oven and high-throughput frit manufacture, we have both technical and cost differentiation.
- **Superalloy filtration:** Our 3D printed Matrix and lattice products offer unmatched filter performance.
- **Water and soil quality:** We are the largest and most innovative player in measuring inorganic contamination of water.

1. We focus on markets with long-term growth potential.

We focus on three operating segments: Aerospace & Industrial; Laboratory; and Metal Melt Quality. All have clear long-term growth drivers.

We serve filtration, laboratory and environmental technology markets that have attractive characteristics:

- Regulated markets with long-term structural growth drivers.
- Long product life cycles.
- Products that require an element of bespoke design.
- Barriers to entry based on product differentiation, regulation or quality accreditation.
- High consumable demand.

Well positioned to benefit from global trends and opportunities

- **Tightening environmental regulation**
- **Growth in analytical science**
- **The need for clean water**
- **The development of carbon-efficient transportation**
- **The replacement of plastic and steel by aluminium**
- **The drive for manufacturing process quality and efficiency**

END MARKETS BY DIVISION

AEROSPACE & INDUSTRIAL DIVISION

- Industrial and Laboratory process
- Aerospace
- Microelectronics
- Filtration media
- Power gen and hydrogen

LABORATORY DIVISION

- Water and soil
- Laboratory instruments
- Laboratory consumables
- Vyon and porous plastics

METAL MELT QUALITY DIVISION

- Aluminiun and foundry
- Aerospace
- Aluminium can stock
- Other aluminium
- Auto, rail, agricultural machinery

Divisional performance on pages: 10 to 15.

Increasing demand for our products and solutions is driven by established global growth trends, deep customer relationships, technical excellence and the move towards a sustainable future.

2. We look for applications where product use is mandated and replacement demand is regular.

Our products typically reduce emissions or protect complex downstream systems and, as a result, are replaced regularly. A high proportion of our annual revenue is from repeat orders.

Repeat orders

- Aviation filters are replaced as part of regular maintenance checks.
- Metal melt filters are replaced after each use.
- Sample preparation filters used in analytical sciences are replaced after each use.

Strong relationships

- We have close long-term relationships with customers, suppliers and other stakeholders, centred on trust and collaboration.
- Our people deliver our success and a diverse and inclusive culture supports performance and growth.

3. We make new product development a core business activity.

Through a focus on new product development, we aim to generate growth rates in excess of the market. Where possible, we build intellectual property around our product developments.

Robust intellectual property

- Most individual filtration products and technical laboratory consumables require process qualification.
- All aviation filters have design accreditation.

4. We establish geographic presence where end-markets require.

Our geographic presence follows the markets we serve

In the last twelve months:

- **44% of revenue was in the Americas;**
- **28% in Continental Europe;**
- **16% in Asia;**
- **11% in the UK; and**
- **1% in Africa.**

The Group has plants in the US, UK, Belgium, Germany, Hungary, the Netherlands, India and China.

In the last twelve months:

- **45% of revenue was manufactured in the US;**
- **27% in the UK;**
- **25% in Continental Europe; and**
- **3% in Asia.**

Regional dynamics in 2024

25%

In 2024, 25% (2023: 16%) of Group manufacturing revenue is manufactured in Continental Europe, an increase reflecting the acquisition of Ratiolab in July 2023 and EFC in December 2023.

5. We invest in both organic and acquired growth.

We aim to meet dividend and investment needs from free cash flow and modest borrowing facilities. In recent years we have expanded manufacturing capacity in the US, UK, Germany, Hungary and China, and made several acquisitions. All investments are subject to a hurdle rate analysis based on strategic and financial priorities.

Robust financial framework

- Over the last five years the Group has delivered £104.5 million in cash from operations and invested £51.3 million in capital expenditure and acquisitions.
- In 2024 the Group generated £25.7 million in cash from operations and invested £15.3 million in capital expenditure and acquisitions.

Cash generated from operations

£25.7m

Capital expenditure and acquisitions

£15.3m

A RESPONSIBLE AND SUSTAINABLE BUSINESS

ESG is at the heart of who we are and what we do

From clean water analysis to lightweight sustainable metals, from reducing marine pollution to filtration in energy and industrial processes, Porvair's capabilities help to address key environmental challenges for our customers.

Porvair contributes to a sustainable future through the products we make; the way we operate; and how we engage with our employees.

Meeting evolving customer needs and exceeding their expectations with product innovations, quality, efficiency and service and the way we conduct our business, is a fundamental part of our operating model and our values.

ESG report on pages: 28 to 47.

Carbon intensity reduction

29%

Since 2020 we have reduced our carbon intensity by 29%.

Gender diversity

33%

We are committed to developing a diverse and inclusive workplace. 33% of the Group's permanent workforce are female.

Engagement and decision-making

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Open, regular and transparent engagement with stakeholders is integral to decision-making and to the way we do business and ensures we continue to operate in a balanced and responsible way.

Chair's statement

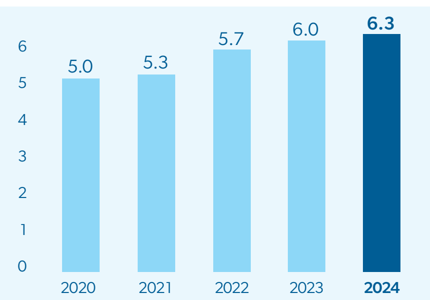
We have reported another strong financial result in 2024. Our performance is underpinned by the resilience of our business model; the quality of our assets; and the commitment of our people.

Net cash
£13.7m

Closing cash was £13.7 million (2023: £14.1 million) after investing £15.3 million (2023: £18.7 million) in capital expenditure and acquisitions.

Progressive dividend
6.3p

The dividend increased to 6.3 pence per share (2023: 6.0 pence).



Introduction

Porvair's strategic purpose is the development of specialist filtration, laboratory and environmental technology businesses for the benefit of all stakeholders. Principal measures of success include consistent earnings growth and selected ESG metrics as set out in the Group's ESG report on pages 28 to 47.

The Board understands that responsible business development is essential for creating long-term value for stakeholders. Most of the products made by Porvair are used to the benefit of the environment. Our water analysis equipment measures contamination levels in water. Industrial filters are typically needed to reduce emissions or improve efficiency. Aerospace filters improve safety and reliability. Nuclear filters confine fissile materials. Metal Melt Quality filters reduce waste and help improve the strength to weight ratio of metal components.

The Group is positioned to benefit from global trends in these markets: tightening environmental regulation; the growth of analytical science; the need for clean water; the development of carbon-efficient transportation; the replacement of plastic and steel by aluminium; and the drive for manufacturing process quality and efficiency.

Our long-term growth record, 8% p.a. revenue growth and 13% p.a. adjusted earnings per share growth over a 20 year period, gives the Board confidence in the Group's capabilities and is the basis for capital allocation and planning decisions.

Results

2024 was a year of record revenue and profits. Revenue in the year to 30 November 2024 was 9% higher at £192.6 million (2023: £176.0 million). Operating profit was 8% higher at £22.8 million (2023: £21.2 million) and adjusted operating profit was 8% higher at £24.5 million (2023: £22.6 million). Basic earnings per share were 35.8 pence (2023: 34.8 pence) and adjusted earnings per share were 38.6 pence (2023: 37.2 pence). At 30 November 2024 the Group had closing cash of £13.7 million (2023: £14.1 million) after investing £15.3 million (2023: £18.7 million) in capital expenditure and acquisitions.

Dividends

The Board recommends a final dividend of 4.2 pence per share, at a value of £1.9 million (2023: 4.0 pence per share, at a value of £1.8 million). The full year dividend increases by 5.0% to 6.3 pence per share, a value of £2.9 million (2023: 6.0 pence per share, a value of £2.8 million). The Company had £57.1 million (2023: £45.5 million) of distributable reserves at 30 November 2024.

Employees

It is when challenged that the quality of our employees is most evident. A great example in 2024 was in the aftermath of Hurricane Helene, which caused significant damage in North Carolina. It took a huge team effort in Hendersonville to maintain production and customer service. The Board salutes the resourcefulness and perseverance of all our employees.

The Board maintains direct contact with all employees through our Employee Engagement process which helps general managers in their communication and employees' support activities. All employees' comments and suggestions are read at Board level, and the overwhelming tone of these comments is constructive. We are very grateful for the hard work, enthusiasm and dedication of all our employees.

Board changes and CEO succession

As announced on 16 April 2024, Ben Stocks notified the Board of his decision to retire from the Group at the Company's AGM on 15 April 2025. He has led the Group as Chief Executive for 26 years and has transformed Porvair through a mixture of organic and acquired growth, a focus on delivering results, and the pursuit of a consistent strategy. He leaves the Group in a strong financial position with near-term opportunities and a bright future. I thank him on behalf of all our stakeholders and wish him well in his retirement.

Hooman Caman Javvi joined the Board on 6 January 2025 as Chief Executive Officer designate. Hooman will assume the role of Chief Executive Officer on the retirement of Ben Stocks.

Sheena Mackay was appointed as an Independent Non-Executive Director with effect from 28 October 2024. Sarah Vawda resigned from the Board on 2 April 2024.

Key Board decisions

The principal decisions taken by the Board in 2024 were those of a strategic nature that are significant to any of our key stakeholder groups. In 2024 these were: the decision to appoint Hooman Caman Javvi as Chief Executive designate; the decision to pay the interim dividend and recommend the final dividend for 2024; and approval of the Porvair strategic plan for 2025 to 2028. These are described in full on page 50.

Current trading and outlook

Porvair delivered record revenue and profits in 2024, posting percentage revenue growth in line with its 20 year trading record. Trading conditions were mixed, with strength in aerospace and petrochemical markets offsetting weakness in laboratory and industrial consumables. The Group's strategy, unchanged since 2004, continues to deliver consistent results despite some end-market inconsistency. The Group focuses on markets with long-term secular growth drivers: tightening environmental regulation; the growth of analytical science; the need for clean water; the development of carbon-efficient transportation; the replacement of plastic and steel by aluminium; and the drive for manufacturing process quality and efficiency.

These trends underpin our trading record and enable the Board to make longer-term plans, as set out in our ESG report published alongside these results. In the nearer term there is much to look forward to in 2025: new product introductions in aerospace, Seal Analytical and Kbiosystems; the installation of a new manufacturing line for aluminium filtration; industrial demand recovery in the US; and increased Laboratory in-house manufacturing through Hungary. 2025 will also be a year of management transition as our long-standing CEO retires and the new team of Hooman Caman Javvi and James Mills will take the Group forward and build on the strength of our model. The Board is optimistic for the future.

Governance

The Board sets high standards for its corporate governance. The Group has a clear purpose and demonstrates strong ethical behaviour within a framework of transparent and robust governance. It has in place monitoring systems to ensure that standards are upheld throughout the Group. The Board complied with all aspects of the 2018 UK Corporate Governance code throughout the year ended 30 November 2024. The Board notes the introduction of the Corporate Governance Code 2024 which will apply to the Group from 1 December 2025 and 1 December 2026 for the assessment of internal controls.

Stakeholder engagement

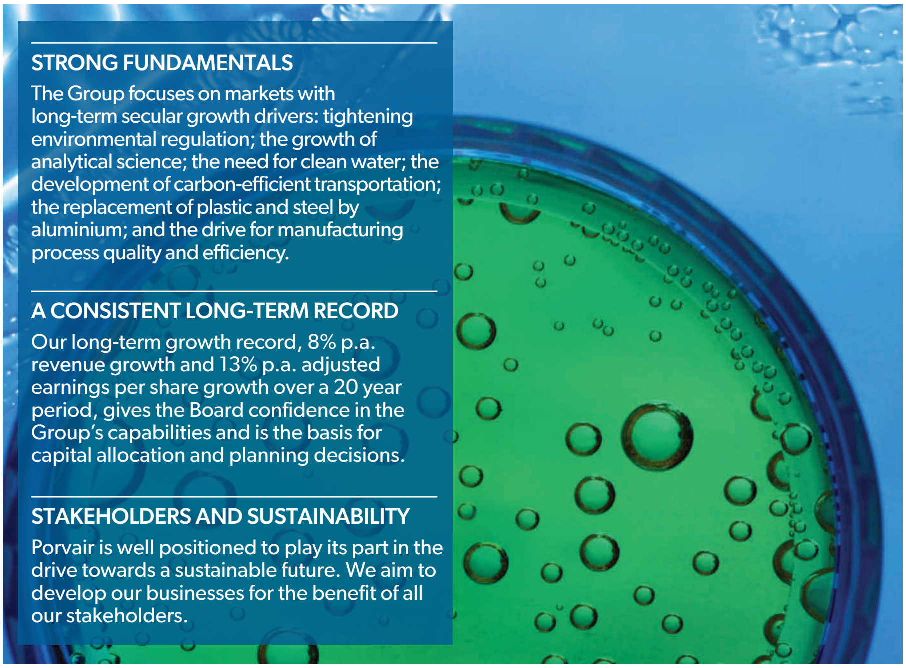
Open, regular and transparent engagement with all our stakeholders is fundamental to the way we do business and ensures we operate in a balanced and responsible way. I would like to thank all our stakeholders for their continued support for the Group.

John Nicholas
Chair
7 February 2025

Introducing Porvair's new CEO designate, Hooman Caman Javvi

Hooman Caman Javvi joined the Board on 6 January 2025 as Chief Executive designate. Hooman will assume the role of Chief Executive Officer on the retirement of Ben Stocks.

"The Board is delighted to have appointed Hooman as our new Chief Executive Officer, he has a proven track record in the leadership of industrial engineering businesses and I look forward to supporting him to deliver the next phase of growth of Porvair."



STRONG FUNDAMENTALS

The Group focuses on markets with long-term secular growth drivers: tightening environmental regulation; the growth of analytical science; the need for clean water; the development of carbon-efficient transportation; the replacement of plastic and steel by aluminium; and the drive for manufacturing process quality and efficiency.

A CONSISTENT LONG-TERM RECORD

Our long-term growth record, 8% p.a. revenue growth and 13% p.a. adjusted earnings per share growth over a 20 year period, gives the Board confidence in the Group's capabilities and is the basis for capital allocation and planning decisions.

STAKEHOLDERS AND SUSTAINABILITY

Porvair is well positioned to play its part in the drive towards a sustainable future. We aim to develop our businesses for the benefit of all our stakeholders.

Governance on pages: 46 and 54 to 83.
Stakeholder engagement on page: 47.

Chief Executive's report

There are near-term opportunities across the Group; and with a new executive management team the longer-term future is bright, and for the Group I have no doubt the best is yet to come.

Ben Stocks
Chief Executive

Revenue
£192.6m
Revenue up 9% to £192.6 million (2023: £176.0 million).

Investment in acquisitions and capital expenditure
£15.3m
£15.3 million (2023: £18.7 million) invested in acquisitions and capital expenditure.

Operating review

As this will be my last operating review as Chief Executive of Porvair before I retire, I hope shareholders will forgive me if, before reviewing 2024, I comment on the Group's performance over the last 20 years. In 2001, the Board decided on a radical change of strategic direction and undertook a series of disposals. 2004 was the first full year of trading as a specialist filtration and environmental technology group, and our strategy has remained unchanged since then.

Over 20 years, a period including two recessions and a pandemic:

- Compound revenue growth has been 8%;
- Compound growth in adjusted earnings per share has been 13%; and
- The total number of shares in issue has grown by less than 1% per year.

Shareholders will decide for themselves how they rate this performance. They are delivered through the confluence of well-engineered, regularly updated products; customers and markets supported by secular growth trends; and a group of outstanding people with whom I have been privileged to work for two decades. These remain the cornerstones of the Group. Over this period Porvair has grown to now generate around £15 million of surplus cash per year after meeting its tax, dividend and pension liabilities. This is a solid basis for further compounding growth. Looking ahead and as outlined below, near-term opportunities are apparent across the Group. Longer term, with a new executive management team, the future is bright and I have no doubt the best is yet to come.

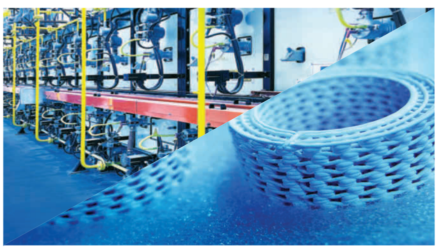
Returning now to near-term trading, 2024 was a year of record revenues and profits, again achieved despite variable demand patterns across our markets. As expected, financial performance was better in the second half.

Aerospace and petrochemical markets remained robust through the year while industrial consumable orders remained patchy. Laboratory product demand was consistent, albeit still at levels below those seen in 2022.

Revenue growth was 9%, 13% on a constant currency basis (see note 2). Operating profit was up 8% and includes a £0.9 million charge for damage remediation caused by Hurricane Helene in North Carolina. Strong cash generation meant that the year finished with £13.7 million of net cash on the balance sheet (2023: £14.1 million) after spending around £20 million on acquisitions, capital expenditure, dividends and pension costs.

Porvair's devolved management structure is helpful in volatile trading conditions, enabling key commercial decisions to be made closer to customers and suppliers. Annual objectives for general managers were again to deliver earnings growth, cash generation and improvements in selected ESG metrics. Details of our ESG programme are set out in a separate report published alongside these financial results.

In common with most filtration companies, the Group has a diverse operating spread, manufacturing over 4,000 products and shipping to over 15,000 customers. The benefit of this is shown in the relatively consistent financial results of recent years, despite inconsistent demand across sectors. We serve a range of markets in various parts of the world and trading is affected by both



local and global events. However, Porvair's underlying growth drivers did not change in 2024: tightening environmental regulation; the growth of analytical science; the need for clean water; the development of carbon-efficient transportation; the replacement of plastic and steel by aluminium; and the drive for manufacturing process quality and efficiency.

Financial results

	2024 £m	2023 £m	Growth %
Revenue	**192.6**	176.0	9
Operating profit	**22.8**	21.2	8
Adjusted operating profit*	**24.5**	22.6	8
Profit before tax	**20.9**	20.1	4
Adjusted profit before tax*	**22.7**	21.4	6
	Pence	Pence	
Earnings per share	**35.8**	34.8	3
Adjusted earnings per share*	**38.6**	37.2	4
	£m	£m	
Cash generated from operations	**25.7**	24.1	
Cash and cash equivalents	**13.7**	14.1	

*See notes 2, 3 and 8 for definitions and reconciliations.

Revenue increased by 9% to £192.6 million (2023: 2% to £176.0 million). Profit before tax increased by 4% (2023: 7%). Adjusted profit before tax grew by 6% (2023: 10%) and adjusted earnings per share by 4% (2023: 12%).

Strategy and purpose

Porvair's strategy and purpose have remained consistent for over 20 years, a period that now encompasses two recessions and a pandemic. The Group's record for growth, cash generation and investment is:

CAGR* track record	5 years	10 years	15 years	20 years
Revenue CAGR*	6%	6%	9%	8%
Earnings per share CAGR*	9%	10%	23%	12%
Adjusted earnings per share CAGR*	9%	10%	19%	13%

*Compound annual growth rate.

	5 years £m	10 years £m	15 years £m	20 years £m
Cash from operations	104.5	175.5	227.3	250.1
Investment in acquisitions and capital expenditure	51.3	102.1	120.7	141.6

This longer-term growth record gives the Board confidence in the Group's capabilities and is the basis for capital allocation and planning decisions.

Strategic statement and business model

Porvair's strategic purpose is the development of specialist filtration, laboratory and environmental technology businesses for the benefit of all stakeholders. Principal measures of success include consistent earnings growth and selected ESG measures as set out in the Group's ESG report.

The Group is positioned to benefit from global trends as outlined above.

Porvair businesses have certain key characteristics in common:

- specialist design, engineering or commercial skills are required;
- product use and replacement is mandated by regulation, quality accreditation or a maintenance cycle; and
- products are typically designed into a system that will have a long life-cycle and must perform to a given specification.

Orders are won by offering the best technical solutions or commercial service at an acceptable cost. Technical expertise is necessary in all markets served. New products are often adaptations of existing designs with attributes validated in our own test and measurement laboratories. Experience in specific markets and applications is valuable in building customer confidence. Domain knowledge is important, as is deciding where to direct resources.

This leads the Group to:

1. **Focus on markets with long-term growth potential;**
2. **Look for applications where product use is mandated and replacement demand is regular;**
3. **Make new product development a core business activity;**
4. **Establish geographic presence where end-markets require; and**
5. **Invest in both organic and acquired growth.**

Environmental, Social and Governance ("ESG")

The Board understands that responsible business development is essential for creating long-term value for stakeholders. Most of the products made by Porvair are used to the benefit of the environment. Our water analysis equipment measures contamination levels in water. Industrial filters are typically needed to reduce emissions or improve efficiency. Aerospace filters improve safety and reliability. Nuclear filters confine fissile materials. Metal Melt Quality filters reduce waste and help improve the strength to weight ratio of metal components.

A full ESG report on pages 28 to 47 sets out:

- Porvair's ESG management framework and goals;
- how energy transition and climate change might affect markets served by the Group, and how these trends affect our long-term planning framework;
- ESG metrics and results; and
- how the Group has acted for the benefit of its stakeholders in 2024.

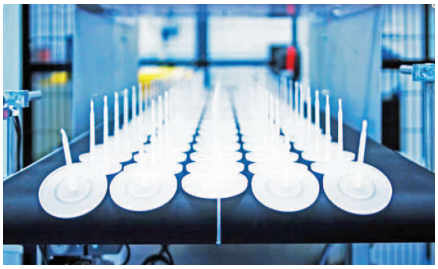
Divisional performance on pages: 10 to 15.
ESG report on pages: 28 to 47.

Chief Executive's report continued

AEROSPACE & INDUSTRIAL | DIVISIONAL PERFORMANCE

ENGINEERING FILTRATION SOLUTIONS TO PROTECT TOMORROW'S WORLD

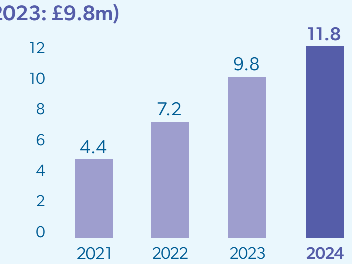
Principal markets
- Aerospace
- General Industrial
- Energy
- Petrochemical



Adjusted operating profit* (£m)

£11.8m

(2023: £9.8m)

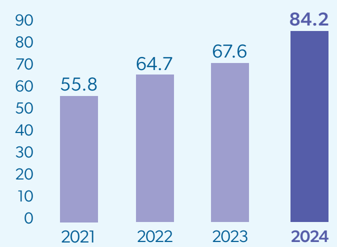


*See notes 2 and 3 for definitions and reconciliations.

Revenue (£m)

£84.2m

(2023: £67.6m)



Financial performance 2024

	2024 £m	2023 £m	Growth %
Revenue	**84.2**	67.6	25
Operating profit	**10.8**	9.3	16
Adjusted operating profit*	**11.8**	9.8	20

*See notes 2 and 3 for definitions and reconciliations.

Performance in 2024

The Aerospace & Industrial division designs and manufactures a wide range of specialist filtration products, demand for which is driven by customers seeking better engineered, cleaner, safer or more efficient operations. Differentiation is achieved through design engineering; the development of intellectual property; quality accreditations; and customer service.

Revenue in the year grew 25%. Aerospace revenues grew 21% as passenger air miles exceeded pre-pandemic levels. Petrochemical sales, which can be lumpy, were up 37% helped by tightening emissions standards, notably in India, and a gasification order, some of which will ship in 2025. Growth was further enhanced by EFC, acquired in December 2023, which had a good maiden year with the Group. These were offset by relative weakness in general US industrial markets, including microelectronics which remained sluggish for most of the year. A recovery in these markets, which picked up a little in the final quarter, is an opportunity for 2025.

Adjusted operating profits rose 20%. Adjusted operating margins eased to 14.0% (2023: 14.5%) due to a higher mix of petrochemical revenues and operational gearing in the US plants. It was a good year for product introductions with new filters specified on the LEAP aero engine programme and Blue Origin rockets, and new customers for the line of de-misting filters acquired with EFC.

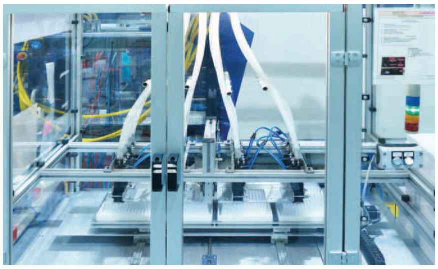
Chief Executive's report continued

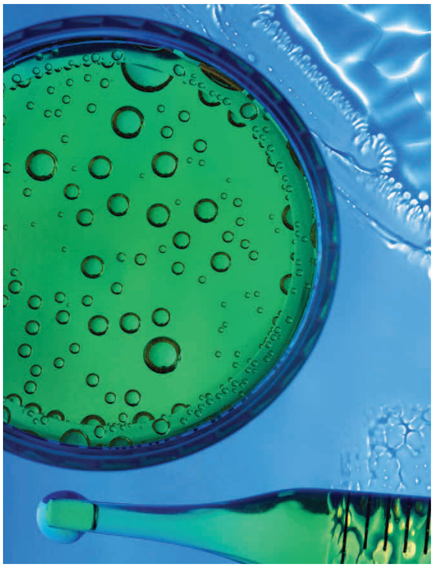
LABORATORY | DIVISIONAL PERFORMANCE

MEETING GROWING DEMAND AND DELIVERING POSITIVE IMPACT

Principal markets

- Environmental laboratories
- Sample preparation
- Chromatography
- Instruments and consumables

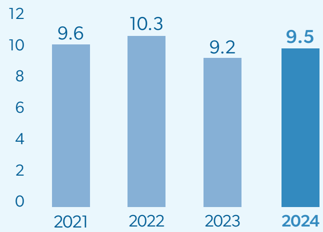




Adjusted operating profit* (£m)

£9.5m

(2023: £9.2m)

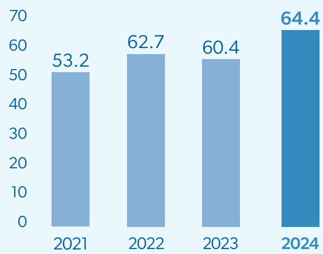


*See notes 2 and 3 for definitions and reconciliations.

Revenue (£m)

£64.4m

(2023: £60.4m)



Financial performance 2024

	2024 £m	2023 £m	Growth %
Revenue	**64.4**	60.4	7
Operating profit	**8.7**	8.8	(1)
Adjusted operating profit*	**9.5**	9.2	3

*See notes 2 and 3 for definitions and reconciliations.

Performance in 2024

The Laboratory division has two operating businesses: Porvair Sciences (including Finneran, Kbiosystems and Ratiolab) and Seal Analytical.

- Porvair Sciences manufactures laboratory filters, small instruments and associated consumables, for which demand is driven by sample preparation in analytical laboratories. Differentiation is achieved through proprietary manufacturing capabilities; control of filtration media; and customer service.
- Seal Analytical supplies instruments and consumables to environmental laboratories, for which demand is driven by water quality regulations. Differentiation is achieved through consistent new product development focused on improving detection limits, and improving laboratory automation.

Revenue growth of 7% and adjusted operating profit growth of 3% included a full year contribution from Ratiolab, acquired in July 2023. Without this, underlying revenues fell 1% and operating profits were broadly flat. After a quieter first half, we had expected demand to pick up, and while order patterns did improve, this did not feed through into better revenues until late in the year. We took the opportunity of lower demand to address several longer-term issues which we expect to benefit from in 2025. Seal Analytical changed its partner in China; accelerated investments in Hungary increased capacity and in-house manufacturing capability; a new sales operation was opened in India; and new product trials on a range of instruments at both Seal and Kbiosystems were successful. All bode well for 2025 and beyond.

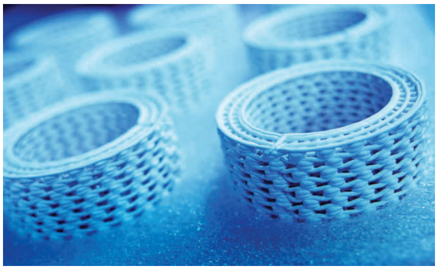
Chief Executive's report continued

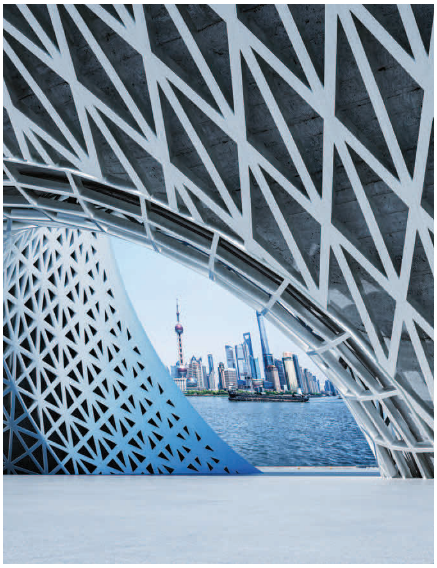
METAL MELT QUALITY | DIVISIONAL PERFORMANCE

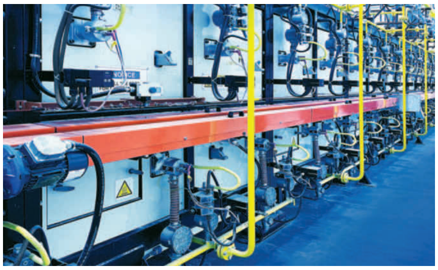
DELIVERING PRODUCTS AND SOLUTIONS FOR THE FUTURE

Principal markets

- Global Aluminium
- US Foundry
- Superalloys



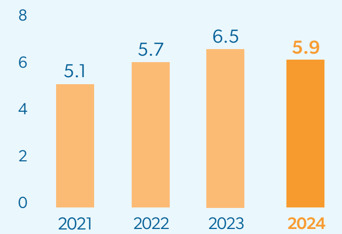




Adjusted operating profit* (£m)

£5.9m

(2023: £6.5m)

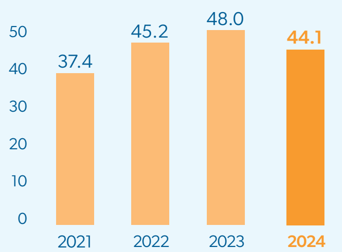


*See notes 2 and 3 for definitions and reconciliations.

Revenue (£m)

£44.1m

(2023: £48.0m)



Financial performance 2024

	2024 £m	2023 £m	Growth %
Revenue	44.1	48.0	(8)
Operating profit	5.9	6.5	(9)
Adjusted operating profit*	5.9	6.5	(9)

*See notes 2 and 3 for definitions and reconciliations.

Performance in 2024

The Metal Melt Quality division manufactures filters for molten aluminium, ductile iron and nickel-cobalt alloys. It has a well-differentiated product range based on patented products and extensive experience in melt quality assessment.

An 8% fall in revenue in 2024 followed record sales years in 2023 (+6%), 2022 (+21%), and 2021 (+14%). Aluminium revenue was flat in a year where global primary aluminium production fell around 23% (Source: international aluminium.org). Demand for aerospace-related turbine blade filters was robust, generating record revenues for the product line. Operations in China ran well, generating a modest profit; but US general industrial demand, notably for the auto, truck and agricultural markets, was lower. In the final quarter, trading conditions improved, but operations in Hendersonville North Carolina were badly hit by Hurricane Helene in late September which caused extensive flooding in the plant. We are in negotiation with our insurers and FEMA, but reported operating profits include a charge of £0.9 million for remediation costs. Operating profit was reduced as a result with reported margins at 13.4%.

Looking ahead, benefits of US re-shoring, notably in aluminium recycling, are increasingly noticeable; and market share wins in turbine blade filtration in 2024 will benefit 2025. The Board has approved capital to replace one of the key ovens in Hendersonville. This is a significant investment for the Group. These assets require replacement on a 20–25 year cycle. The new oven will be commissioned at the end of 2025 and will increase capacity, lower unit costs and improve carbon intensity.

Finance Director's review

2024 was another year of record revenue and earnings, with continued investment and a strong closing balance sheet.

Adjusted operating profit*

£24.5m

Adjusted operating profit* up 8% to £24.5 million (2023: £22.6 million).

*See notes 2 and 3 for definitions and reconciliations.

Cash from operations

£25.7m

Cash from operations in 2024 was £25.7 million (2023: £24.1 million).

Group results

	2024 £m	2023 £m	Growth %
Revenue	**192.6**	176.0	9
Operating profit	**22.8**	21.2	8
Profit before tax	**20.9**	20.1	4
Profit after tax	**16.6**	16.0	4

Revenue was 9% higher on a reported currency basis and 13% higher at constant currency (see note 2). Operating profit was £22.8 million (2023: £21.2 million) and profit before tax was £20.9 million (2023: £20.1 million). Profit after tax was £16.6 million (2023: £16.0 million). An operating review, together with a review of divisional performance, is included in the Chief Executive's report above.

Alternative performance measures – profit

	2024 £m	2023 £m	Growth %
Adjusted operating profit	**24.5**	22.6	8
Adjusted profit before tax	**22.7**	21.4	6
Adjusted profit after tax	**17.9**	17.1	5

The Group presents alternative performance measures to enable a better understanding of its trading performance (see note 2). Adjusted operating profit and adjusted profit before tax exclude items that are material and where treatment as an adjusting item provides a more consistent assessment of the Group's trading performance. Adjusting items comprise £1.7 million (2023: £0.9 million) for the amortisation of acquired intangible assets and £nil (2023: £0.4 million) for costs incurred in relation to the acquisition of certain business and assets from HRW Inc., which completed in March 2023; the 100% share capital of Ratiolab, which completed in July 2023; and the 100% share capital of EFC, which completed in December 2023.

Impact of exchange rate movements on performance

The international nature of the Group's business means that relative movements in exchange rates can affect reported performance. The rates used for translating the results of overseas operations were:

	2024	2023
Average rate for translating the results:		
US$ denominated operations	**$1.28:£1**	$1.24:£1
Euro denominated operations	**€1.18:£1**	€1.15:£1
Closing rate for translating the balance sheet:		
US$ denominated operations	**$1.27:£1**	$1.27:£1
Euro denominated operations	**€1.20:£1**	€1.16:£1

During the year, the Group sold US$29.8 million (2023: US$28.5 million) at a net rate of US$1.26:£1 (2023: US$1.21:£1) and purchased €3.8 million (2023: net €4.6 million) at a net rate of €1.20:£1 (2023: €1.15:£1). At 30 November 2024, the Group had US$4.0 million (2023: US$10.0 million) of outstanding forward foreign exchange contracts; hedge accounting has not been applied to these contracts.

Finance costs

Net finance costs comprise interest on borrowings; lease liabilities; and the Group's retirement benefit obligations; together with the cost of unwinding discounts on provisions and other payables. The Group also incurs undrawn commitment fees on the Group's available banking facilities. Net finance costs of £1.9 million (2023: £1.2 million) increased in the year primarily due to: interest on borrowings; lease liability interest associated with a property lease renewal in the UK; and lease liability interest on properties which came with the Ratiolab and EFC acquisitions. Interest cover from operating profit was 12 times (2023: 18 times). Interest cover from operating profit on net bank finance costs only was 33 times (2023: 65 times).

Tax

The total Group tax charge for the year was £4.3 million (2023: £4.1 million), including the tax effect of the adjusting items set out in note 2. The adjusted tax charge was £4.8 million (2023: £4.3 million), with the effective rate of income tax on adjusted profit before tax at 21% (2023: 20%).

The Group has current tax provisions of £1.6 million (2023: £0.6 million), which includes £0.9 million (2023: £1.1 million) for uncertainties relating to the interpretation of tax legislation in the Group's operating territories, offset by payments on account and amounts recoverable for overpayments of tax.

The Group carries a deferred tax asset of £0.1 million (2023: £0.4 million) and a deferred tax liability of £3.7 million (2023: £3.6 million). The deferred tax asset relates principally to retirement benefit obligations and share-based payments. The deferred tax liability relates to accelerated capital allowances, acquired intangible assets arising on consolidation and other timing differences.

Total equity and distributable reserves

Total equity at 30 November 2024 was £153.3 million (2023: £140.4 million), an increase of 9% over the prior year. The net increase in total equity includes profit after tax of £16.6 million (2023: £16.0 million), a net of tax actuarial loss of £0.1 million (2023: gain £0.2 million), together with a £1.6 million exchange loss (2023: £4.6 million) on the retranslation of foreign subsidiaries.

The Company had £57.1 million (2023: £45.5 million) of distributable reserves at 30 November 2024. The Company's distributable reserves increased in the year from dividends received from Group companies, and decreased in the year from head office costs and dividends paid to shareholders.

STRONG FINANCIAL POSITION

Despite market headwinds, our cash generative business model and disciplined approach mean we have retained a strong balance sheet and the headroom to invest.

DRIVING EFFICIENCY ACROSS THE GROUP

We focus on maintaining and improving margins in each of our operations. Much of our investment in capital projects has an emphasis on automation, productivity and capacity improvements.

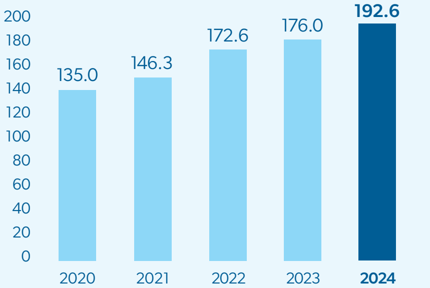
CONTINUING TO INVEST IN FUTURE GROWTH

We invest in both organic and acquired growth by focusing on markets with long-term growth potential; looking for applications where product use is mandated and replacement demand is regular; and making new product development a core business activity.

Key performance indicators on pages: 20 and 21.
Principal risks and uncertainties on pages: 22 to 25.
Viability and going concern on pages:26 and 27.

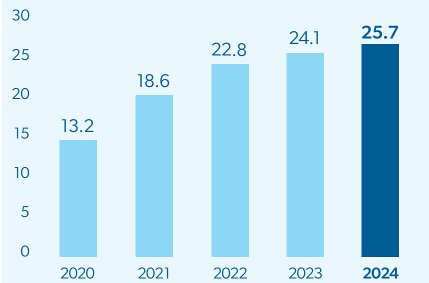
Turnover (£m)

£192.6m



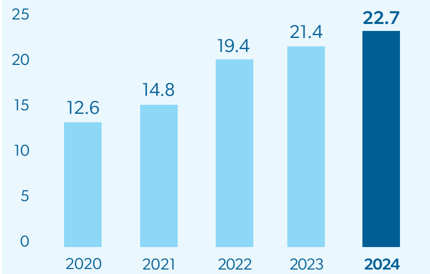
Cash generated from operations (£m)

£25.7m



Adjusted profit before tax* (£m)

£22.7m



*See notes 2 and 3 for definitions and reconciliations.

Finance Director's review continued

Cash flow, cash and net debt

The table below summarises the key elements of the cash flow for the year:

	2024 £m	2023 £m
Operating cash flow before working capital	**31.7**	29.1
Working capital movement	**(3.8)**	(2.8)
Post-employment benefits	**(2.2)**	(2.2)
Cash generated from operations	**25.7**	24.1
Interest	**(0.7)**	(0.3)
Tax	**(3.4)**	(3.0)
Capital expenditure	**(5.1)**	(4.8)
	16.5	16.0
Acquisitions (net of cash acquired)	**(10.2)**	(13.9)
Share issue proceeds	**0.6**	0.1
Purchase of Employee Benefit Trust shares	**(0.7)**	(0.7)
Increase in borrowings	**10.7**	9.8
Decrease in borrowings	**(10.7)**	(9.8)
Dividends	**(2.8)**	(2.7)
Repayment of lease liabilities	**(3.5)**	(2.6)
Decrease in cash	**(0.1)**	(3.8)

	2024 £m	2023 £m
Net (debt)/cash reconciliation		
Net cash at 1 December	**0.7**	6.8
Decrease in cash	**(0.1)**	(3.8)
Net movement in borrowings	**–**	–
Increase in lease liabilities	**(4.4)**	(2.1)
Exchange	**0.1**	(0.2)
Net (debt)/cash at 30 November	**(3.7)**	0.7
Cash and cash equivalents	**13.7**	14.1
Lease liabilities	**(17.4)**	(13.4)
Net (debt)/cash at 30 November	**(3.7)**	0.7

Generating free cash flow is central to the Group's business model. Cash generated from operations was £25.7 million (2023: £24.1 million), with net working capital increasing by £3.8 million (2023: £2.8 million). The Group started the year with cash and cash equivalents of £14.1 million and finished the year with £13.7 million, having invested £15.3 million in capital expenditure and acquisitions (2023: £18.7 million).

In August 2024, the Group agreed with Barclays Bank plc and Citibank N.A., London Branch, a new €20 million four year secured revolving credit facility with the option to extend by one year, plus a €20 million accordion. The agreement was a refinance of the Group's existing €28 million facilities and €17 million accordion. A margin benefit remains for delivering progress against certain sustainability targets. The Group continues to have a £2.5 million overdraft facility provided by Barclays Bank plc.

Bank borrowings at 30 November 2024 were £nil (2023: £nil). As at 30 November 2024, the Group had €19.6 million/£16.3 million (2023: €27.8 million/£24.0 million) of unused credit facilities and an unutilised £2.5 million (2023: £2.5 million) net overdraft facility.

Capital expenditure

Capital expenditure on property, plant and equipment was £5.1 million (2023: £4.8 million), as the Group continued to invest in capital projects with a particular emphasis on automation, productivity and capacity. During the year, the Board approved a £5.5 million capital investment programme for the update and expansion of the Group's aluminium cast house production capabilities in Hendersonville. The project began in the second half of the year.

Acquisitions

On 4 December 2023, the Group acquired 100% of the share capital of European Filter Corporation NV ("EFC"), on a cash free, debt free basis and subject to an agreed level of working capital. Consideration paid was £10.3 million. Further details of the acquisition are disclosed in note 25.

Provisions

The Group has £3.6 million (2023: £3.6 million) of provisions for dilapidations and performance warranties. £0.7 million of provisions have been created for sales made in the year, whilst £0.2 million of provisions have been released following the latest estimate of the expected costs to be incurred and £0.5 million of provisions have been utilised.

Retirement benefit obligations

Retirement benefit obligations measured in accordance with IAS 19 *Employee Benefits* were £5.9 million (2023: £7.7 million). The Group supports its defined benefit pension scheme in the UK ("the Plan"), which is closed to new entrants, and provides access to defined contribution schemes for its other employees. The Plan's liabilities increased in the year to £31.3 million (2023: £30.8 million). The Plan's assets also increased in the year to £25.5 million (2023: £23.3 million). Following a change in financial and demographic assumptions, a net of tax actuarial loss of £0.1 million (2023: gain £0.2 million) was recognised within the statement of comprehensive income. Cash contributions paid to the Plan were £2.6 million (2023: £2.6 million), which included a deficit recovery payment of £2.1 million (2023: £2.1 million). The 31 March 2024 triennial valuation of the Plan is in progress and is expected to be finalised before 30 June 2025.

Finance and treasury policy

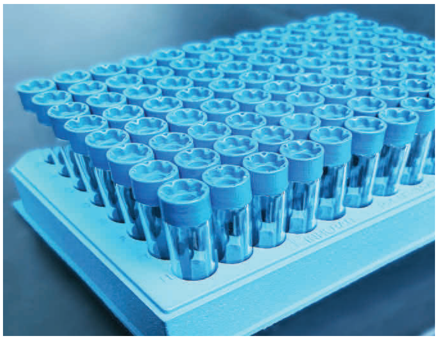
The treasury function at Porvair is managed centrally, under Board supervision. It seeks to limit the Group's trading exposure to currency movements. The Group does not hedge against the impact of exchange rate movements on the translation of profits and losses of overseas operations. The Group finances its operations through share capital, retained profits and, when required, bank debt. It has adequate facilities to finance its current operations and capital plans for the foreseeable future.

James Mills
Group Finance Director
7 February 2025

METAL MELT QUALITY FURNACE UPGRADE

£5.5m

During the year, the Board approved a £5.5 million capital investment programme for the update and expansion of the Group's aluminium cast house production capabilities in Hendersonville. The project began in the second half of the year.



"In considering its long-term development, the Board will allocate capital and resources according to strategic priorities. The Group seeks to balance the short-term costs of these investments with their likely future benefit."

ESG report on pages: 28 to 47.
Financial statements on pages: 84 to 137.

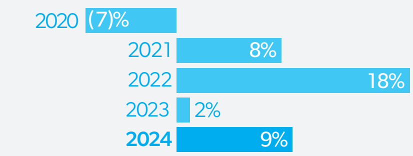
Key performance indicators

FINANCIAL KPIs

REVENUE GROWTH

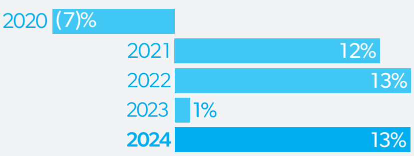
1 2 3 4 5

Performance
9%



REVENUE GROWTH AT CONSTANT CURRENCY

Performance
13%



Definition

Revenue growth captures year-on-year performance in the main tenets of our business model: meeting customer requirements; developing new products; expanding geographically; and making acquisitions.

Constant currency revenue growth presents a measure of growth from the retranslation of overseas subsidiaries at fixed budgeted exchange rates (see note 2).

Performance in 2024

The performance of the Group is explained in full in the Chief Executive's report and the Finance Director's review. At constant currency, revenue growth within Aerospace & Industrial was 28% (2023: 4%), Laboratory 9% (2023: 5% reduction), and Metal Melt Quality a 5% reduction (2023: 5% growth).

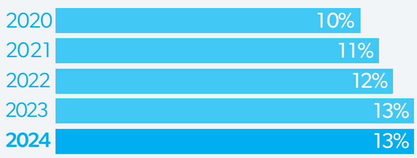
Alignment to strategic objective

1. Focus on markets where we see long-term growth potential.
2. Look for applications where product use is mandated and replacement demand is regular.
3. Make new product development a core business activity.
4. Establish geographic presence where end-markets require.
5. Invest in both organic and acquired growth.

ADJUSTED OPERATING MARGIN

1 2 3

Performance
13%



Definition

Operating margins, excluding adjusting items (see note 2), demonstrate the Group's ability to turn revenue into profits.

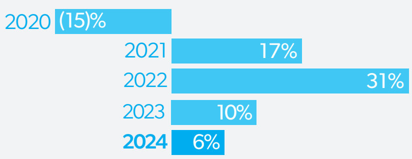
Performance in 2024

The Group adjusted operating margin reduced by 10 bps to 12.7% (2023: 12.8%). Adjusted operating margins were 14.0% in Aerospace & Industrial (2023: 14.5%), 14.8% in Laboratory (2023: 15.2%), and 13.4% in Metal Melt Quality (2023: 13.5%).

ADJUSTED PROFIT BEFORE TAX (PBT) GROWTH

1 2 3

Performance
6%



Definition

Adjusted PBT growth, which excludes adjusting items (see note 2), measures profit growth before corporation tax.

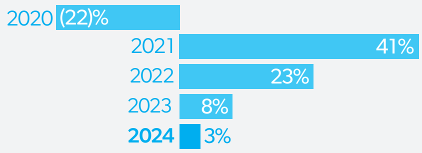
Performance in 2024

The performance is described in full in the Chief Executive's report and the Finance Director's review. Revenue growth of 9% has delivered 6% growth in adjusted PBT. Interest increased year-on-year as a result of borrowings drawn to help fund recent acquisitions, together with the IFRS 16 lease liability interest on those businesses acquired and a property lease renewal in the UK. Productivity investments made in prior years have supported margins, as has careful management of input costs and pricing.

BASIC EARNINGS PER SHARE (EPS) GROWTH

1 2 3

Performance
3%



Definition

Basic EPS growth gives a measure of the Group's ability to deliver consistent earnings growth for its shareholders.

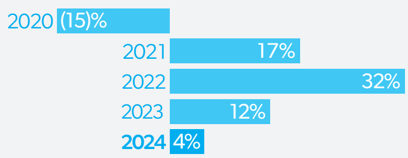
Performance in 2024

Basic EPS growth reflects the growth in PBT, with a 21% effective rate of corporation tax (2023: 21%).

ADJUSTED BASIC EARNINGS PER SHARE (EPS) GROWTH

1 2 3

Performance
4%



Definition

Adjusted basic EPS growth, which excludes adjusting items (see note 2), gives a measure of the Group's ability to deliver consistent earnings growth for its shareholders.

Performance in 2024

Adjusted basic EPS performance was supported by the growth in adjusted PBT, with a 21% effective rate of corporation tax (2023: 20%).

Strategy and business model on pages: 4, 5 and 9.
Principal risks and uncertainties on pages: 22 to 25.
Remuneration report on pages: 65 to 83.
ESG report on pages: 28 to 47.

Remuneration & Risk

Variable remuneration of the Executive Directors and senior management is based on adjusted EPS growth, cash generation from operations and other non-financial metrics including ESG performance. Further details on remuneration policies and the metrics used to determine them are set out in the Remuneration report.

We recognise that the management of risk has a key role to play in the achievement of our strategy and KPIs.

Non-financial KPIs

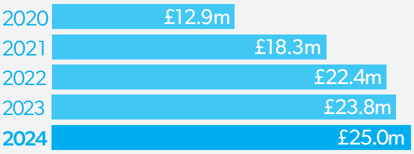
Non-financial KPIs seek to measure the performance of important aspects of the business that cannot be measured through financial reporting. The Group reports on:

- The Voluntary Quit Rate of employees;
- Lost Time Accidents; and
- Greenhouse Gas Intensity.

CASH GENERATED FROM OPERATIONS LESS NET INTEREST PAID

1 2 3

Performance
£25.0m



Definition

Cash generated from operations less net interest payments gives a measure of the cash generating capabilities of the Group.

Performance in 2024

The Group's cash performance was driven by a continued focus on working capital management. Net interest payments increased year-on-year as a result of borrowings drawn to help fund recent acquisitions.

ADJUSTED POST-TAX RETURN ON CAPITAL EMPLOYED

1 2 3

Performance
15%

Definition

Adjusted post-tax return on capital employed gives a measure of financial return from all invested capital in the business, other than net cash (excluding lease liabilities). A return higher than the Group's weighted average cost of capital is deemed satisfactory.

Performance in 2024

The Group's adjusted return on capital employed of 15% (2023: 15%) remained consistent with the prior year.

ADJUSTED POST-TAX RETURN ON OPERATING CAPITAL EMPLOYED

1 2 3

Performance
32%

Definition

Adjusted post-tax return on operating capital employed gives a measure of financial return from invested capital in the business, excluding goodwill arising on acquisitions, the Group's retirement benefit obligations (net of deferred tax) and net cash (excluding lease liabilities).

Performance in 2024

The Group's adjusted return on operating capital of 32% (2023: 34%) reduced on prior year with capital invested in recent acquisitions.

VOLUNTARY QUIT RATE

Definition

The Voluntary Quit Rate measures the number of resignations per plant as a percentage of the average number of employees in each plant. The Board uses this metric on a plant by plant basis, in conjunction with employee surveys as part of its assessment of employee satisfaction.

Performance in 2024

The Quit rate has fallen in the year and is now in line with the median plant voluntary quit rate. This indicates that over time the larger plants with the highest Quit rate have improved. Better Employee Engagement processes are having an impact on employee retention particularly on the plants with the highest employee turnover.

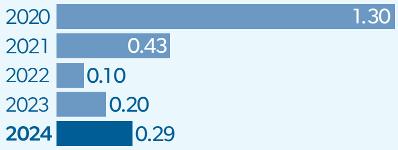
8.2%

The Group Voluntary Quit Rate was 8.2% (2023: 9.0%).

NON-FINANCIAL KPIs

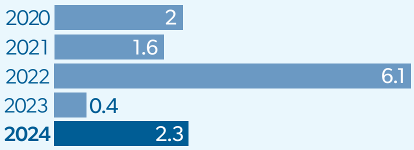
LOST TIME ACCIDENTS PER 100 EMPLOYEES

Performance
0.29



DAYS LOST TO ACCIDENTS PER 100 EMPLOYEES

Performance
2.3



Definition

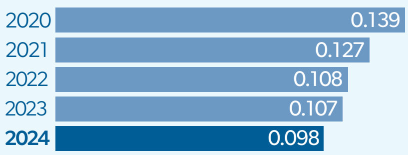
Lost time accidents and days lost per 100 employees give a measure of the frequency and severity of accidents in our plants.

Performance in 2024

The Aerospace & Industrial division had three lost time accidents resulting in 24 working days lost. There were no lost time accidents in the Metal Melt Quality division or the Laboratory division.

GREENHOUSE GAS TOTAL INTENSITY RATIO

Performance
0.098



Definition

The total intensity ratio is measured in kilogrammes of CO_2 per pound Sterling of revenue.

Performance in 2024

Greenhouse gas emissions were 0.3% higher in 2024, but revenue was 9% higher resulting in an 8% reduction in the intensity ratio.

Principal risks and uncertainties

Risk management framework
The Group has a well-established system of internal control and risk management.

Risk appetite
The Board assesses its risk appetite annually and applies consideration of risk in its business planning process.

Our approach to risk management
The Board has carried out an assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. It has implemented a risk management process with specific steps scheduled throughout the financial year. The process adopted by the Group is outlined below:

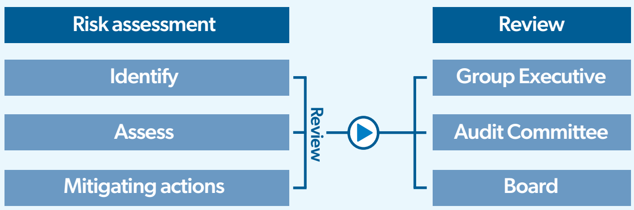
- Key risks are identified by the management team of each operation and discussed quarterly with the Group Chief Executive and Group Finance Director.
- A register of risks and mitigations is assessed, covering:
  - Board appetite for each category;
  - Existing and emerging risks; and
  - Mitigation actions in place or required.
- Actions arising are incorporated into operating plans and budgets.
- Internal audit peer reviews analyse the risk registers kept by each business and ensure that:
  - The mitigation steps identified are in place; and
  - Any commitments made in the planning process have been actioned.

Risk governance
The Board has overall responsibility for effective risk management and has:

- defined the Group's risk appetite;
- reviewed any identified failures, mistakes or oversights in risk assessments;
- considered the findings of the internal audit reviews in relation to risk management; and
- conducted a robust annual effectiveness review of the process.

Principal risks and uncertainties
The principal risks and uncertainties described are those which individually or collectively might be expected to have the most significant impact on the Group's long-term performance and prospects.

Risk assessment review



EMERGING RISKS

ER 1 – Regulation risk – tariffs
ER 2 – Environmental and climate-related risk

GROUP PRINCIPAL RISKS

REVENUE RISKS

A – Existing market risk
B – New products and markets risk
C – Large contracts risk
D – Competitive risk

MANUFACTURING AND OPERATIONAL RISKS

E – Facilities and IT risk
F – Cyber-attack risk
G – Supply chain disruption; input, cost and production risk
H – People risk

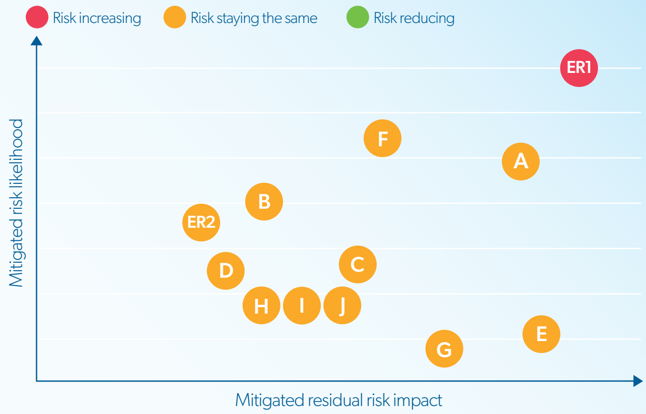
FINANCE AND MANAGEMENT RISKS

I – Financing and liquidity risk
J – Foreign currency, interest rate, credit risk

Risk trends

The ongoing review of the Group's principal risks focuses on how these risks may evolve. The chart below makes an estimate of the relative likelihood and impact of the risks described and shows which are considered to be increasing or decreasing in severity.

Risk impact analysis



ALIGNMENT TO STRATEGIC OBJECTIVE

1. Focus on markets where we see long-term growth potential.
2. Look for applications where product use is mandated and replacement demand is regular.
3. Make new product development a core business activity.
4. Establish geographic presence where end-markets require.
5. Invest in both organic and acquired growth.

CHANGE IN LEVEL OF RISK:

- No change to risk
- Risk exposure reduced
- Risk exposure increased

EMERGING RISKS

ER 1 – REGULATION RISK – TARIFFS

Changes to trade terms can affect Group competitiveness. This risk is affected by periods of political change.

Mitigation

The Board is tolerant of most trade and tariff risks and particularly monitors UK/US; UK/EU; and UK/US/China trade relations. The Board is intolerant of trading risk in parts of the world where standards of legal and commercial protection are inconsistent. The Group may amend how and where it manufactures or sells goods to minimise tariff impacts or avoid trade barriers.

1 2 3 4 5 Change

ER 2 – ENVIRONMENTAL AND CLIMATE-RELATED RISK

Climate-related events, including extreme weather, and a disorderly transition to a low-carbon economy, have the potential to adversely impact the Group's operations and financial well-being.

Mitigation

The Board accepts that all Group sites face certain risks from climate-related events (see also Risk E – Facilities, below). The Board is averse to manufacturing processes that carry medium to high pollution risk. Management monitors relevant regulations to ensure environmental compliance in its operations, for all of which the Board has set targets for reducing carbon intensity.

The Group annually reviews how a move to Net-Zero might affect Group markets and operations and publishes this in its ESG report, where both risks and opportunities are outlined.

1 2 3 4 5 Change

Principal risks and uncertainties continued

REVENUE RISKS

A – EXISTING MARKET RISK

The Group serves a range of specialist filtration, laboratory and environmental technology markets, all of which may suffer economic downturn or instability.

Mitigation

The Board is tolerant of such risks and accepts that business cycle fluctuations are inevitable. The spread of Group activities has enabled the Group overall to perform creditably in recent downturns. Many of the Group's products are consumable and are essential to the safe operation of customers' systems and processes, so whilst volumes can be impacted by changes in economic circumstances, sustained fluctuations for other reasons are rare.

1 2 Change

B – NEW PRODUCTS AND MARKETS RISK

The Group aims to grow through new product development, expansion into new territories, and acquisitions, all of which can create new risks.

Mitigation

The Board sees such risks as inevitable in a growing international business and seeks to manage and mitigate through the strategy review process together with a careful assessment of investments, all of which are subject to internal hurdle rates, technical assessments and levels of approval.

1 2 3 Change

C – LARGE CONTRACTS RISK

The Group on occasion supplies filtration equipment to large industrial installations. The frequency and scale of orders can materially affect the results of the Group.

The Group has several long-term supply agreements for filters and agreements with key distributors for certain of its products.

Mitigation

The Board is averse to risks associated with orders that are of disproportionate scale to the rest of the business or the operation in which they sit. Large order approval is a 'Matter Reserved for the Board' which will assess risk on a case-by-case basis. Such commercial deals have close senior management involvement.

The Board seeks to maintain a relatively low customer or supplier concentration in any given operation.

1 2 Change

D – COMPETITIVE RISK

The Group operates in competitive global markets.

Mitigation

The Board recognises that the Group's future depends on its continued competitiveness and is tolerant of risks associated with maintaining competitiveness. The Group seeks to build its competitive advantage through technical differentiation, product quality and customer service, all of which are reviewed regularly by management and in reports to the Board.

1 2 Change

MANUFACTURING AND OPERATIONAL RISKS

E – FACILITIES AND IT RISK

The Group operates 22 operating plants, the largest facility generating between 20% and 25% of the Group's revenue.

The Group relies on IT systems for all its record maintenance and is dependent upon good bandwidth connections between its sites.

Mitigation

The Board accepts that all businesses carry a small risk of catastrophic failure due to fire, flood or similar. A periodic group-wide fire risk assessment is carried out, the latest in 2022. All businesses have disaster recovery plans. The Group maintains insurance of its equipment and facilities and carries business interruption insurance to cover loss of profits. In addition, the Group has ISO 9001 and other industry specific quality control systems which reduce the risk that a disaster will occur.

The Group has resilient and distributed IT systems and invests in new servers, software and bandwidth to improve the resilience of its systems. It has comprehensive IT disaster recovery plans, which are periodically tested.

1 2 Change

F – CYBER-ATTACK RISK

The nature and scale of cyber risk is changing and increasing in all businesses. Greater system dependence and more sophisticated attacks increase the businesses' vulnerability.

Mitigation

The Board sees this as a risk that requires investment and vigilance to mitigate. The Group's systems have been tested against actual cyber-attacks with, to date, only minimal consequences. The Group has distributed systems such that a virus or cyber-attack should be contained within one operation. Periodic cyber risk reviews are carried out, the most recent in 2022/23, and best practice is shared across the divisions.

1 2 Change

MANUFACTURING AND OPERATIONAL RISKS CONTINUED

G – SUPPLY CHAIN DISRUPTION; INPUT, COST AND PRODUCTION RISK

The Group seeks stable and reliable supply chains, production processes and commercial environments. Any of these, from time to time, may deteriorate or fluctuate, as a result of global events.

Mitigation

The Board is tolerant of such risks and recognises that they are a normal part of operating internationally. It observes that the end-markets served by the Group are normally more stable than volatile. Specific mitigations to reduce volatility further include dual sourcing of key inputs, buffer stock of key supplies; long-term supply contracts for key inputs and/or customers; and regular preventative maintenance of equipment. The Group seeks to pass on cost increases wherever goods inflation cannot be avoided.

1 2 3 4 5 Change

H – PEOPLE RISK

The Group employs approximately 1,000 people across its global manufacturing footprint. Failure to attract, retain and develop our people, or to create the right environment in which they can succeed, may adversely impact business performance.

Mitigation

The Board recognises that the Group's people deliver its success, and that a diverse and inclusive culture supports performance and growth. The Group has policies and standards which support its approach including Employee Engagement; Health & Safety; Diversity; Training & Development; Senior Leadership Coaching; and Succession Planning. Balanced and competitive compensation packages are on offer. The Board believes in devolving management autonomy as far as possible and management teams are remunerated in part by how well they execute the Employee Engagement framework set out by the Board. Sally Martin, the Group's Senior Non-Executive Director, is the designated Director responsible for Employee Engagement.

1 2 3 4 5 Change

FINANCE AND MANAGEMENT RISKS

I – FINANCING AND LIQUIDITY RISK

The Group uses borrowings to finance its operations.

Mitigation

The Board is tolerant of financial and liquidity risk, seeking sufficient financial headroom for expansion and investment. The Board has indicated it is tolerant of a maximum level of debt up to 1.5 - 2.0 times EBITDA, beyond which it would be averse to further risk. The Board notes that it has access to equity financing and that the Group has several large, well-capitalised investors who are long-term supporters of the Group.

1 2 3 Change

J – FOREIGN CURRENCY, INTEREST RATE, CREDIT RISK

As an international business, the Group is subject to risk in its use of currency (both transactional and translational), interest rates and credit.

Mitigation

The Board is tolerant of such risks provided risk levels remain proportionate to overall Group performance.

Foreign exchange risk

The Group is mainly exposed to £/US$ fluctuation. The UK operations generate US dollar and Euro revenue, for which exposure is managed through forward currency contracts and periodic sales of US dollars and Euros. The Group does not apply hedge accounting to these transactions.

Interest rate cash flow risk

The Group has minimal interest-bearing liabilities. In view of the low levels of Group borrowing, the Group does not have any interest rate hedging instruments.

Credit risk

The Group applies appropriate credit checks on potential customers before sales are made. Debtor finance is very rarely used. The Group monitors the level of deposits held with overseas banks and financial institutions and repatriates cash as part of its treasury management.

5 Change

ALIGNMENT TO STRATEGIC OBJECTIVE

1. Focus on markets where we see long-term growth potential.
2. Look for applications where product use is mandated and replacement demand is regular.
3. Make new product development a core business activity.
4. Establish geographic presence where end-markets require.
5. Invest in both organic and acquired growth.

CHANGE IN LEVEL OF RISK:

- No change to risk
- Risk exposure reduced
- Risk exposure increased

Viability and going concern

Selection of Viability period

The Group has significant revenue streams of bespoke consumable parts that, as a result of either quality accreditation or regulatory requirements, are expected to continue for many years. However, the Board considers that a review of the Group's plans over a three year period is reasonable because:

- the Group's planning processes extend over three years and provide the Board with a reasonable timeframe over which developments can be foreseen with a degree of certainty;
- its specific investment plans can be reasonably foreseen and will be implemented within the period covered;
- there is a reasonable expectation that changes to current market trends can be anticipated over the period; and
- to the extent that the Group has long-term supply contracts with its key customers, these usually have three year renewal periods.

Integration with the Group's strategy and business model

The Group's strategy is set out on pages 4, 5 and 9. The aspects of the strategy that have the most impact on the viability of the business are:

- **the characteristics of specialist filtration, laboratory and environmental technology businesses.**
  Generally, the products the Group designs and manufactures are mandated by regulation, quality accreditation or a maintenance cycle. Our products are generally protecting much more costly or complex downstream systems. Products are often designed for specific applications, which typically have long life cycles, and have regular replacement cycles. These characteristics provide the business with a degree of repeatability of orders and a reasonable level of revenue security;
- **our ability to apply our expertise to a range of attractive niche markets.**
  Filtration and emission control products are required to perform to a given specification. Our filtration expertise is applicable across all our markets. We win business by applying that expertise to offer the best technical solution at an acceptable cost to a particular application; and
- **our approach to investment and growth.**
  We aim to meet our dividend and investment needs from free cash flow and modest borrowing. We aim for a mix of organic and acquisition growth funded from our own resources. Over the medium-term the Group has demonstrated an ability to generate free cash flow and integrate modest acquisitions.

The Group has an annual Strategic Planning process, which includes a strategic plan, a detailed budget for 2025 and financial projections covering a three year period. The strategic planning process is integrated with the risk management and reporting processes, designed to produce consolidated and operating unit level business objectives, risk management plans and operating budgets.

The plans are reviewed each year by the Board as part of its strategy review process. Once approved by the Board, the plans are adopted throughout the operations and provide the basis for strategic decision-making and objective setting. Progress towards these objectives and financial performance compared with plans are monitored by the Board throughout the year.

In undertaking its strategic review in 2024, the Board considered the prospects of the Group over the one and three year periods to 30 November 2025 and 2027, respectively. The one year planning period normally has a greater level of certainty and is, therefore, used to set detailed budgetary targets throughout the Group – it is also used by the Remuneration Committee to set targets for annual incentives. The three year period provides less certainty of outcome, but sets out the medium-term objectives of the Group and the investment plans and financial targets associated with those objectives. It is also used by the Remuneration Committee for setting the performance targets for the long-term incentive plans.

Scenarios

The Group has considered the principal risks outlined on pages 22 to 25, together with the potential impact of those risks which might pose the greatest threat to the business model, future performance and liquidity over the assessment period.

Climate-related scenarios

In assessing principal risks over the assessment period, the Group has also considered climate-related scenarios including taking into account a possible 2°C rise in global temperature. Demand for filtration solutions is expected to remain whatever the impact of climate change and the management does not consider any of its plants' operations to be at risk from changes in the climate. However, reducing demand for the Group's US foundry activities has been identified as a climate-related risk, given the Automotive sector's move towards Net Zero with more renewable propulsion methods and the consequent reduction in demand for internal combustion engine components and castings. As described below, this reduction would not significantly impact the viability of the Group over the assessment period. The Group does not expect any other significant impacts on its ability to operate as a result of climate-related changes.

Stress tests

The three year viability period has been stress tested with the following severe but plausible combined downside scenarios:

- a global event impacting Aerospace revenues, such that demand in FY2025 and FY2026 reduces to the FY2021 run rate, being the year following the Covid-19 outbreak (principal risks: Supply chain disruption; input, cost and production);
- a 25% decline in US foundry revenue as the Automotive sector accelerates its Net Zero activities (principal risk: Environmental and climate-related);
- demand reduction for Laboratory and Industrial consumables, such that planned revenues reduce by 25% in all three years (principal risk: Existing market);
- an eighteen month forced shutdown of the Group's largest production line requiring lengthy remedial work over FY2025 and FY2026 (principal risk: Facilities and IT); and
- an economic downturn impacting Metal Melt Quality, with certain product lines suffering a 25% revenue reduction throughout the three year period (principal risk: Existing market).

The stress tests incorporate those mitigating actions and cost-saving measures which are within the Group's control. The results of the stress tests demonstrated that, based on the balance sheet position at 30 November 2024, the Group would be able to withstand the impact, should all these scenarios arise together over the three year assessment period.

Viability assessment

On the basis of this and other matters considered by the Board during the year, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period assessed. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

Going concern assessment

The Directors have made appropriate enquiries and reviewed the current financial position, including all the information presented in its strategic review of the business and the forecast covering the twelve months from the date of this report ("the going concern assessment period") and have considered foreseeable downsides, stress tests and scenarios as outlined above. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the going concern assessment period. Accordingly, they continue to adopt the going concern basis in preparing these accounts.

ESG report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

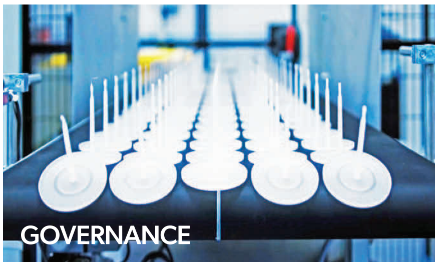
OUR APPROACH TO ESG

Porvair contributes to a sustainable future through the products we make; the way we operate; and how we engage with our employees.

Many of the products developed by Porvair are used to benefit the environment and wider society. We also recognise that our own operations can make an important contribution to a cleaner and safer world. Our aim is to act responsibly and with integrity wherever we operate.

Measuring and reporting our environmental, social and governance performance is key to understanding the impact of our operations; driving continuous improvement; and maintaining a transparent dialogue with our stakeholders.

The Group supports the UK Government goal of reducing greenhouse gas emissions to Net Zero by 2050. In compliance with the requirements of Listing Rule 6.6.6R and TCFD recommendations and recommended disclosures, in this section we have provided disclosure on how Porvair incorporates climate-related risks and opportunities to inform our future strategy, risk management approach, and the metrics and targets we use to monitor our progress.



ESG is at the heart of who we are and what we do. Principal measures of success at Porvair, on which management incentives are based, are consistent earnings per share growth, and improvement in selected ESG metrics.

AN ESG FRAMEWORK TO CREATE SHARED VALUE

Strong ESG performance is essential to deliver on our strategic purpose and create value for each of our stakeholders. Our established framework helps us to set targets, drive progress, and enhance transparency through our reporting and disclosures.

The metrics we use to measure our performance

ESG metrics

- Carbon intensity.
- Lost time accidents.
- Employee Engagement.
- Senior employees' gender balance.
- Employee voluntary quit rate.

WHAT ESG MEANS AT PORVAIR

ENVIRONMENTAL

Porvair products are used to curtail emissions, cut waste, reduce pollution or improve process efficiency. The Group has followed an environmental technology strategy since 2004, a 20-year period which has delivered compound annual growth of 13% in earnings and 8% in revenues. As the company grows and evolves, climate change and the transitions it will bring remain at the heart of our strategic thinking – as seen in the notes on pages 30 to 39.

Just as we seek to help customers reduce their environmental footprint, so we strive to do the same. As we show on page 38, having cut our carbon intensity by 22% between 2020 and 2022 we are making good progress in doing so again between 2022 and 2025.

Carbon intensity reduction

29%

Having reduced our carbon intensity by 22% between 2020 and 2022, we set a target to reduce our carbon intensity by a further 10% between 2022 and 2025. In 2024 we reduced our intensity by 8%, making our carbon intensity 9% lower than 2022 and 29 % lower than 2020.

SOCIAL

One of the lessons learned through the pandemic was how critical employee and community involvement is for our operating companies. In recent years we have concentrated on getting better at this critical activity as shown in the report on pages 40 to 45. All senior employees' incentives are now linked to employee engagement improvement.

Gender diversity

33%

We are committed to developing a diverse and inclusive workplace. 33% of the Group's permanent workforce are female.

GOVERNANCE

As a UK public company we understand and conform to all regulatory, governance and fiduciary guidelines and listen closely to feedback from stakeholders. Recent amendments to our governance framework are set out on page 46.

Engagement and decision-making

s172

Open, regular and transparent engagement with stakeholders is integral to decision-making and to the way we do business and ensures we continue to operate in a balanced and responsible way.

ALIGNING WITH UN SUSTAINABILITY GOALS

In the 'decade of delivery' for the UN Sustainable development goals, we note through this report the eight that are most relevant to Porvair's business and where we can make the biggest contribution.

ESG report continued

ENVIRONMENTAL

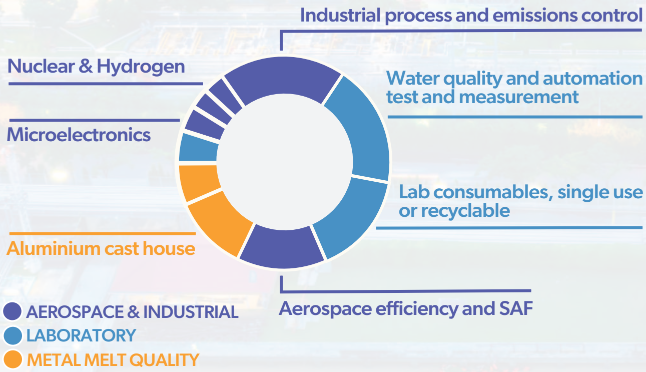
From clean water analysis to lightweight sustainable metals, from reducing marine pollution to filtration in energy and industrial processes, Porvair's capabilities help to address key environmental challenges for our customers.

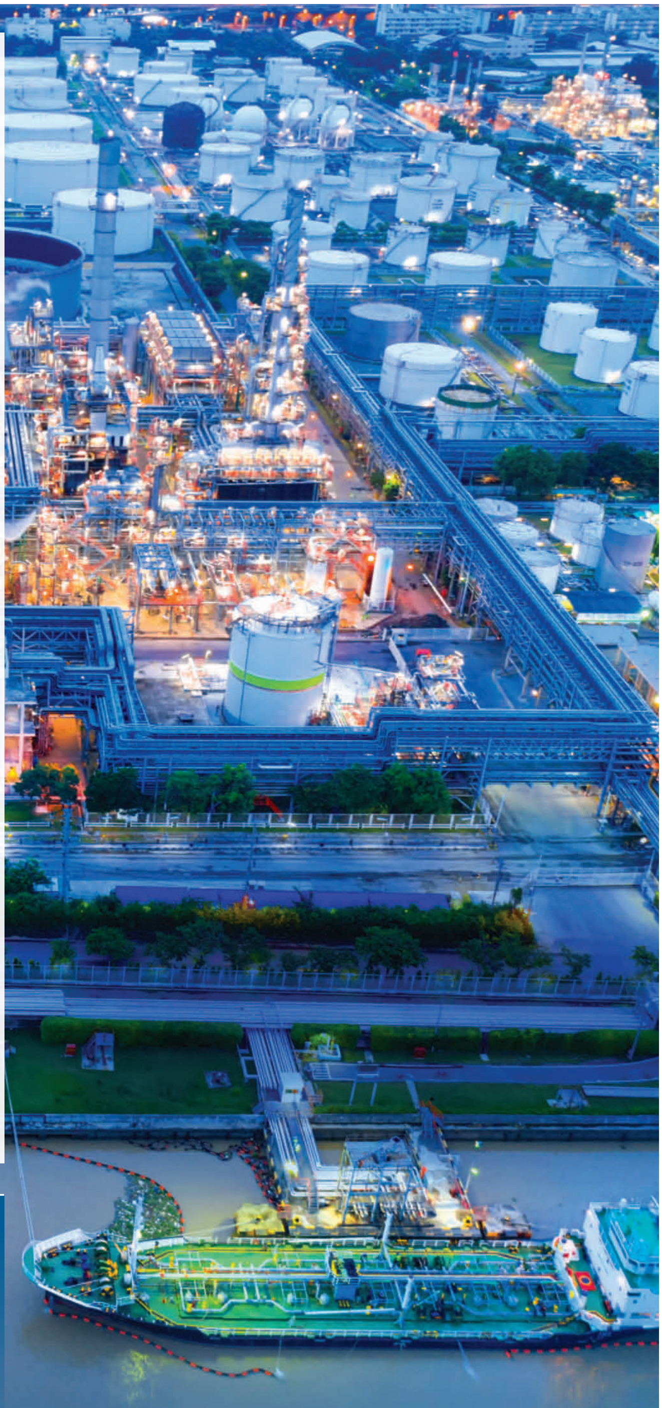
Porvair businesses support many critical industries by providing products and solutions that meet increasing demands for safety, efficiency and environmental benefit. Most Porvair products contribute to a cleaner world by reducing emissions, improving process efficiencies or identifying pollutants.

We recognise our responsibility to the wider community in which we operate, managing our impact as well as understanding emerging environmental trends that may have an impact on our business, our customers and wider stakeholders over time.

In our own operations, we are reducing our carbon intensity, resource usage and waste streams to make incremental reductions in environmental impact.

END MARKETS WITH ESG DRIVEN GROWTH OPPORTUNITIES





MEASURING PERFORMANCE IN 2024

Carbon Intensity Ratio

The Group aims to reduce its total carbon intensity ratio over time and exceeded its original goal to reduce carbon intensity by 10% between 2020 and 2025. Its new target is to achieve a further 10% reduction between 2022 and 2025.

GHG emissions (total gross emissions)

18,937 (tCO_2)

72% of carbon emissions arise in the Metal Melt Quality division.

Carbon intensity

0.098 (kCO_2/£)

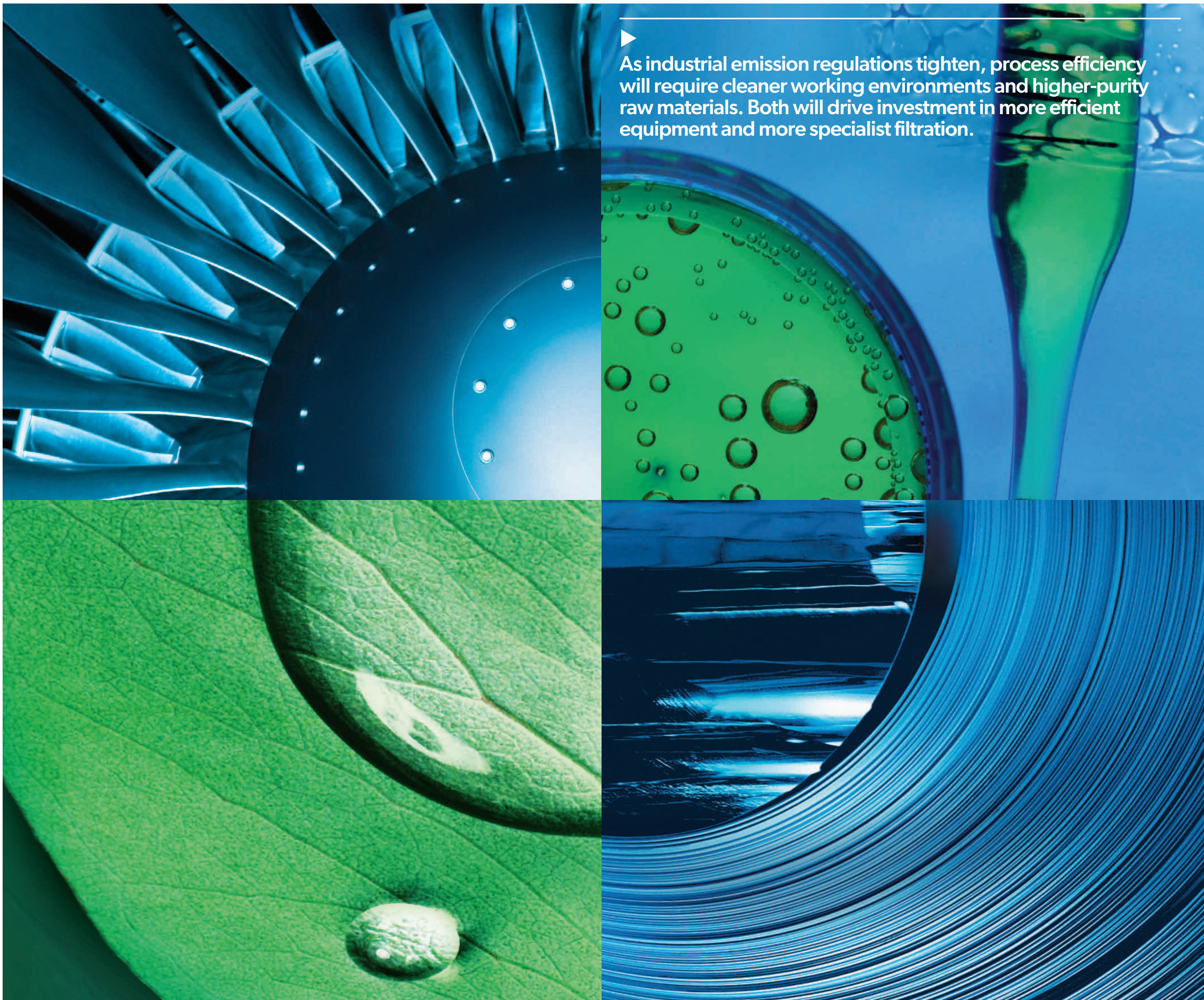
Carbon intensity is 9% lower than 2022 and 29% lower than 2020.

Reducing our carbon intensity since 2010

56% reduction

The Group has monitored its carbon intensity ratio since 2010 and in that time the intensity ratio has dropped by 56% from 0.224 to 0.098 (kCO_2/£).

Increasing demand for our products and solutions is driven by established global growth trends, strong customer relationships, technical excellence and the move towards a sustainable future.



METAL MELT QUALITY PRODUCTS

The Group's Metal Melt Quality products remove contamination, cut waste and help to improve the strength to weight ratio of metal components.

AEROSPACE FILTRATION

Many of the Group's filters provide protection from contamination for aerospace systems and processes, which helps improve quality and longevity and reduces waste.

WATER ANALYSIS

The Group's water analysis equipment ensures drinking water is fit for consumption and waste water is not contaminated.

WASTE REDUCTION

Many of the Group's filters are cleanable and reusable and can replace single use disposable filters, reducing waste in customers' filtration systems.

MARITIME WATER ANALYSIS

The Group's maritime water analysis equipment monitors small changes in the oceans' chemical composition.

PETROCHEMICAL FILTRATION

The Group offers filtration solutions to oil refineries to reduce refinery waste and to improve the quality of bunker fuel for ships.

INDUSTRIAL FILTERS

The Group's industrial filters contain and reduce emissions.

NUCLEAR FILTERS

The Group's nuclear filters prevent emissions of fissile material.

ESG report continued

ENVIRONMENTAL | Social | Governance

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures ("TCFD")

The Financial Stability Board's TCFD recommendations encourage clear disclosure of governance, strategy, risk management, metrics, and targets in relation to our climate-related risks and opportunities, enabling transparent disclosure on how we are taking action on climate change.

The Group adopted TCFD recommendations in 2022 and has also applied the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022.

Aligning our reporting to the TCFD recommendations informs our key stakeholders of the climate-related issues that may impact the Group. Using this format enables us to explain our process for responding to these challenges in a purposeful and comparable context.

We have based our disclosures on the TCFD 'Guidance for all sectors'. The table below sets out where you can find information on how we have applied each of the recommendations of the TCFD and, where we have not adopted the TCFD recommendations in full, we have explained the reasons. We understand that what is important to our shareholders evolves over time and we will continue to assess our approach to ensure we remain relevant in what we measure and disclose.

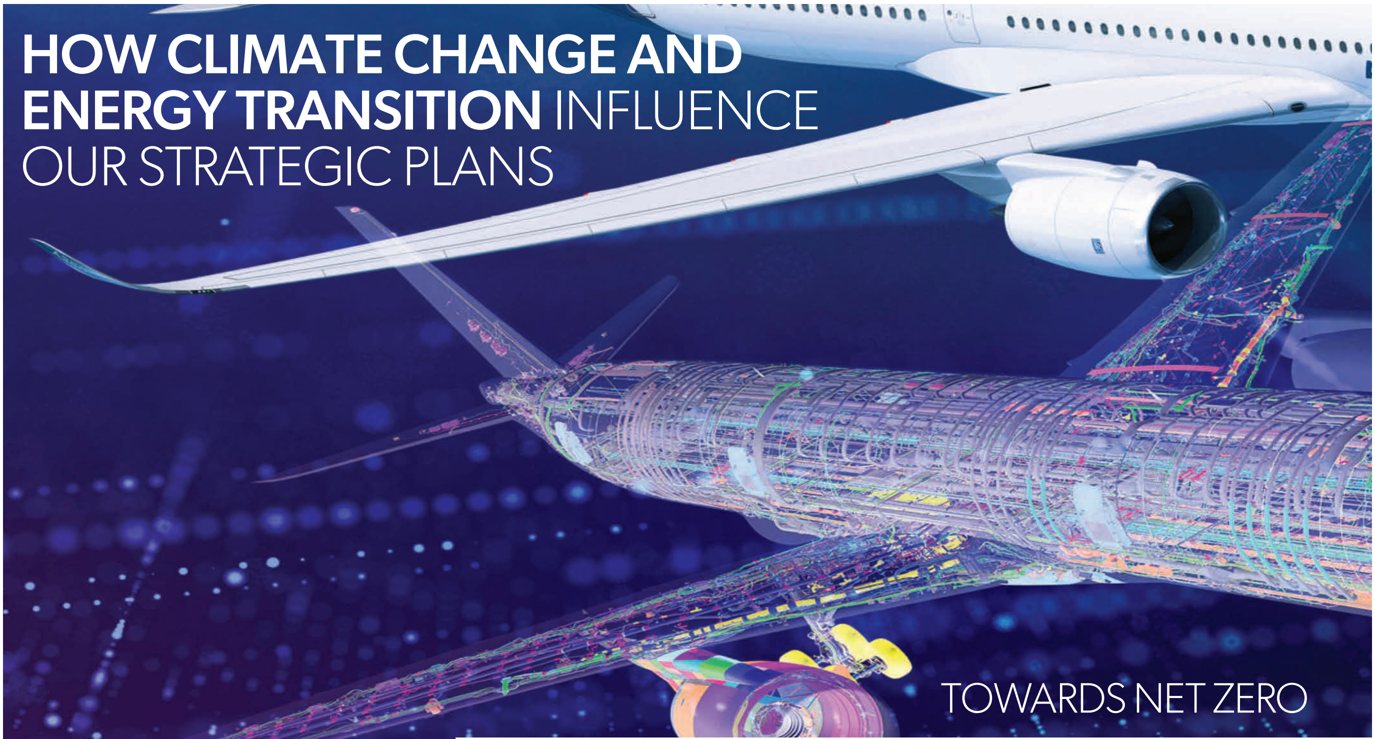
Strategic time horizons

Short-term – one to three years.
- Impacts expected over the short-term are disclosed in the viability report on page 27 and the Emerging Risks on page 23.

Medium-term – three to ten years.
- The challenges and opportunities described on page 35 and 36 will become clearer over this period.

Long-term – over ten years.
- The opportunities described on page 35 and 36 will develop over the medium-term and given the annuity nature of many of the Group's products the full benefit will accrue over the long-term.

	Recommendations and disclosure summary	Porvair's alignment and cross-referencing	
• **Governance** Disclose the governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.	The Board has direct responsibility and accountability for the assessment and management of all risks and opportunities, including climate change. It has not delegated ESG matters to a separate Committee. The Group Chief Executive has executive responsibility for delivering the Group's ESG strategy. ESG matters (including climate-related risks and opportunities) are included in all weekly and quarterly divisional reviews with senior management. Senior management incentives include progress on ESG performance, including climate change. We have processes in place to ensure our employees and other stakeholders are aware of our focus in this area.	Page 46 and 59 to 61
• **Strategy** Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term. b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have assessed climate-related risks and the impact on our strategy and markets, including those described on page 35. As a specialist filtration and environmental technology business, we have a part to play in easing the transition to lower emissions. We are well placed to support our customers with their own sustainability undertakings. We will further accelerate the reduction of our emissions by anticipating and taking advantage of opportunities presented by emerging technology and process innovations. There are limited issues faced by our operations as a direct result of changes in climate. Our focus is on finding solutions for our customers' challenges, which arise over time and on an uncertain timescale. We considered a 2°C scenario and have disclosed our findings, including a reduction in iron foundry revenue, in the Viability report on a qualitative not quantitative basis.	Pages 33 to 36 Pages 26 and 27
• **Risk management** Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks. b. Describe the organisation's processes for managing climate-related risks. c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change issues are integrated into our Group risk management and planning processes. Climate-related risks are addressed as an emerging risk to the business in the Group's review of principal risks. The Group identifies, assesses and manages climate-related and Net Zero risks and opportunities as part of its regular risk assessment process. Strategic risks are discussed at an annual Board strategy review. Investment priorities are set accordingly. Capital investment options are assessed for their carbon impact.	Page 23
• **Metrics and targets** Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks. c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Group's key target was to cut our Scope 1 and Scope 2 carbon intensity ratio by 10% between 2020 and 2025 as a first step towards reaching Net Zero emissions across our direct operations by no later than 2050. It achieved this in 2022 and set a new target of a further 10% reduction between 2022 and 2025. Porvair manufactures thousands of different products and components each year, which are included in a wide range of customers' products and processes. We have looked at including a Scope 3 measure into our targets but cannot see a reliable way of reporting Scope 3 emissions for the time being. The Group includes achievement of specific division-related ESG targets, including climate change, as a metric in all its senior management annual bonus schemes. The Group monitors its water usage and seeks to reduce usage in each of its plants. Our banking fee arrangements include a margin benefit for reducing our greenhouse gas emissions and operating more safely.	Pages 38 and 39 Page 39 Page 38 Note 18



HOW CLIMATE CHANGE AND ENERGY TRANSITION INFLUENCE OUR STRATEGIC PLANS

Demand for air travel is expected to grow. The Aerospace industry is responding to energy transition and climate change drivers and this will lead to aero component development with a burst of new product activity across the aero supply chain.

Clean water and sanitation is a critical UN development goal. Through Seal Analytical the Group is a leading player in water quality accreditation products.

As industries and governments embrace carbon reduction goals and energy transition policies, there will be both challenges and opportunities for industry. This paper examines how these longer-term trends might affect the markets served by Porvair and identifies how the Group might be affected.

In thinking about strategy and capital allocation the Board uses scenario planning as set out below.

STRATEGIC PLANNING FRAMEWORK

For the remainder of the 2020s and into the 2030s we make the following assumptions:

- Water. Clean water and sanitation is a critical UN development goal. The WHO estimates that only 73% of the global population had access to a safely managed drinking water source in 2022. The economic and social effects of clean-water access are well known. The quality and cleanliness of oceans, rivers and wetlands are also critical. Porvair is a relatively small player in water filtration, a market dominated by much larger competitors, but through Seal Analytical the Group is a leading player in water quality accreditation products. This is a market that will grow steadily both as water quality regulation tightens around the world, and as the methods used to test water are automated.
- Aerospace. Demand for air travel is expected to grow (Airbus estimates 3.6% CAGR 2023-42, Boeing estimates 6.1% over the same period) with an increasing middle-class and urban global population driving demand through tourism and family ties. The industry is responding to energy-transition and climate change drivers and this will lead to aero component development with a burst of new product activity across the aero supply chain. Work published in the UK by both the Jet Zero Council and the Aerospace Technology Institute is helpful in identifying likely technology pathways which will include the development of: zero-carbon emission aircraft, for which demonstrators are expected around 2030; ultra-efficient aircraft, with the first narrow-bodied airframe expected around 2035; cross-cutting and enabling technologies, including electronics and materials; and NOx, SOx, vapour and particulate emission reductions, for which upgraded technology is emerging.In the period to 2030, changes will come in the proportion of synthetic aviation fuel ("SAF") used; in emissions management (combustion and vapour); in the development of both composite and specialist aluminium alloys; and in electrical systems.

ESG report continued

Investment in biosciences will be driven by a growing demand for clean technologies and digital products. Investment in life sciences will be driven by population growth and population ageing.

ENVIRONMENTAL | Social | Governance

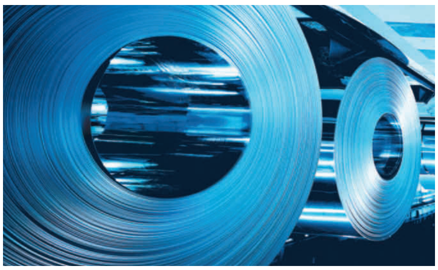
STRATEGIC PLANNING FRAMEWORK CONTINUED

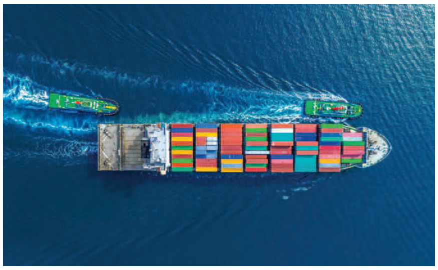
- Energy. Total energy consumption in the world will peak towards the end of the 2020s with energy efficiency measures outstripping increased demand from population growth. Energy demand in 2050 may be 15 -30% below current levels. Fossil fuels share of that energy reduces from 65% currently to 20-50% by 2050 (Source: BP energy outlook 2023).
- Electric power will continue to replace internal combustion engines, albeit at a slightly slower rate than anticipated at the start of the 2020s. Battery, hydrogen combustion, and fuel cells will all be used as motive power sources where practical but miles driven by electric vehicles will not exceed those fuelled by hydrocarbons until around 2035. As EV use grows, demand for critical minerals including noble metals, graphite, nickel and copper will expand. Vehicles of all descriptions will need to be lighter and stiffer to balance power density with battery weight.
- Wind and solar power will increase by between 450GW and 600GW per year, with up to a third of the new capacity used to make green hydrogen (Source: BP energy outlook 2023). The OECD International Energy Agency world energy outlook 2023 expects nuclear energy capacity to increase from 396GW today to 916GW by 2050.
- Hydrogen infrastructure will develop as green hydrogen production grows. The IEA expects hydrogen demand to increase from 94mMT in 2022 to >400mMT by 2050. 'Green' hydrogen from electrolysis driven by renewable energy is expected to fill the gap, with regions suited to renewable power (large scale PV and onshore wind) becoming net exporters. This will generate significant growth in hydrogen infrastructure: electrolysers, conversion plants (e.g. into ammonia for transportation followed by cracking to release the gas), storage tanks, pipelines, pumps, filters and seals. There is a good deal of literature in this area, much of it well summarised by the Hydrogen Council.
- The International Renewable Energy Agency (IRENA) argues that the building of utility-scale renewable power plants will attract other power-hungry industries such as aluminium recycling and data processing.
- Oil extraction will diminish, as will oil-based plastics and greenhouse gas contributing derivatives like methane. Carbon Capture and Storage technologies will develop, but more slowly than anticipated in the early 2020s. Work by the IEA and others discuss these and related themes.
- All forms of recycling will become increasingly regulated. More easily recyclable materials will benefit. Consumers will demand increasing proportions of recycled plastics and aluminium in their products. In 2023 30% of global aluminium production was recycled. CRU expects this to grow to 34% in 2028. Plastics recycling will see investment to increase the range and volume of plastics capable of being recycled.
- Plastics and chemical manufacture will move to low carbon feedstocks, chemical or biochemical transformations and renewable utilities. This, as the Energy Transitions Commission and others show, will require new industrial feedstock processes capable of much lower emissions.
- Agribusinesses will transform: fossil-based inputs will diminish through regulation and price; competition from digital chemistry and biology products will increase (meat, flour and fish from bacteria); and moves to re-wild agricultural land will accelerate. Similar pressures will transform global fishing (Source: Deloitte).
- Manufacturers will seek to eliminate the direct use of fossil fuels and will invest in technologies to boost labour and carbon productivity and make more efficient use of electrical power and water.
- Gas pipelines will remain critical to energy transport, but the difficulties of transporting hydrogen as a gas will lead to increased demand for sea freight. The growth in global trade will mean sea freight, albeit with much tighter emission and ballast regulations as well as anti-piracy protections, will remain critical. This will be balanced by the costs, complexity and carbon load of international transport which will encourage shorter supply chains for manufactured goods.
- Investment in life sciences will be driven by population growth and population ageing. Investment in biosciences will be driven by biotechnology development, synthetic biology growth, demand for clean technologies and digital products. Both will be helped by AI-directed molecule design, robotic synthesis and quantum simulation. Smaller, less expensive and more accurate analytical instruments will speed up research and boost laboratory automation. Further, consolidation of laboratories will boost demand for higher-throughput automation products and LIMS software.
- Emissions standards across industry will tighten.

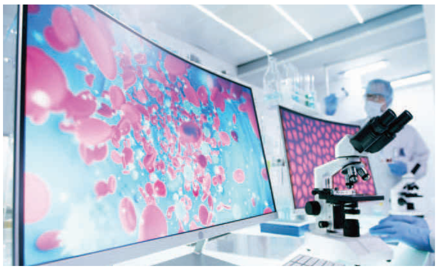
▶

Hydrogen infrastructure will develop as green hydrogen production grows.

Gas pipelines will remain critical to energy transport, but the difficulties of transporting hydrogen as a gas will lead to increased demand for sea freight.







Laboratory consumables are often single-use plastic and demand for recyclable alternatives will grow.

How this framework might affect Porvair's markets

Challenges. Some of our activities will decline under these planning assumptions. Our approach is to manage this decline, find alternative revenue streams, and approve only maintenance capital expenditure. Such activities include:

- Internal combustion engine components. Around 4% of Group revenues are associated with internal combustion engines, both auto and agricultural. These applications, including filters for engine blocks and gearbox housings, air intake ports and silencers will decline as electric vehicle usage grows. EVs are expected to grow from around 13% of the global car fleet in 2024 to around 40% in 2030 (Source: ACEA, ANL). This is a lower percentage than anticipated in 2022, suggesting that the demise of the IC engine may take longer than currently expected, but nonetheless the global trend is clear.
- Plastics and chemicals. Filters used in fossil-based olefins, aromatics and polymers account for less than 5% of Group sales and are likely to decline. Where they are replaced by similar materials made from bio-feedstocks, a new category of process filtration will emerge, with similar levels of filtration required.
- Laboratory consumables (15% sales) are often single-use plastic and demand for recyclable alternatives will grow. This could be an opportunity for glass. The Group has capabilities in both materials. Plastics emit more carbon per tonne in manufacture than glass but are less breakable and easier to manufacture. In some clinical applications the need for cleanliness and chemically inert surfaces will be paramount and virgin materials made in clean-room environments will be needed. The Group has invested in clean-and-recycle capability, but this is yet to be proven in exacting applications.

More broadly the Board's view is that overall growth in laboratory activities (expected to grow 5% CAGR to 2031. Source: Transparency Market Research) will counteract these challenges. The development of smaller and more accurate analytical instruments will in turn require higher-throughput sample preparation materials and consumables. The Group has invested in clean, low cost capacity in Hungary to remain competitive in this field. Further, the Group has invested in small-scale lab automation capability to meet the needs of a consolidating end market.

Opportunities. Capital allocation will be directed to those segments where long term growth is expected, and to products that directly and indirectly reduce emissions, facilitate recycling, prolong operating life or cut process waste.

- As industrial emission regulations tighten, process efficiency will require cleaner working environments and higher purity raw materials. Both will drive investment in more efficient equipment and more specialist filtration. Around 19% of Group sales are used in industrial and energy processing, a US$35 billion market growing at 4.9% per annum (Source: Markets And Markets 2024). Environmental sustainability, the need for ever purer raw materials and feedstocks and the implementation of stricter regulatory standards worldwide will drive investment to reduce emissions, minimise waste and meet compliance obligations. Filtration technology will develop to enable the wider use of previously unviable waste products; to promote re-usable filters for recyclability, longer life and less waste. Filtration is critical in almost all recycling processes, notably aluminium and, increasingly, plastics. High quality filtration for the containment of fissile material and nuclear waste will be critical to the safe expansion of nuclear power.
- Aerospace (13% of Group sales) will remain a key end-market for the Group. As aerospace develops, SAF will need specialist filtration; ultra-efficient engines will need optimised turbine blades; ultra-efficient airframes will need higher specification aluminium alloys; electrical systems will require dust and air filters; and batteries, electrical motors and computer systems will all require efficiently filtered coolant architecture. Product development in all these areas is well underway.
- Tighter regulation will also drive growth in test and measurement capabilities. Water quality standard accreditation (13% of Group sales) will rise as the developing world brings its standards towards those in place in the EU, US and China. Further, as the use of costly or dangerous reagents is increasingly restricted, accurate and automated analyzer use will become essential. More general analytical instrumentation use will increase as laboratory equipment gets smaller and less expensive; while laboratory labour skills will get harder to find and more expensive. Both will drive the need for laboratory automation (5% Group sales).

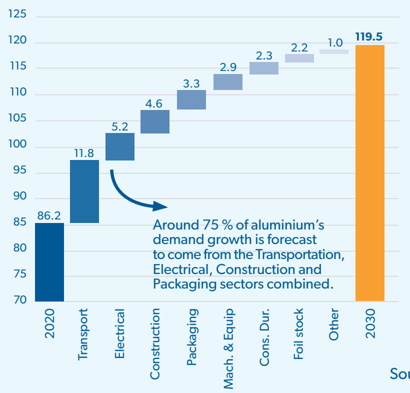
ESG report continued

Aluminium filtration is expected to grow as the lightweight and fully recyclable properties of the metal become more valuable.

ENVIRONMENTAL | Social | Governance

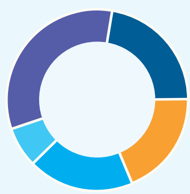
- Aluminium filtration (9% sales) is expected to grow 3.2% CAGR 2024-28 (Source: CRU) as the lightweight and fully recyclable properties of the metal become more valuable. Kilos of aluminium per auto vehicle will rise with EVs using aluminium for chassis strength, thermal management and battery housing and foils. Can stock production will grow 3.5% CAGR 2022-32 (Source: CRU) as aluminium packaging replaces plastic. Further, global trade disturbance is driving re-shoring of aluminium production to the US and EU, particularly of higher grade and recycled grades of metal, both of which require better filtration. CRU estimates that new capacity coming on stream in North America 2023-2027 will amount to 2900kT/yr.

Aluminium demand growth by sector 2020 vs 2030 (M/tonnes)



Source: CRU

Aluminium demand growth from the Transportation sector between 2020 and 2030 by region (%)



- 33% China
- 22% North America
- 19% Europe
- 19% Asia exc. China
- 7% RoW

Around 63% of the growth from this sector is expected to come from the adoption of electric vehicles, especially in regions like China, Europe and North America.

Total growth

11.8 (M/tonnes)

The Transportation sector is expected to grow by 11.8 million tonnes between 2020 and 2030.

Risk management

The Group identifies, assesses and manages climate-related and net zero risks and opportunities as part of its regular risk assessment process as set out in the Annual Report and Accounts.

Strategic risks are discussed at an annual Board strategy review. Investment priorities are set accordingly. Capital investment options are assessed for their carbon impact.

CARBON INTENSITY AND CLIMATE-RELATED BUSINESS PROCESS IMPROVEMENT

The Group has a 'Reduce, Replace, Remove' framework for managing its carbon intensity goals.

We focus on our material impacts by optimising energy use; reducing GHG emissions; reducing waste and water usage and optimising material efficiency.

For each of these focus areas we implement measures to mitigate, prevent or minimise impacts and drive progress against our environmental targets.

CARBON:
REDUCE
REPLACE
REMOVE

REDUCE

We aim to reduce our carbon (and other) emissions by amending processes or adopting better abatement technologies.

Actions include:

- Moving to LED lighting in all plants.
- Switching from hydraulic to servo-assisted power packs.
- Switching waste disposal from landfill to recycling.
- As production equipment comes to the end of its life and is replaced, new equipment purchasing decisions are based in part on energy efficiency.

REPLACE

We aim to replace fossil fuels, where feasible with greener forms of energy.

Actions include:

- The Group's largest use of fossil fuels is in its ovens and furnaces used in ceramic and glass manufacture. Oil and gas fired boilers for heating are the next biggest source. The Group actively assesses alternative technologies for both these processes. More efficient burners, refractories and control systems are specified in maintenance cycles.
- Adding solar power to buildings where sensible.
- Where electricity can be reliably sourced from renewable sources, it is used.

REMOVE

We aim to remove more carbon-intense raw materials and practices from our operations.

Actions include:

- The Group's two largest fossil fuel related raw materials categories are foam and organic binders in metal melt filters and various plastics for moulded labware and sintered plastic filters.
  - The Group has developed a foam-free molten metal filter that is increasingly used by customers, albeit for relatively small applications.
  - Removing foam from larger aluminium filters has been a long-held goal, but the technical challenges are substantial. The use of foam in this application also has to be assessed in the wider context: the growth in aluminium can-stock demand driven by the replacement of plastic packaging.

The Group regularly assesses the volume of technical plastics used in laboratory filtration. Where technical characteristics such as cleanliness or inertness are needed, investments are directed at recycling off-cuts; reducing scrap and energy used; and re-designing to lower product weight.

ESG report continued

In our own operations, we are reducing our carbon intensity, resource usage and waste streams to make incremental reductions in environmental impact.

ENVIRONMENTAL | Social | Governance

Greenhouse gas emissions

The Group has implemented the UK Government's guidance on measuring and reporting greenhouse gas emissions, in line with DEFRA guidelines, using conversion units published by the Carbon Trust. The Group reports 'Scope 1 and 2' emissions in tonnes of carbon dioxide. Scope 1 covers direct emissions that emanate directly from Group operations. This is principally natural gas burned in manufacturing and fuel used in company owned vehicles. Scope 2 covers indirect emissions, those generated by key suppliers, principally electricity.

The Group used 76.6 million (2023: 76.1 million) kWhr of energy in the year. 5.4 million (2023: 6.0 million) kWhr was used in the UK.

Gross emissions of 18,937 tCO_2 (2023: 18,874 tCO_2) are 0.3% higher than the prior year.

The Metal Melt Quality division accounts for 72% (2023:73%) of Group emissions. Its emissions fell by 1.5% compared with a 5% reduction in revenue.

The division runs gas powered furnaces to fire its ceramic filters. The gas to run these furnaces is the largest component of the Group's emissions. The division will install a new and more efficient cast shop furnace in 2025 and 2026. In the installation and commissioning phase, emissions are likely to increase because of parallel running the old and new furnace. When the old furnace is decommissioned, there should be a drop in future emissions.

Electricity provides heat, light and power for the Group's premises and other plant and equipment. The plant and equipment is mainly light manufacturing equipment but does include some high pressure presses and electric furnaces.

Group CO_2 emissions were highest in 2018 at 20.7 $ktCO_2$ and are 10% lower in 2024 at 18.9 $ktCO_2$. In that six year period, Group revenue has increased by 50%.

2010 is used as a base year and 'kilogrammes of CO_2 emission per pound sterling of revenue' as a measure of intensity. The intensity ratio in 2024 was 56% lower than 2010. The Group set a target in 2020 to reduce its total intensity ratio by 10% between 2020 and 2025. In 2022, its intensity ratio was 22% lower than 2020 and the Board has set a further target to reduce carbon intensity by 10% from the 2022 base by 2025. In the two years since 2022 intensity reduced by 9%.

Energy Saving Opportunity Scheme ("ESOS")

The UK Government established ESOS to implement Article 8 (4-6) of the EU Energy Efficiency Directive (2012/27/EU). ESOS is the mandatory energy assessment scheme for larger organisations in the UK meeting the qualification criteria. The Environment Agency ("EA") is the UK scheme administrator.

Porvair has completed three full EA audits. Porvair is required to carry out further ESOS assessments every 4 years. Reports by the auditors will incorporate recommendations identifying opportunities for cost saving energy measures.

REACH

The first significant impacts of REACH (the European Union regulation concerning the Registration, Evaluation, Authorisation & restriction of Chemicals) have had an impact on some Porvair processes.

Trichloroethylene and chromium trioxide appear on the ECHA Annex XIV list of products that have been banned unless specifically authorised for use, trichloroethylene has been removed from all Porvair processes. To replace chromium trioxide, used in Alocrom 1200, Porvair Filtration Group's Segensworth plant designs new products using a replacement treatment (SURTEC). For existing products, it joined an aerospace group which had special dispensation to continue to use Alocrom 1200 on existing products, this authorisation expired in September 2024. Alternative chromium trioxide coatings for chemical conversion coating in the Aerospace and Defence industry have been authorised until September 2036 for these products. Work continues with customers to replace these coatings with non-Hexavalent coatings on a case-by-case basis.

The Metal Melt Quality division keeps under review its use of boric acid, which is a substance named in the Candidate List of the REACH regulations, to ensure that it meets its REACH reporting obligations on filters shipped into the EU.

Waste

The Board monitors waste disposal and recycling volumes. The Board uses categories of waste set out in ISO 14001: 2015, Environmental Management Systems, to categorise its solid and liquid waste. The Board expects that a focus on the treatment of waste will lead to reductions in waste and an increase in recycling.

Water

The Group's operations are not large users of water. Total Group consumption of water in 2024 was 46 million litres (2023: 55 million litres). 46% (2023: 50%) of the Group's water usage occurs in the Aerospace & Industrial division, where the sintering furnaces use significant amounts of water in their cooling systems. Installation of a closed loop chiller system to cool our US based sintering furnaces was commissioned in the middle of 2024. There was a reduction of 6 million litres of water in 2024 and further reductions in 2025 can be expected when the chiller runs for the full year. 45% (2023: 42%) of the usage arises in the Metal Melt Quality division, where water is a key component of the ceramic slurry used to make ceramic filters. The Metal Melt Quality division uses water recovery systems and waste water filtration to minimise its usage and to return only clean water to the waste water system. Water usage in the division reduced by 2 million litres in the year.

WATER

Water is a vital resource and essential to every ecosystem and imperative to a sustainable future. Our water strategy is focused on exploring efficiency improvement opportunities to optimise water usage across our operations. We also contribute to the availability of clean water through products our customers use to improve water quality and treat wastewater.

Total Group water consumption

46 million litres

Total Group consumption of water in 2024 was 46 million litres (2023: 55 million litres).

Water usage

16%

The Group's water usage reduced by 16% in the year.

Waste management

ISO 14001: 2015

The Board uses categories of waste set out in ISO 14001: 2015, Environment Management Systems, to categorise its solid and liquid waste.

CARBON INTENSITY

In 2022, the Group met its target set in 2020 to cut its Scope 1 and Scope 2 carbon intensity ratio by 10% by 2025. We have re-set the target to reduce carbon intensity by a further 10% between 2022 and 2025.

The Group does not set an absolute greenhouse gas emission target. We expect demand for our products to grow and we therefore believe carbon intensity is a better measure than absolute emissions. Carbon intensity was 0.108 in 2022. By 2024, the Group had reduced its carbon intensity by 9% from 2022.

Energy consumption by geography
(Geographical breakdown tCO_2)

Total for year ended 30 November 2024

Energy consumption by division
(Energy consumption %)

Total for year ended 30 November 2024

Total gross emissions

18,937 (tCO_2)

Total CO_2 gross emissions increased by 0.3% to 18,937 tonnes in 2024.

Carbon & Emissions data

Greenhouse gas (GHG) emissions*

	Year ended 30 November 2024 tCO_2	Year ended 30 November 2023 tCO_2	Year ended 30 November 2010 tCO_2
Scope 1 – Direct GHG Emissions			
Gas	11,056	10,978	8,571
Owned vehicles	543	488	368
Total Scope 1 gross emissions	11,599	11,466	8,939
Scope 2 – Indirect GHG Emissions			
Electricity	7,338	7,408	5,204
Total Scope 2 gross emissions	7,338	7,408	5,204
Total gross emissions	**18,937**	**18,874**	**14,143**
	$kCO_2/£$	$kCO_2/£$	$kCO_2/£$
Scope 1 intensity ratio	0.060	0.065	0.142
Scope 2 intensity ratio	0.038	0.042	0.082
Total intensity ratio	**0.098**	**0.107**	**0.224**

Geographical breakdown (tonnes of CO_2)

	Year ended 30 November 2024			Year ended 30 November 2023			Year ended 30 November 2010		
	Scope 1 tCO_2	Scope 2 tCO_2	**Total tCO_2**	Scope 1 tCO_2	Scope 2 tCO_2	Total tCO_2	Scope 1 tCO_2	Scope 2 tCO_2	Total tCO_2
UK	403	1,796	**2,199**	432	2,005	2,437	479	1,497	1,976
US	9,450	4,332	**13,782**	9,554	4,613	14,167	8,350	3,639	11,989
ROW	1,746	1,210	**2,956**	1,480	790	2,270	110	68	178
Total	**11,599**	**7,338**	**18,937**	**11,466**	**7,408**	**18,874**	**8,939**	**5,204**	**14,143**

SCOPE 1

Direct emissions

Scope 1 covers direct emissions from owned or controlled sources.

- We pursue energy efficiency and emissions reduction opportunities.
- We explore electrified solutions to reduce natural gas and fuel combustion.

*Greenhouse gas emissions are categorised into three groups or 'Scopes' by the most widely-used international accounting tool, the Greenhouse Gas ("GHG") Protocol.

SCOPE 2 & SCOPE 3

Indirect emissions and Supply chain

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

- Porvair manufactures thousands of different products and components each year, which are included in a wide range of customers' products and processes. We have looked at including a Scope 3 measure into our targets but cannot see a reliable way of capturing Scope 3 emissions for the time being. This will be kept under review pending wider industry initiatives to better capture Scope 3 emissions.

ESG report continued

SOCIAL

People are critical to the successful delivery of our strategy and our employees are pre-eminent stakeholders in the business. Wherever the Group operates, we are committed to creating shared value by engaging with local communities, investing in local supply chains and employing local people.

We aim to attract and retain the very best people by creating an environment for colleagues based on respect, personal growth, skills development, reward and recognition.

In 2024, we have continued to develop our Employee Engagement activities, gaining valuable feedback on how we perform and how we might do better.

MEASURING PERFORMANCE IN 2024

Workforce diversity

We are committed to developing a diverse and inclusive workplace and to making progress in this area.

Senior employees' gender diversity

Employees' gender diversity

Board gender diversity

Board ethnic diversity

Senior employees and Directors

32%

32% (2023: 29%) of the Group's senior employees and Directors are female.

Total employees

33%

33% (2023: 33%) of the Group's permanent workforce are female.

Total number in the workforce

1,001 (2023: 976)

The total Group permanent workforce as at 30 November 2024.

A diverse and inclusive culture supports performance and growth.

Capabilities and skills

Porvair provides employment in a wide range of disciplines associated with the design and manufacture of specialist filtration, laboratory and environmental technologies.

Diversity, equity and inclusion

It is the Group's policy to recruit, train, promote and treat all personnel on grounds solely based on individual ability and performance. These principles are applied regardless of gender, sexual orientation, religion, age, nationality or ethnic origin. The employees in each plant are generally representative of the ethnic diversity and backgrounds of the local population surrounding the plant.

Applications for employment by disabled persons are always considered in full, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion opportunities for a disabled person should, as far as possible, be identical to that of all other employees.

The Board and Senior Executives' gender and ethnic diversity are disclosed in the Report of the Nomination Committee on page 62. 33% (2023: 33%) of the Group's workforce is female. In 2024 the number of female permanent employees increased by 17 and the number of male employees increased by 8.

Employee turnover

The Board uses a Voluntary Quit Rate metric that measures the voluntary resignations each year as a percentage of the average workforce in each plant. The metric is used in conjunction with employee surveys to provide an indication of employee satisfaction in each plant. The Group Voluntary Quit Rate in 2024 was 8.2% (2023: 9.0%). The Voluntary Quit Rate of the median plant was 8.3% (2023: 6.9%).

Greater focus on the wellbeing of employees has had a beneficial impact on the Group Voluntary Quit Rate in the year.

Training and development

Training and development programmes are important both for our employees to fulfill their potential and to help our business achieve its goals. Much of our training uses the experience found within our own operations.

Our training programmes mainly concern:

- Senior Executive coaching;
- Technical skills and knowledge transfer;
- Sponsorship for tertiary education qualifications;
- Team leadership;
- Training apprentices;
- Health & Safety; and
- Quality.

MEASURING PERFORMANCE IN 2024

Voluntary Quit Rate

The Voluntary Quit Rate measures the number of resignations per plant as a percentage of the average number of employees in each plant. The Board uses this metric on a plant by plant basis in conjunction with employee surveys as part of its assessment of employee satisfaction.

Performance in 2024

The Quit Rate has fallen in the year and is now in line with the median plant Voluntary Quit Rate. This indicates that over time the larger plants with the highest Quit Rate have improved. Improved Employee Engagement processes are having an impact on employee retention particularly at the plants with the highest employee turnover.

8.2%

The Group Voluntary Quit Rate was 8.2% (2023: 9.0%).

ESG report continued

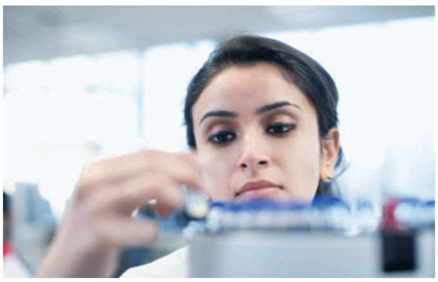
Environmental | **SOCIAL** | Governance

Board's Employee Engagement system

The Board seeks to maintain good channels of communication with all employees. The Board considers it important that the views and concerns of employees are heard; that the objectives of each business are understood; and that standards of behaviour are shared by all. Clear two-way communication is important. The Board reviews every employee survey and all comments arising along with other employees' suggestions. While almost all issues raised are resolved at a local level, Board members make sure they understand the views and concerns of all employees. Sally Martin, the Group's Senior Non-Executive Director, is the designated Director responsible for Employee Engagement.

The system works as follows:

- Half yearly reports are given to the Board from each plant on the employee consultations and communications. Reports include all the enquiries that have been made by employees and comments on how they have been resolved.
- At least annually, all plants undertake a confidential employee survey with 17 standard questions plus any other questions relevant locally. The results of these surveys and any issues raised are presented to the Board.
- Following each report to the Board, the designated Non-Executive Director engages with the employees in each plant to feed back the Board's views on the information reported.

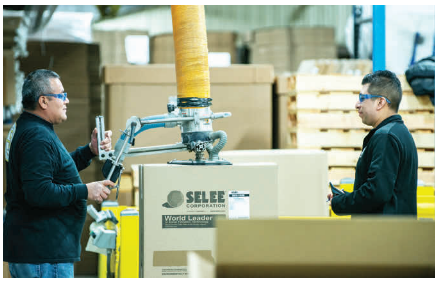


Employee Engagement: additional aspects

- Annual employee surveys are reviewed with employees, who know that results are seen at Group Board level.
- Suggestion boxes allow comment and feedback – anonymous if necessary – to be fed through to management. Employees know that all suggestions posted are reported to the Board.
- All sites hold all-employee 'town hall' meetings monthly or quarterly (depending on the number of employees on the site). Employees' concerns may be raised at these meetings, and any issues raised through employee surveys or suggestion boxes are addressed at these meetings. These meetings cover matters of concern to all employees including:
  - Health & Safety matters;
  - Financial and operational metrics of the plant and the Group;
  - Significant plant or HR developments;
  - Employees' questions and answers including responses to questions raised previously, or comments on previous questions from the Board;
  - Long service and other awards; and
  - Local community interaction.
- Workers' Council meetings. Some EU sites have workers' councils. The proceedings and issues they raise are reported to the Board.
- All senior management annual bonuses had an Employee Engagement metric.

Review of Employee Engagement effectiveness

The Board has raised the profile of Employee Engagement at the Board and at each plant over the last two years. It considers the Employee Engagement system to be working well: workforce views are fairly reflected; communication is two-way; Board discussion and decision-making are influenced by the reports received; and participation by all employees is encouraged.



The Employee Engagement incentives included in the General Managers' bonus arrangements and the two-way feedback between Sally Martin, the designated Non-Executive Director, and the General Managers has improved Employee Engagement.

In 2024, a new phase of Employee Engagement emerged. We are starting to see the volume of employees' commentary increasing, and much of it constructive. This is encouraging: it suggests both that employees are feeling more able to express themselves; and just as importantly, that plant managers feel able to pass on the more negative comments.

The Group maintains a small head office and devolves authority to individual plant General Managers. This leads to each site doing Employee Engagement differently depending on local issues; employees' expectations; site scale; and culture. MMQ, for example, has embraced dual language communications this year – which turned out to be critical in its hurricane response.

Some sites are exemplary and several have made big steps forward in 2024. In 2023 we noted that sites with a high proportion of hourly workers; a dual language shop floor; and/or competitive local labour markets presented challenges, it is pleasing to note that the effort put into Employee Engagement in these sites is yielding improvements. A consequence of the increase in employee commentary is that, as well as a good deal of positive comment, where negative themes emerge we are able to take a closer look at the issues in those plants, including in some cases engaging consultants and more detailed one-to-one surveys to investigate and resolve issues.

Two events suggest Employee Engagement is working: The Hendersonville hurricane response described on page 45; and elsewhere, the 2023 employee survey output from one plant led directly to further consultation which in turn led to a change of that plant's management. The 2024 employee survey is very markedly better.

In summary, there is more to be done in 2025. But the reports show that Employee Engagement is well embedded. Surveys and employees' commentaries are reported even when this is uncomfortable (and we should note that most comments are positive). The process is reinforced through the incentive scheme. Quit rates on most sites are falling. Two-way communication is improving and there is much more social, training and team-building activity logged.

Safety in the workplace is an important responsibility to protect employees and drive our business success.

HEALTH, SAFETY & WELLBEING

Ensuring a safe and secure working environment and supporting employee wellbeing

The Group recognises its responsibilities for the health and safety of its employees and to the communities in which the Group operates. By prioritising health and safety, and reducing accidents and injuries, employees benefit from safer working environments and the Group benefits from settled and more secure employees. Discretionary health and safety benefits for employees include the availability of gyms and onsite nursing and counselling employees at certain operations. The Group's monthly Board reporting includes a review of reportable accidents.

Health and safety responsibility is delegated to senior managers within each business. These officers perform regular reviews and inspect the conditions in which the Group's employees work. The Aerospace & Industrial division internally audited all its activities to ISO:45001 standards to introduce health and safety standardisation. In the UK it had two unannounced visits from the Health & Safety Executive and was successful in demonstrating a high standard of safety. For the first time it ran a Mental Health Awareness week programme. The Metal Melt Quality division held an all hands safety day that included a refresher on many aspects of safety including first aid and fire routines.

The Group's insurers and insurance brokers carry out a rolling programme of reviews of the Group's operations as part of their risk assessments, and the recommendations of the consultants are generally implemented in full.

2024 Performance

The Aerospace & Industrial division had three lost time accidents resulting in 24 working days lost. Two accidents resulted in cuts to the operatives' hands. As a result, procedure changes and enhanced machinery security were adopted for the processes concerned. One accident was an accumulation muscle injury resulting from the operation of one machine. Modifications to the machine and local working environment to improve the ergonomic environment were immediately introduced. There were no lost time accidents in the Metal Melt Quality division or the Laboratory division. We continue to focus on providing safe working conditions for our employees and to address any areas where accidents could be reduced.

MEASURING PERFORMANCE IN 2024

Lost time accidents
(per 100 employees)

Keeping our employees safe is an important responsibility. Our focus is to create a safe working environment and embed rigorous safety processes and procedures.

Performance in 2024

3

The Aerospace & Industrial division had three lost time accidents resulting in 24 working days lost. There were no lost time accidents in the Metal Melt Quality division or the Laboratory division.

2020	1.30
2021	0.43
2022	0.10
2023	0.20
2024	0.29

Lost time accidents (per 100 employees)
0.29

2020	2
2021	1.6
2022	6.1
2023	0.4
2024	2.3

Days lost to accidents (per 100 employees)
2.3

ESG report continued

Local investment and support helps us to build strong relationships in the communities where we operate, and contributes to local sustainable development.

Environmental | **SOCIAL** | Governance

Working with customers

The Group's products are generally bespoke for specific customers and often have a very long product lifecycle. This naturally requires the Group to build close relationships with its customers.

A high percentage of the Group's annual revenue comes from repeat business from existing customers. Most new product introductions are developed with existing customers. When new customers are gained it is often after a long development period over which a close relationship has developed, and a long-term relationship is expected. Particularly in the aerospace and energy sectors, the Group builds relationships with the immediate customer for the product and also with the ultimate end user or manufacturer, who is often the party that certifies the product. For example, the airframe manufacturer will be an important stakeholder but the customer will usually be a sub-assembly manufacturer.

Responsible and resilient supply chains

Developing mutually beneficial and long-term relationships with our suppliers and building resilience, quality and efficiency across our supply chain are fundamental contributors to our customer offer and long-term sustainability.

The Group has an extensive network of suppliers and subcontractors, many of whom are critical to the manufacture of specific parts. The Group has a stable supplier base. It seeks to increase this base by extending the number of suppliers only where there are perceived to be risks of under capacity or resilience in its existing supply chain. Suppliers are generally only removed from the approved list for persistent quality or delivery failures.

Wherever possible, the Group seeks local suppliers to fulfil its requirements. The Group selects its suppliers carefully. As part of building a long-term relationship with its critical suppliers, the Group works closely with them to ensure that the quality and delivery standards required by the Group are achieved.

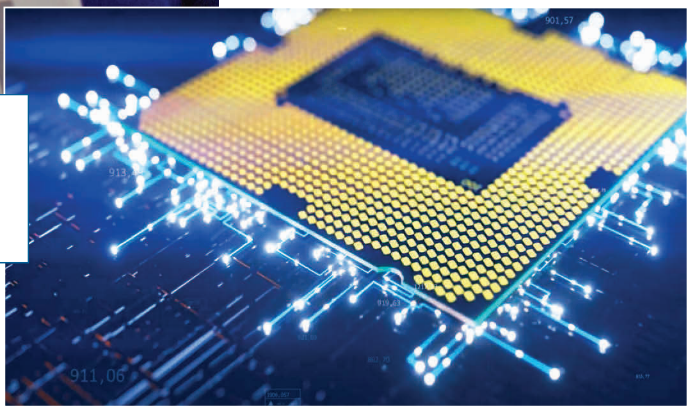
Porvair and the local community

We aim to contribute positively to our local communities and society. Our products and services support critical global industries and our operations around the world play a role in local economies through job creation; procurement; operating responsibly and ethically; and engaging directly. The management of each operation is aware of its role within its community. It seeks to recruit locally, retain a skilled workforce and are encouraged to build relationships with community organisations. The workforce composition generally mirrors the diversity of the local population.

The Aerospace & Industrial division has contributed to local charities based close to its UK plant to support disadvantaged local people and communities. In the US, it has played an active role in encouraging school children to consider careers in engineering. The division is a significant employer in the Caribou area and one of the few businesses in the area to be expanding its workforce. It maintains close relations with the local authorities. It has been the beneficiary of local funding designed to promote employment and has joined programmes to promote local businesses and services in the area.

The Laboratory division has contributed to a number of charities in support of local children. Employees also participated in events and made donations to charities supporting cancer relief. Seal Analytical has a particular focus on water charities based locally to its plant in Mequon, US. The Metal Melt Quality division in the US has an active programme of support for local charities.

We develop mutually beneficial and long-term relationships with our suppliers to build resilience, quality and efficiency across our supply chain.



We aim to contribute positively to our local communities and society.

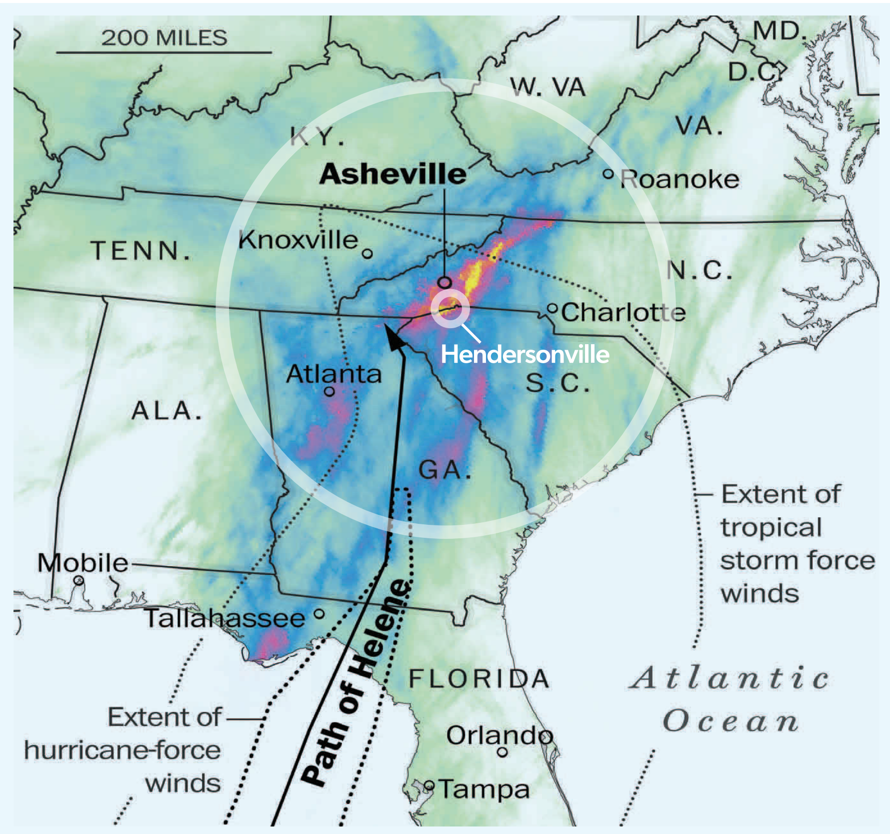
Selee Hendersonville, US – Hurricane North Carolina, US

On Friday 27 September, western North Carolina suffered significant damage from Hurricane Helene. Flood waters surpassed the Selee Hendersonville facility's 500-year flood level. 90% of our employees were without power, water, and with limited means of communication for up to two weeks. Many had damage to their homes, automobiles, and other personal property, and one was hospitalised.

During the 36 hours of the storm, two employees stayed in the plant to monitor damage. They managed to keep one key furnace operating, shutting down others as water entered the plant. With real-time feedback, we were able to enact our disaster recovery plan quicker than most others in the area.

ServiceMaster Recovery Management ("SRM") dispatched a team from Ohio and Tennessee, which arrived in Hendersonville after a 19 hour drive. Remediation work started on Sunday. Had the call to SRM waited until Monday 30 September, we could have been without assistance for weeks.

Damage to flooring, fixtures and fittings and drains was considerable. Offices were unusable and extensive shopfloor cleaning was required.



We maintained power throughout (we were fortunate) but lost other utilities periodically, specifically water.

Without means of consistent communication, we used word of mouth over the weekend. Employees who could safely make it to the plant assembled in the parking lot at 9.00 am on Monday 30 September. By the end of the day we were confident that all employees and their families were accounted for.

On Tuesday 1 October, we agreed with employees that we would return to production for the short-term benefit of our employees and the long-term benefit of our business.

To facilitate our employees' rapid return to work, it was necessary to address basic needs immediately. Among the actions taken were:

- Feeding employees and family members in our cafeteria, mostly provided by fellow employees.
- Making cases of bottled water available for employee families.
- Allowing employees to fill buckets with water for home toilets.
- Opening our showers for employees and their families.
- Establishing charging stations and a visitor Wi-Fi network in our cafeteria.
- Using our employee hardship fund for those in need.

It was inspiring to see our work family selflessly helping one another. It came naturally and reflected the close relationship that they have with one another. Of note:

- A family of three, with no power or water, took in ten additional people, including fellow employees whose homes were uninhabitable.
- An employee with a generator did laundry loads for others in the company.
- An employee allowing another, who lost his car in the storm, to use his vehicle to commute to work.
- Employees with chainsaws helped clear trees from their team members' properties.
- Our licensed electricians helped employees make repairs necessary to restore power to their homes.
- Employees lent their generators to others once their own power had been restored.

By the end of the week, we had returned to full production. Many in-person update meetings kept everyone informed and served as a forum for quick changes. No customer was inconvenienced during our response and recovery period. This was a feat that would not have been possible without a strong company culture.

ESG report continued

Strong governance and ethical practice are essential to Porvair.

GOVERNANCE

Strong governance is fundamental to building a resilient and successful organisation. Robust policies, standards and management systems guide our operations to address risks and opportunities and enable us to measure our performance and commitments over time.

We believe that strong ESG performance can be a source of competitive advantage. Transparent and robust governance, safe and responsible operations, continuous improvement and innovation are key to delivering our strategy.

ESG governance and oversight

The Board is collectively responsible and accountable for the delivery of our strategy and ensuring we sustain our ESG commitments and balance the interests of all our stakeholders over the long term.

The Board is committed to maintaining high standards of corporate governance and ensuring values and behaviours are consistent across the business. The Board expects steady and continuous improvement in the Group's governance procedures.

The Board as a whole has significant ESG and Climate Change related experience. The Board takes direct responsibility for developing and implementing ESG policies and procedures for the whole Group. The Group CEO is the member of the Board responsible for delivery of the Group's ESG compliance.

The 2018 UK Corporate Governance code applied to the Group from 1 December 2019. The Board complied with all aspects of the Code throughout the year ended 30 November 2024.

More details of the Group's approach to corporate governance are given in the Group's Report and Accounts section on Corporate Governance on pages 54 to 83.

Risk management

Risk management and review forms a core part of each divisional quarterly review, with risk assessments and actions arising discussed with each management team. Implementation of mitigation procedures is monitored through quarterly reviews and the internal audit process. The outputs from these reviews are fed through in regular Board reports where key issues are discussed. Further details are given on pages 60, 61, 63 and 64.

Anti-bribery and corruption policy

The Group prohibits all forms of bribery and corruption within its business and complies with the requirements of all applicable laws designed to combat bribery and corruption. The Group requires all employees, agents, intermediaries and consultants to conduct themselves in accordance with the Group's anti-bribery and corruption policy. The Group conducts periodic compliance reviews and professional training for employees who have contact with customers and suppliers.

Modern Slavery

The Group has zero tolerance of slavery and human trafficking in all their different forms in any part of its business and in its supply chain. This approach reflects a commitment to act ethically and responsibly in all business relationships and to ensure that slavery and human trafficking are not present in any part of its business or in its supply chain.

A copy of the Group's policy on Modern Slavery is available on the Group's website at www.porvair.com.

Human rights

The Group supports and is committed to upholding the UN Guiding Principles on Business and Human Rights, and the core labour standards set out by the International Labour Organisation.

The Group is aware of its requirements to respect human rights in all jurisdictions in which it operates. It pays particular attention to its responsibilities in its operations in China and India. The Group has nothing further to disclose.

Gender Pay Gap

The Porvair Filtration Group, the Group's principal UK employer, discloses its Gender Pay Gap information on its website – www.porvairfiltration.com.

Non-Financial and Sustainability Reporting requirements

We will continue to comply with the Non-Financial and Sustainability Reporting requirements contained in Section 414CB of the 2006 Companies Act.

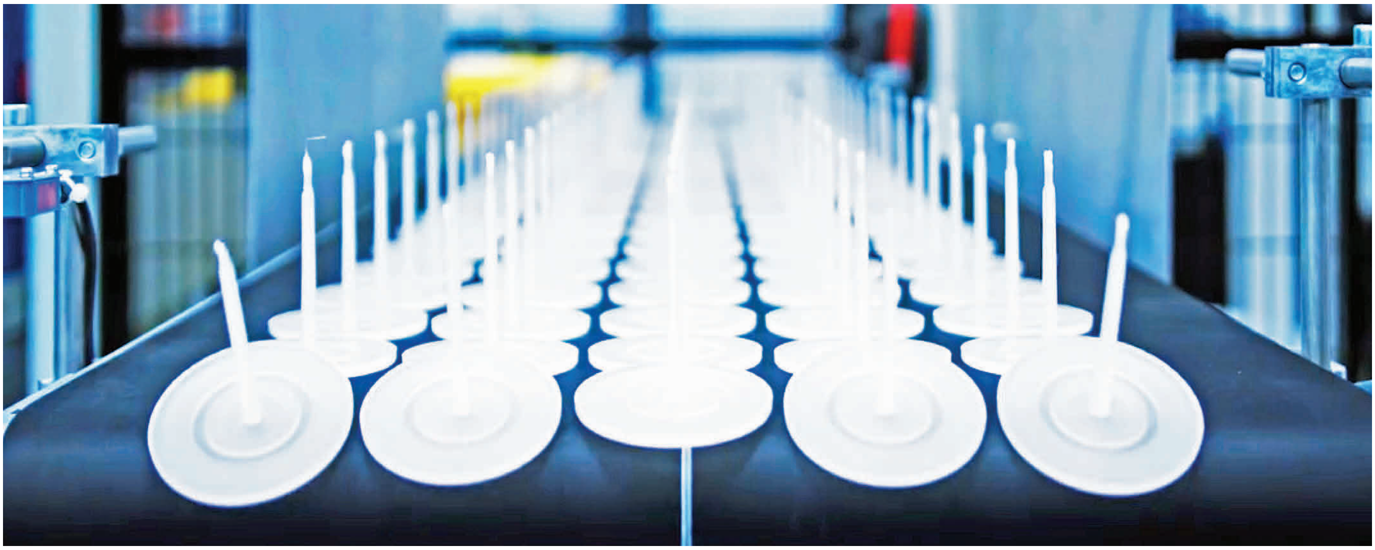
Section 172(1) Reporting

Porvair is required to provide information on how the Directors have performed their duty under Section 172 of the Companies Act 2006 to promote the success of Porvair, including how the interests of Porvair's key stakeholders have been taken into account by the Directors.

TCFD Reporting

Aligning our reporting to the TCFD recommendations informs our key stakeholders of the climate-related issues that may impact Porvair.

Effective engagement with stakeholders and transparent reporting promotes the success of the Group.



CUSTOMERS

- We seek to build long-term stable relationships with our customers.
- Our products are usually bespoke for specific customers and are designed and tested in partnership with those customers.
- Our products often have long lifecycles and our customers provide us with stable revenues.
- Through research and development, we seek to offer customers regular upgrades and improvements to the products we offer.
- We operate according to strict anti-bribery and corruption policies.

EMPLOYEES

- We provide a broad range of roles in design, manufacture, sales and administration.
- We have both formal and informal communication processes.
- We recruit, train and develop employees solely on the basis of ability.
- Our employees generally reflect the ethnic diversity of the local population close to each plant.
- We operate in accordance with local laws and customs, and with due regard for human rights.
- We meet local living wage requirements.

SHAREHOLDERS

- We seek to provide shareholders with informative and comprehensive communications.
- We seek to publish results promptly, usually within 10 weeks for year end results and 5 weeks for interim results.
- The Executive Board members meet regularly with our key investors to discuss Group performance and to hear their views.
- Board members make themselves available to meet with shareholders and potential investors when requested.

SUPPLIERS

- The Group has a stable supplier base and seeks to build long-term relationships.
- Many of our suppliers are critical to the manufacture of specific parts.
- The Group works closely with its suppliers to ensure quality and delivery standards.
- We operate according to strict anti-bribery and corruption policies.

COMMUNITIES & THE ENVIRONMENT

- Our employee profiles mirror the diversity of the local communities around each plant.
- We seek to use local suppliers where possible.
- The local environment is important to us and we take care to keep our waste to a minimum.
- Our employees are active in their local communities and contribute time and money to local charities.

STAKEHOLDERS AND SECTION 172 STATEMENT

Understanding the needs and priorities of our key stakeholders and building strong and positive relationships are critical to our success. Stakeholder engagement takes place across the Group, operationally by our divisional teams, Group management and by the Board.

How the Board considers stakeholder interests in the **s172 Statement** on pages: 48 to 50.

Section 172 Statement

This s172 Statement focuses on matters of strategic importance to the Group. It sets out the Board's approach to decision-making; its stakeholder engagement; and key decisions taken in 2024.

STAKEHOLDER ENGAGEMENT AND DECISION-MAKING

s172(1) Reporting

The Companies (Miscellaneous Reporting) Regulations 2018 ("2018 MRR") require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172(1) (A) to (F) of the Companies Act 2006 ("s172") when performing their duty to promote the success of the Company under s172. This includes considering the interests of other stakeholders which will have an impact on the long-term success of the Company. This s172 Statement reviews the principal decisions made by the Board of Directors and how the Directors have engaged with stakeholders.

This s172 Statement focuses on matters of strategic importance to the Group, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

The Board has a framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval and delegated authorities are set out in the Group's reporting and accounting manual.

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of all of its stakeholders.

Key to s172 considerations

(A)–The likely consequences of any decision in the long-term.

(B)–The interests of the company's employees.

(C)–The need to foster the company's business relationships with suppliers, customers and others.

(D)–The impact of the company's operations on the community and the environment.

(E)–The desirability of the company maintaining a reputation for high standards of business conduct.

(F)–The need to act fairly as between members of the company.

The Board's approach to decision-making

s172(1) (A) – The likely consequences of any decision in the long-term

The Directors consider the long-term consequences of their decisions with reference to their understanding of the business and the markets in which it operates.

- Porvair aims to develop specialist filtration, laboratory, and environmental technologies for the benefit of all stakeholders.
- The Board reviews its strategy each year, which drives a medium-term review of the likely outlook for the Group as described in the Group's viability assessment (See pages 26 and 27).
- In considering its long-term development, the Board will allocate capital and resources according to strategic priorities.

These include:

– investments in research and development, sales and marketing, and production capabilities;

– capital expenditures to boost organic growth; and

– acquisition investments to increase technical expertise or routes to market.

The Group seeks to balance the short-term costs of these investments with their likely future benefit.

s172(1) (E) – The desirability of the company maintaining a reputation for high standards of business conduct

- All of the Group's operations maintain ISO9001 quality standards as a minimum, with certain plants conforming to quality standards specific to their market (e.g. Aerospace).
- The Board monitors compliance with local laws and standards and has policies on modern slavery, anti-bribery and corruption, and human rights.
- Remuneration arrangements for senior management are tied to Group corporate and social responsibility standards which specify four areas of focus: business integrity and ethics; people; HSE performance; and relationships and community impact.

The Board's approach to stakeholder engagement

s172(1) (B) – The interests of the company's employees

Employees are fundamental to our business. Success depends on attracting, retaining and motivating employees by providing:

- Fair pay and benefits;
- Training and development opportunities;
- A workplace environment with a high regard for health and safety procedures;
- A broad range of roles in engineering, manufacture, sales and administration;
- Formal and informal communication processes; and
- Employees' development solely on the basis of ability.

Our employees reflect the ethnic diversity of the local population close to each plant.

We operate in accordance with local laws and customs and with due regard for human rights.

The Directors recognise that our pensioners, though no longer employees, also remain important stakeholders.

More information on this can be found within our report on Employee Engagement (See pages 40 to 42).

In their decision-making, the Directors are careful to properly consider the interests of all stakeholders.

s172(1) (C) – The need to foster the company's business relationships with suppliers, customers and others

Delivering our strategy requires mutually beneficial relationships with suppliers, customers and regulatory bodies. The Board expects all such relations to be conducted appropriately and in conformity with Group policies.

Relationships with customers

- Because of the nature of its products, the Group typically has long customer relationships.
- Most new product introductions are developed with existing customers as a means of deepening the relationship with a valued client.
- Senior management will engage personally with all key commercial contacts to ensure good communications.
- The Group rarely makes significant changes to its terms and conditions, valuing stability in its commercial relationships.

Relationships with suppliers

- The Group typically has long relationships with its suppliers.
- The Board considers supplier resilience as a critical strategic risk and reviews key supply arrangements in its risk management process.
- The Group works closely with its suppliers to ensure that quality and delivery standards are met.
- Senior management engage personally with all key commercial contacts to ensure good communications.
- The Group rarely makes significant changes to its terms and conditions, valuing stability in its commercial relationships.

Relationship with Group operating companies

- The Board has overall responsibility for the control and management of Group strategy and performance.
- The Group believes in giving management teams autonomy, such that most decisions can be made close to the stakeholders affected. Only when it is more efficient are activities managed centrally.
- The Board has established a framework of controls encompassing procedures applicable to all businesses that are subject to executive review.

Relationship with regulatory bodies

The Board encourages its operations to engage constructively with regulatory bodies and to maintain regulatory approvals through the relevant audit processes.

s172(1) (D) – The impact of the company's operations on the community and the environment

- The development of safe and responsible operations is fundamental to the Group's purpose.
- The Board regularly reviews reports on the Group's impact on the environment.
- The Board regularly reviews reports on the Group's community involvement projects.
- All Group operations draw employees, ancillary services and supplies from the local economies wherever practical.
- The Board monitors key environmental metrics including carbon intensity; waste and landfill; and use of water.

s172(1) (F) – The need to act fairly as between members of the company

- The Board maintains a regular dialogue with its members through meetings with investors, its AGM, and comments received in relation to its regulatory releases and publications.
- The Board publishes results promptly, usually within 10 weeks for year end results and 5 weeks for interim results.
- The Board provides briefings to analysts and media outlets, who in turn provide an independent perspective on the Company for the benefit of their clients and readers.
- The Board uses judgement and analysis of information gained through this information exchange to act fairly as between the Company's members.
- The Board seeks to provide shareholders with informative and comprehensive communications.
- The Executive Board members meet regularly with our key investors to discuss Group performance and to hear their views.
- Board members make themselves available to meet with shareholders and potential investors when requested.

Section 172 Statement continued

Principal decisions taken by the Board in 2024

DEFINITION OF PRINCIPAL DECISIONS

We define principal decisions taken by the Board as those decisions in 2024 that were of a strategic nature and that are significant to any of our key stakeholder groups. As outlined in the FRC Guidance on the Strategic report, we include decisions related to capital allocation, dividend policy and strategy.

1. Decision to appoint a Chief Executive designate.

Decision taken in September 2024

The outcome

The Board announced the appointment of Hooman Caman Javvi as Chief Executive Officer designate and Director of the Company on 23 September 2024. He joined the Group on 6 January 2025 and will assume the role of Chief Executive on the retirement of Ben Stocks following the Company's AGM on 15 April 2025.

How stakeholders were considered

The selection of a new Chief Executive is a critical role for the Board. The Board used an independent search consultancy to identify suitable candidates for the role and met several times as a Nomination Committee and Board to review the progress of the appointment. Prior to identifying suitable candidates, the Board set out the strategic challenges and priorities for the business and the personal traits required in the candidates. Implicit in identifying these challenges, priorities and personal traits is the impact on employees, customers, suppliers, shareholders, pensioners and the future investment opportunities for the business. In selecting Hooman Caman Javvi, the Board considers it has identified the candidate with the most appropriate experience and competence to lead the Group.

2. Decisions to pay the interim dividend and recommend the final dividend for 2024.

Decisions taken in June 2024 and February 2025

The outcome

Prior to finalising the Group's interim and final accounts the Board considered whether it was appropriate to raise the interim and final dividend. The Board concluded that the interim dividend should be raised by 0.1 pence to 2.1 pence and recommended that the final dividend should be increased by 0.2 pence to 4.2 pence.

How stakeholders were considered

The Board has a stated policy of paying a progressive dividend. The Board concluded that the dividend was sufficiently well covered; that there were adequate distributable reserves; and the Group had access to sufficient finance. Employees, customers, suppliers and the future investment opportunities for the business were considered to be unaffected by the decision to pay the dividend and shareholders received the income from the Group that they would have expected.

3. Approval of Porvair's strategic plan for 2025 to 2028.

Decision taken in November 2024

The decision

The Board conducts a strategic review each year which considers the strategic direction of the Group and its immediate and medium-term priorities. Four year plans are considered.

How stakeholders were considered

The Group's strategic framework specifically considers the benefits to all stakeholders. Particular emphasis is given to shareholders, employees and pensioners.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the Strategic report constitutes the non-financial and sustainability information statement of Porvair plc, produced to comply with sections 414CA and 414CB of the Companies Act. The information listed in the below table is incorporated by cross reference.

Reporting requirement	Policies and standards which govern our approach	Additional information and cross-referencing
Stakeholders	• Summary statement	s172 (1) Statement and Stakeholder Engagement on pages: 48 to 50 ESG report on pages: 28 to 47
Environmental matters	• Environmental performance • Taskforce on Climate-related Financial Disclosures ("TCFD")	ESG report on pages: 30 to 38 TCFD report on page: 32
Employees	• Employee Engagement • Whistleblowing policy • Health & Safety policy • Diversity policy • Training and development	s172 (1) Statement and Stakeholder Engagement on pages: 48 to 50 ESG report on pages: 40 to 45 Governance report on pages: 46 and 54 to 83
Respect for human rights	• Modern Slavery Act statement • Human rights	ESG report on page: 46
Social matters	• Porvair in the community • Relationship with customers and suppliers	s172 (1) Statement and Stakeholder Engagement on pages: 48 to 50 ESG report on pages: 40 to 45
Anti-bribery and corruption	• Anti-bribery and corruption policy	ESG report on page: 46
Description of principal risks and impact on business activity	• Risk assessment	Principal risks and uncertainties on pages: 22 to 25
Description of the business model	• How it links to strategy and delivers value to stakeholders	Consistent strategy on pages: 4 and 5 Chief Executive's report on pages: 8 to 15
Non-financial key performance indicators	• Relevant key performance indicators	Key Performance Indicators on pages: 20 and 21 ESG report on pages: 28 to 47

The policies mentioned above form part of the Group's policies, which act as the strategic link between our purpose and how we manage our day-to-day business. During the year, the Board determined that the policies remain appropriate and support its long-term sustainable success.

This Strategic report was approved by the Board.

By order of the Board

Chris Tyler
Company Secretary
7 February 2025

Board of Directors

The Board is collectively responsible for the long-term success of Porvair and the delivery of sustainable stakeholder value.

John Nicholas N R
Independent Non-Executive Chair

Appointed to the Board in October 2017, he became Chair in April 2018.

Previous career:
John was Non-Executive Chair of Diploma PLC until January 2022. He was previously Senior Non-Executive Director of Mondi plc, Rotork plc and Ceres Power Holdings plc and Chair of the Audit Committee of Hunting plc. He was Group Finance Director of Tate & Lyle plc from 2006 to 2008 and, prior to that, Group Finance Director of Kidde plc from its demerger from Williams plc in 2000 until its acquisition by United Technologies in 2005. John was a member of the UK Financial Reporting Review Panel for six years until April 2015.

Relevant experience:
John is an experienced Non-Executive Director with broad experience in manufacturing and service industries. John brings strong leadership skills and provides an effective commitment to the Board. John holds an MBA from Kingston University and is a Chartered Certified Accountant.

Committee membership:
Chair of the Nomination Committee and member of the Remuneration Committee.

Ben Stocks
Group Chief Executive

Appointed to the Board in February 1998.

Previous career and external appointments:
Ben was previously Managing Director of the Speciality Packaging Division of Carnauld Metal Box. He is Senior Independent Non-Executive Director of the Aerospace Technology Institute and Chair of its Remuneration Committee.

Relevant experience:
Ben has been Group Chief Executive since joining the Board in 1998. He leads the Group's management and has been instrumental in delivering the Group's consistent strategy and growth. Over his career with the Group, he has acquired considerable domain knowledge and extensive filtration market knowledge. He has an MBA from INSEAD.

Committee membership:
None.

Hooman Caman Javvi
Chief Executive designate

Appointed to the Board in January 2025.

Previous career:
Hooman was previously Group Chief Operating Officer and member of the Board of Hill & Smith plc, a FTSE 250 international provider of sustainable infrastructure products and services. Before joining Hill & Smith in 2022, Hooman spent 11 years in senior management roles at Hitachi Energy and the ABB Group.

Relevant experience:
Hooman has a proven track record in the leadership of industrial engineering businesses. He has an Engineering and Management degree from Linkoping University in Sweden and an MBA from the Stockholm School of Economics.

Committee membership:
None.

James Mills
Group Finance Director

Appointed to the Board in April 2021.

Previous career:
James was previously a divisional Finance Director for Ricardo plc. Prior to Ricardo, he was responsible for group reporting at G4S plc.

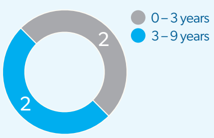
Relevant experience:
James brings significant expertise and relevant experience in strategic financial management for engineering led businesses. He is a Chartered Accountant, who qualified with KPMG.

Committee membership:
None.

Composition of the Board

Executive and Non-Executive Directors

Non-Executive Tenure



Board changes during FY24 and the year to date:

- Sarah Vawda resigned from the Board on 2 April 2024.
- Sheena Mackay was appointed to the Board as an Independent Non-Executive Director on 28 October 2024.
- Hooman Caman Javvi was appointed to the Board on 6 January 2025 as Chief Executive designate.
- In April 2024, Ben Stocks announced that he would retire from the Board at The Company's AGM on 15 April 2025.

Further information on the appointments and Board succession planning activities can be found on pages 60 and 62.

Key to Board Committee Membership

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Blue background denotes Committee Chair

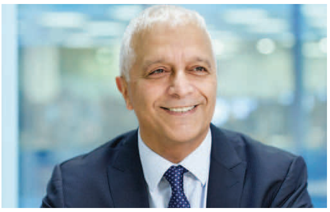
Sally Martin A N R
Senior Independent Non-Executive Director

Appointed to the Board in October 2016.

External appointments:
Sally is an independent non-executive director of Beach Energy Limited and Sandfire Resources Limited, companies listed on Australian Securities Exchange. She was, until 2021, Supply and Trading Operations Manager for Europe & Africa in the Shell International Trading and Shipping Company Limited.

Relevant experience:
In a thirty year career with Shell, Sally built a strong track record in strategy; M&A; international business development; and engineering and operations. She brings a particular focus on safety management, large project delivery and managing large and dispersed teams. Her extensive team management skills make her ideally suited to lead our Employee Engagement processes and chair the Group's Remuneration Committee. She is a member of the Australian Institute of Company Directors.

Committee membership:
Chair of the Remuneration Committee and member of the Audit and Nomination Committees. Designated Board member for Employee Engagement.



Ami Sharma A N R
Independent Non-Executive Director

Appointed to the Board in January 2023.

External appointments:
Ami is currently Group Chief Financial Officer and Company Secretary of SDI Group plc, an AIM listed manufacturing group. He was Group CFO at FTSE 250 listed Ultra Electronics Holdings plc, an international aerospace and defence group, from 2016 to 2019. He was CFO of Gibbs and Dandy plc from 2005 to 2009. Ami has, in the past, held senior finance roles at Senior plc and Saint Gobain Building Distribution and was an audit manager with KPMG.

Relevant experience:
Ami has over 30 years' experience in public and private companies with particular focus on international manufacturing, high growth businesses, corporate transactions, driving operational improvements and raising finance. This track record makes him ideally suited to Chair the Audit Committee. He is a Chartered Accountant.

Committee membership:
Chair of the Audit Committee and member of the Remuneration and Nomination Committees.

Sheena Mackay A N R
Independent Non-Executive Director

Appointed to the Board in October 2024.

External appointments:
Sheena is a Non-Executive Director of Lords Group Trading plc, an AIM listed building material distributor. She is Chair of the Remuneration Committee and Nomination Committee and a member of the Audit Committee. Sheena was a Non-Executive Director at Foxtons Group plc, the London based estate agency, from 2017 to 2023.

Relevant experience:
Sheena's executive career spans more than 30 years in human capital management. Sheena was Group Human Resources Director for Smiths Group plc, a FTSE 100 global industrial technology company, between 2016 and 2022. Prior to Smiths, Sheena was Group Human Resources Director at Aggreko plc, a global supplier of temporary power and temperature control equipment, BBA Aviation plc, a multinational aviation services company, and SSL International Group plc, a multinational manufacturer and supplier of healthcare products. Prior to SSL, Sheena's early career was at the General Electric Company plc,a global FTSE 100 industrial conglomerate.

Committee membership:
Member of the Audit, Remuneration and Nomination Committees.

Board diversity

It is the Board's policy to maintain a small Board of five or six Directors with a minimum of two male and two female Directors. Between the resignation of Sarah Vawda on 2 April 2024 and the appointment of Sheena Mackay on 28 October 2024, the Board was not compliant with this policy.

The Board diversity from 1 December 2023 to the date of signing the report was:

	Gender		Ethnicity		
	Male	Female	White British or other White	Asian/ Asian British	Other Ethnic Group
1 Dec 2023 to 2 Apr 2024	67%	33%	4	2	
3 Apr 2024 to 27 Oct 2024	80%	20%	4	1	
28 Oct 2024 to 5 Jan 2025	67%	33%	5	1	
6 Jan 2025 to date	71%	29%	5	1	1

Ethnic Groups as defined by the Office of National Statistics

Chair's introduction to governance

The Board provides effective and strategic leadership to the Group within a framework of robust corporate governance.

Dear shareholder

The Board is committed to maintaining high standards of corporate governance and ensuring values and behaviours are consistent across the business. The Board expects steady and continuous improvement in the Group's governance procedures.

In the Governance section of this report, the Board sets out the information, policies and procedures adopted by the Group to ensure compliance with the relevant governance codes and financial law. The Governance section includes the Directors' Report, the Corporate Governance Report, the Report of the Nomination Committee, the Report of the Audit Committee and the Remuneration Report and Remuneration policy.

The Board

The Board consists of four Non-Executive Directors and three Executive Directors. The Board provides strategic leadership and guidance with the aim of allowing the Executive team to develop the business profitably within the framework of risk management and compliance.

The Board has established three Committees to advise the Board:

- The Audit Committee advises the Board on matters relating to internal controls and financial reporting of the Group.
- The Remuneration Committee determines and recommends the framework and policy for the remuneration of the Executive Directors.
- The Nomination Committee provides a process and procedure for the appointment of new Directors.

The Nomination Committee and the Remuneration Committee comprise all of the Non-Executive Directors. As Chair of the Group, I do not sit on the Audit Committee.

I confirm that, following performance evaluation of each Non-Executive Director, their performance continues to be effective with appropriate commitment to the role.

Compliance with the Code

The Board complied with all aspects of the 2018 UK Corporate Governance Code throughout the year ended 30 November 2024. The Board notes the introduction of the Corporate Governance Code 2024 which will apply to the Group from 1 December 2025 and 1 December 2026 for the assessment of internal controls.

Developments in 2024

Non-Executive Directors

Sheena Mackay was appointed as an Independent Non-Executive Director with effect from 28 October 2024. Sarah Vawda resigned from the Board on 2 April 2024.

Chief Executive designate

Following the announcement at the AGM in April 2024 that Ben Stocks would stand down as Chief Executive following the AGM in April 2025, the Board initiated a search for a new Chief Executive. The search culminated in the appointment of Hooman Caman Javvi who joined the Board as Chief Executive designate on 6 January 2025 and will assume the role of Chief Executive following the AGM in April 2025.

AGM 2024

At the AGM on 14 April 2024 the shareholders approved:

- A new Remuneration policy for the next three years. No structural changes were proposed but the Remuneration Committee considered that its current approach of providing fixed pay levels, which are below market median, required it to be able to increase in the annual bonus policy maximum from 100% of salary to 125% (although the opportunity has not been adopted for either FY 2024 or 2025).
- New rules for the Group's Save As You Earn scheme were approved by shareholders for a further 10 years term on substantially the same terms as previously.

John Nicholas
Chair
7 February 2025

Transparent reporting

Porvair has a clear purpose; integral to delivering it is being a socially responsible company that demonstrates strong ethical behaviour within a framework of transparent and robust governance.

Section 172 Statement

In line with the reporting requirements of the 2018 UK Corporate Governance Code, our stakeholder engagement section describes how our stakeholders, and the matters set out in Section 172 of the Companies Act 2006, have been considered in Board discussions and decision-making. The Board actively engages with our shareholders, employees and wider stakeholder groups when making decisions, and considers the impact of Group activities on the community, environment and its reputation.

Compliance with the UK Corporate Governance Code 2018

The principles set out in the UK Corporate Governance Code 2018 (the "Code") emphasise the value of good corporate governance for long-term sustainable success. The Board applied the principles and complied with all provisions of the Code throughout the year ended 30 November 2024.

Further details on how we have applied the principles set out in the Code can be found as follows:

- Section1: Board leadership and Company purpose on page: 59.
- Section 2: Division of responsibilities on page: 59.
- Section 3: Composition, succession and evaluation on pages: 60 and 62.
- Section 4: Audit, risk and internal control on pages: 60, 61, 63 and 64.
- Section 5: Remuneration on pages: 65 to 83.

Porvair's governance structure

Good governance continues to provide the framework for effective delivery of our strategy. The Board is committed to maintaining very high standards of corporate governance and ensuring values and behaviours are consistent across the business. The Board provides strategic leadership and guidance with the aim of allowing the Executive team to develop the business profitably within the framework of risk management and compliance.

The Board

Provides strategic leadership to the Group within a framework of robust corporate governance and internal control. It monitors the culture, values and standards that are embedded throughout our business, to deliver long-term sustainable growth for the benefit of our shareholders and other stakeholders.

Board Committees

Nomination Committee

Provides a transparent process and procedure for the appointment of new Directors to the Board. The Nomination Committee comprises all of the Non-Executive Directors and is chaired by the Chair of the Company.

Nomination Committee report on page: 62.

Audit Committee

Assists the Board by reviewing: the integrity of the Group's financial reporting; the quality of the external and internal audit review processes; the appropriateness of the Group's internal controls; and compliance with a range of financial, governance and other compliance issues.

Audit Committee report on pages: 63 and 64.

Remuneration Committee

Sets policies and levels of remuneration, which encourage actions by management that are in the long-term interests of the Company and its stakeholders.

Remuneration report on pages: 65 to 83.

Executive Directors and Senior Management

Responsible for the implementation of the Board's strategy and day to day management of the business. Management of each plant is devolved to plant General Managers and their teams.

Group Divisions & Operating Companies

Aerospace & Industrial Division	Laboratory Division		Metal Melt Quality Division
Porvair Filtration Group Royal Dahlman European Filter Corporation	Seal Analytical	Porvair Sciences Finneran Ratiolab Kbiosystems	Selee
UK, US, Netherlands, Belgium & India	US, Germany, UK, Netherlands & China	UK, US, Germany & Hungary	US & China

Directors' report

The Directors are pleased to present their Annual Report and the audited accounts of the Group for the year ended 30 November 2024.

The Company

Porvair plc is a public limited company incorporated in England and Wales and domiciled in the UK, with a listing on the London Stock Exchange under the symbol PRV. The address of its registered office is 7 Regis Place, Bergen Way, King's Lynn, Norfolk, PE30 2JN.

Business review

The business review is covered in the Strategic report. The Group's purpose, strategy, objectives, key performance indicators, likely future developments, and risks and uncertainties are discussed throughout the report.

Dividends

An interim dividend of 2.1 pence per share (2023: 2.0 pence per share) was paid on 21 August 2024. The Directors recommend the payment of a final dividend of 4.2 pence per share (2023: 4.0 pence per share) on 4 June 2025 to shareholders on the register on 2 May 2025; the ex-dividend date is 1 May 2025. This makes a total dividend for the year of 6.3 pence per share (2023: 6.0 pence per share).

Directors and their interests

The names and biographical details of the Directors are set out on pages 52 and 53. Sarah Vawda resigned from the Board on 2 April 2024. Sheena Mackay joined the Board on 28 October 2024. Hooman Caman Javvi joined the Board on 6 January 2025. All other Directors served throughout the year. In accordance with best practice, it is the Board's policy that all Directors, who continue to serve, should offer themselves for re-election each year.

The appointment and replacement of Directors is governed by the Articles, the Companies Act 2006, the UK Corporate Governance Code and related regulation and legislation applying to UK listed companies. The Articles require there to be a minimum of three Directors (and permit a maximum of 15) and provide that the business of the Company shall be managed by the Board of Directors, which may exercise all powers of the Company. The Board of Directors may make such arrangements as they see fit to delegate those powers, except that the Board retains specific authority over the matters reserved for the Board, which are summarised in the Role of the Board section in the Corporate governance report on page 59.

The Executive Directors have service contracts that include a rolling 12 month notice period. The Non-Executive Directors have letters of appointment that include a rolling three month notice period unless they are not re-elected at the Annual General Meeting, in which case, the Non-Executive Director will resign immediately.

During the year, and up to the date of this report, the Group maintained insurance providing liability cover for its Directors.

Details of all the beneficial and non-beneficial interests of the Directors in the shares of the Company, and share options are set out in the Remuneration report on pages 65 to 83. None of the Directors had a material interest in any contract of significance in relation to the Company or its subsidiaries during the year.

There are no agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment in the event of a takeover of the Company. No additional matters under LR9.8.4 have been identified, which require disclosure.

The Company has in place procedures to deal with conflicts of interest. The Company follows the guidance on conflicts of interest issued by the Association of General Counsel and Company Secretaries of the FTSE. See page 60 for more details.

Research and development

The Group continues to undertake a research and development programme with the objective of identifying and developing new materials and products which have the potential to contribute to the growth of the Group. During the year, £3.8 million (2023: £4.0 million) of development expenditure was written off to the income statement and development expenditure capitalised was de minimis (2023: £Nil).

Greenhouse gas emissions

The disclosure of the Group's greenhouse gas emissions is given in the ESG report on pages 38 and 39, which forms part of this report and is incorporated into it by cross reference.

Share capital

The Company has one class of ordinary share capital which carries no right to fixed income. All of the Company's shares in issue are fully paid and each share carries the right to vote at general meetings of the Company. During the year, the Company issued 136,755 (2023: 34,217) shares to satisfy the exercise of SAYE share options.

The Group uses an Employee Benefit Trust ("EBT") to purchase shares in the Company to satisfy entitlements under the Group's Long Term Share Plan. The EBT has waived its rights to dividends. During the year, the Group purchased 110,000 ordinary shares of 2 pence each (2023: 120,000) for a total consideration of £724,000 (2023: £745,000). During the year, the EBT issued 242,240 ordinary shares (2023: nil) to satisfy the exercise of Long Term Share Plan share options. The cost of the shares held by the EBT is deducted from retained earnings. The EBT is financed by a repayable-on-demand loan from the Group of £5,251,000 (2023: £4,527,000). As at 30 November 2024, the EBT held a total of 363,460 ordinary shares of 2 pence each (2023: 495,700) at a cost of £2,243,000 (2023: £2,982,000) and a market value of £2,377,028 (2023: £2,904,802).

Further details of the share capital of the Company are given in note 22 to the financial statements.

There are no specific restrictions on the size of a holding in the Company nor on the transfer of shares, which are both governed by the provisions of the Articles and prevailing regulations and legislation governing UK listed companies. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights. No person has special rights of control over the Company's share capital.

Each year the Board seeks shareholder approval to renew the Board's authority to allot relevant securities and to purchase its own shares.

Contracts

The Company is party to a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, banking agreements, property lease arrangements and employee share plans.

Section 172 of the Companies Act 2006 disclosure

Details of the Board's compliance with the requirements of Section 172 of the Companies Act 2006 are given on pages 48 to 51.

Non-financial and sustainability information statement

Non-financial and sustainability information required by s414CB of the Companies Act 2006 can be found by using the references given on page 51 of the Strategic report.

Substantial shareholders

As at 7 February 2025, the Company has been notified of the following substantial shareholdings comprising 3% or more of the issued share capital of the Company.

	Ordinary shares (number)	Percentage (%)
GGG SpA	7,781,527	16.7
Long Path Partners	4,653,632	10.0
Blackrock Investment Management	3,404,984	7.3
Impax Asset Management	2,702,526	5.8
Liontrust Asset Management	2,496,038	5.4
L&G Investment Management	1,943,289	4.2
BGF Investment Management	1,717,050	3.7
Morgan Stanley Investment Management	1,730,695	3.7
Montanaro Asset Management	1,665,000	3.6
Royal London Asset Management	1,552,343	3.3
Financiere de L'Echiquier	1,438,075	3.1

Corporate governance

The Company's statement on corporate governance can be found in the Corporate governance report on pages 59 to 61 of these financial statements. The Corporate governance report forms part of this Directors' report and is incorporated into it by cross reference.

Employment policies and engagement

The Group's employment policies and Employee Engagement activities are described in the ESG report on pages 40 to 45, which forms part of this report and is incorporated into it by cross reference.

Relationships with customers, suppliers and local communities

The Group's relationships with customers, suppliers and interaction with the local community are described on pages 44 and 47, which forms part of this report and is incorporated by cross reference.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of price risk, foreign exchange risk, credit risk, liquidity risk and interest rate cash flow risk. The Group has in place risk management procedures that seek to limit the adverse effects on the financial performance of the Group of these financial risks.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department, which has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial instruments to manage these.

Further details on the specific risks related to financial management and their mitigation are given on pages 25 and 61.

Acquisitions

On 4 December 2023, the Group, through its subsidiary Porvair Holdings B.V., acquired 100% of the issued share capital of European Filter Corporation NV. ("EFC"). EFC, a filtration business based in Lummen, Belgium, has expertise in the manufacture of mist elimination filters used in the production of industrial feedstocks and well established industrial filtration sales channels in north east Europe. The total consideration was £10,294,000.

Going concern

The Directors statement on going concern is incorporated in its review of viability and going concern on pages 26 and 27.

Annual General Meeting

The Annual General Meeting of the Company is to be held on Tuesday 15 April 2025. The notice for this meeting and proxy forms will be sent to shareholders separately.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required under the Listing Rules of the Financial Conduct Authority to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 – *Reduced Disclosure Framework* (FRS 101).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Directors' report continued

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 52 and 53, confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and the Directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Directors' responsibility for provision of information to the Auditor

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditor

RSM UK Audit LLP has indicated its willingness to continue in office as the Company's Auditor. A resolution concerning its appointment will be put to the Annual General Meeting.

By order of the Board

Chris Tyler
Company Secretary
7 February 2025

Corporate governance

Compliance

The Company has adopted the principles of good governance set out in the 2018 UK Corporate Governance Code. This section describes how the Board has applied those principles. The Directors are of the opinion that the Company has complied with the provisions of the UK Corporate Governance Code (which is publicly available at www.frc.org) throughout the year.

Corporate Governance Code 2024

The FRC has issued an updated Corporate Governance Code. It will be required to be adopted by the Group from the accounting period beginning on 1 December 2025, with the exception of provision number 29, monitoring the company's risk management and internal control systems, which is required to be adopted by the Group from the accounting period beginning on 1 December 2026.

LEADERSHIP AND COMPANY PURPOSE

Company Purpose

The Board has defined the Company's purpose as "Porvair aims to develop specialist filtration, laboratory and environmental technologies for the benefit of all stakeholders". Measures of success include consistent earnings per share growth and improvement in selected ESG metrics. Details of how the corporate purpose has been embedded in the operations and the metrics used to measure success are given in the Strategic report on pages 1 to 51. Details of the Board's approach to investing in and rewarding the workforce are given in the ESG report on pages 40 to 44.

Role of the Board

The Group is directed and controlled by the Board. It provides strategic leadership and support with the aim of developing the business profitably, whilst assessing and managing the associated risks. The Board ensures that the financial management, controls and resources are in place to enable the business to meet its objectives. The Directors take collective responsibility for the Group's performance.

The Board has a formal schedule for reviewing the Group's operating performance and has other specific responsibilities reserved to it, which include:

- Approval of the published financial results and dividends;
- Appointments to the Board and other Board committees;
- Approval of the strategic direction of the business;
- Approval of the Group's approach to climate-related activities;
- Approval of contracts outside the normal course of business;
- Approval of expenditure over certain limits;
- Approval for acquisitions and disposals;
- Approval of insurance, treasury policy and significant new financing; and
- Approval of the funding policies of the defined benefit pension scheme.

The Chair is responsible for leadership of the Board. The responsibilities of the Chair and Senior Independent Non-Executive Director are set out clearly in a written document approved by the Board, available from the Company Secretary on request.

The Executive Directors manage the day-to-day operations of the business, under the leadership of the Chief Executive, within the framework set out by the Board. Outside the formal schedule of Board meetings, the Chair and Non-Executive Directors make themselves available for consultation with the Executive team as necessary.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The Company Secretary is responsible for advising the Board, through the Chair, on all governance matters.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board has a schedule of six pre-arranged meetings during the year. In addition, other meetings are arranged to deal with specific issues or transactions, as required. There was full attendance by Directors at all pre-arranged Board meetings.

Takeover Directive

Disclosures relating to the Takeover Directive are included in the Directors' report (under "Share capital") on page 56.

DIVISION OF RESPONSIBILITIES

Board of Directors

The Board consists of seven Directors; three Executive Directors and four Non-Executive Directors, including the Chair. The Board is chaired by John Nicholas. Ben Stocks is the Group Chief Executive, Hooman Caman Javvi is the Chief Executive designate, James Mills is the Group Finance Director. Sheena Mackay, Sally Martin, John Nicholas and Ami Sharma are Independent Non-Executive Directors. Sally Martin is the Senior Independent Non-Executive Director.

The Directors' appointment and removal is a matter for the Board as a whole. The Senior Non-Executive Director is available for consultation with shareholders through the Company Secretary, by written submission.

The Executive Directors and the Chair meet with the Company's major shareholders and other potential investors on a regular basis and have reported to the Board on those meetings. The Chair of the Remuneration Committee consulted with major shareholders in the year in connection with the terms of the revised Remuneration policy.

The Board considers the independence of each Non-Executive Director and assesses relationships and circumstances likely to affect each Director's judgement. The Board considers each Non-Executive Director to be independent of management.

All of the Directors offer themselves for re-election at each Annual General Meeting.

On joining the Board, a new Director receives appropriate induction including meeting with other Directors, visiting the Group's principal operations and meeting with senior management and the Group's principal advisers.

The Board has put in place a procedure by which any Director may take independent professional advice at the expense of the Company in furtherance of their duties as a Director of the Company.

The Company maintains Directors' and Officers' liability insurance.

Corporate governance continued

COMPOSITION, SUCCESSION, EVALUATION AND REMUNERATION

Board Committees
The Board has set formal terms of reference for each of its committees setting out the composition, scope of work and reporting requirements for each Committee.

Nomination Committee
The Board has established a Nomination Committee to provide a transparent process and procedure for considering succession and the appointment of new Directors to the Board.

The Report of the Nomination Committee on page 62 includes details of the Nomination Committee's remit, composition, attendance, approach to diversity and scope of work in the year.

The Nomination Committee's full terms of reference are available on the Group's website, www.porvair.com.

Audit Committee
The Board has established an Audit Committee to review and advise the Board on matters relating to the internal controls and financial reporting of the Group.

The Report of the Audit Committee on pages 63 and 64 includes details of the Audit Committee's remit, composition, attendance, scope of work in the year and related judgements. A discussion of the Group's internal controls and its approach to internal audit is given in the Audit risk and internal control section on this page.

The Audit Committee's full terms of reference are available on the Group's website, www.porvair.com.

Remuneration Committee
The Board has established a Remuneration Committee to review and advise the Board on matters relating to the Executive Directors' remuneration.

The Remuneration report on pages 65 to 83 includes details on Remuneration policy, practices and the remuneration of the Directors.

The Remuneration Committee's full terms of reference are available on the Group's website, www.porvair.com.

Evaluation
The Board undertakes a rigorous self assessment review each year to consider its own performance. The procedures include individual interviews by the Chair with each Director, review of an assessment form and discussion of the findings at a Board meeting. The Senior Independent Non-Executive Director maintains regular contact with the other Independent Non-Executive Directors and the Executive Directors, sufficient to monitor the performance of the Chair. The Chair, in consultation with the Executive Directors, monitors the performance of the Non-Executive Directors.

The Chair has conducted interviews and assessments with each Director and the performance of the Executive Directors has been considered in detail by the Remuneration Committee without the Executive Directors present. The Chair considers that, following the application of the Board's formal performance evaluation programme, each Director's performance continues to be effective and each Director has demonstrated commitment to their role.

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Conflicts of interest
The Board has an annual process for disclosing any conflicts of interest with Directors required to update the Board with any changes throughout the year. There were no disclosed conflicts of interest in the year (2023: none).

AUDIT, RISK AND INTERNAL CONTROL

Internal control
The Board has overall responsibility for ensuring that the Group maintains a system of internal controls and for reviewing its effectiveness. The system is not designed to eliminate the risk that the Group's objectives will not be achieved but to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks. As with any such system, it can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has reviewed the effectiveness of the process regularly throughout the year. The Group's key procedures are as follows:

Control environment – Group management and Board controls
Each operating division has its own management group which meets regularly to monitor operational matters. Each operating division is responsible for establishing its own system of internal controls and for ensuring compliance with those controls. The Divisional Director of each operating division reports to the Group Chief Executive, and clearly defined lines of responsibility have been established within this organisational structure. The senior finance executive in each operation has a dual responsibility to report within their operation to the Divisional Director and to the Group Finance Director.

The Executive Directors meet online weekly with the divisional senior management as a group to discuss operating performance and the near-term outlook. There is also a formal programme of quarterly reviews with each division's senior management team.

These formal reviews, conducted either in person or on-line, cover:

- Health and safety;
- Operational performance;
- Risk reviews, including climate-related risks;
- Employee Engagement activities; and
- Investment decisions, including atmospheric carbon dioxide reduction activities.

The Executive Directors visit all operations regularly to perform reviews. Findings from these reviews are reported to each Board Meeting as part of the review of operations.

Control environment – Operational controls – in addition to the Group internal control systems, each business follows control procedures set out by regulators and customer requirements.

These include:

- ISO 9001 systems and controls;
- OSHA health and safety reviews;
- Quality control procedures and inspections;
- Insurance provider reviews;
- Export ITAR compliance controls;
- Customer site and product reviews;
- Aerospace/nuclear compliance and traceability;
- AS9100 compliance audits;
- EPA compliance audits; and
- GLP/FDA compliance.

Risk management – operating division management has clear responsibility for the identification of risks facing each operation, and for establishing procedures to investigate and monitor such risks. A review of each operation's risk management is included in the normal cycle of Executive Directors' reviews of the divisions. The Board reviews a group register of risks and mitigations on a regular basis as part of its normal Board reporting. The Board also commissions independent reviews of the key risks facing the Group as appropriate. Full details of the Group's risk management processes are given in the section on Principal risks and uncertainties on pages 22 to 25.

Information and control systems – the Group's systems provide management with regular and reliable management information. Information systems are specific to each reporting entity and separate from other entities' systems. Common Group processes are used for management reporting and consolidation. The Group has a comprehensive process of annual budgets, target setting, and detailed monthly reporting. Senior management annual incentives include rewards for delivering financial performance and progress towards targets, including ESG and climate-related metrics.

The annual budget of each operation is reviewed in detail by the Executive Directors. The consolidated Group budget is approved by the Board as part of its normal responsibilities.

Each operation produces full monthly management accounts comprising an income statement, cash flow statement, balance sheet, comparisons with prior year and the budget, and a forecast for the full year. The Executive management team review the performance with the operations' management.

Monthly management accounts are consolidated at Group level. The Board receives copies of the monthly management accounts and reviews the performance of the Group in detail at each Board meeting.

Monitoring system – the Board has established a framework of controls encompassing procedures applicable to all businesses that are subject to executive review.

The Group operates a self assessment process so that the operating businesses can quantify the extent of their compliance with control objectives. Each separate accounting entity completes an annual self assessment questionnaire which highlights areas where control improvements could be made. The results of these control questionnaires are reviewed with senior management and new controls are implemented as necessary.

The Group operates an internal audit cycle consisting of peer reviews conducted by the Group's financial controllers or other suitably experienced employees or by external professional services firms. The scope of the reviews each year is agreed in advance with the Audit Committee and the formal reports on each review are considered by the Audit Committee.

The Group Finance Director conducts monthly reviews with the senior finance executive of each business, focused on controls and governance, together with commercial and operational matters.

The Audit Committee considers that the Group's internal audit arrangements provide an acceptable level of review, appropriate for the size of the business.

Consolidation process – full management accounts for each entity in the Group are consolidated each month and review and analysis is carried out on those results. These consolidated accounts form the basis of reports that are provided to Board members every month. Statutory consolidated results are prepared at each half year and full year which are reconciled with the consolidated management accounts.

Whistleblowing policy – the Group has a formal whistleblowing procedure which gives employees the opportunity to escalate their concerns for investigation, ultimately to the Senior Non-Executive Director. There were no matters arising in 2024 that were treated as whistleblowing incidents (2023: none).

The Audit Committee and the Board have reviewed the effectiveness of the Group's internal controls for the period from 1 December 2023 up to the date of approval of this Annual Report and Accounts and have addressed issues as they have been identified.

Chris Tyler
Company Secretary
7 February 2025

Report of the Nomination Committee

Governance

The Company's Nomination Committee provides a transparent process and procedure for the appointment of new Directors to the Board. The Nomination Committee comprises all of the Non-Executive Directors and is chaired by the Chair of the Company. The Nomination Committee's responsibilities include:

- Identifying and nominating candidates to fill Board vacancies;
- Evaluating the balance of skills, diversity, knowledge and experience on the Board and the leadership needs of the organisation; and
- Succession planning.

The balance of skills, diversity, knowledge and experience, the leadership of the organisation and succession planning are considered by the Board as a whole at least annually.

Succession planning

The Committee monitors the length of service and the skills and experience of the Non-Executive Directors to assist in succession planning. Succession plans for the Executive Directors are routinely discussed between them and the Chair. The Committee is confident that the Board has the necessary skills and experience to contribute to the Group's strategic direction and expects to continue to strengthen the Non-Executive Directors' knowledge and experience of the Group's operations in the coming year.

Succession plans for the Group's 30 most senior executives, taking into account gender and ethnic diversity, are considered by the Committee at least once a year to identify likely succession requirements and to ensure that development plans are in place to prepare those managers expected to be able to fill more senior positions as they arise.

Board recruitment process

An external search consultancy is appointed to advise on each appointment to the Board and seek suitable candidates. In the case of Executive Directors, the Committee seeks to include candidates, if appropriate, from the existing employees. Candidates from an initial list are interviewed by the Chair and Chief Executive. Following selection by the Chair and Chief Executive, shortlisted candidates (generally no more than three) are then interviewed by the other Directors. Once a suitable candidate has been identified, the Chair of the Committee recommends to the Board that the Company make a formal offer of employment to the candidate.

2024 activities

The Nomination Committee met six times during the period to appoint a Chief Executive designate and a Non-Executive Director and to consider the Group's leadership development, succession planning and gender diversity, it was fully attended by all members at each meeting. The Board takes into account gender and racial diversity when considering appointments to the Board. The Board considers that the current composition of the Board has an appropriate balance of gender and ethnic diversity.

Following the announcement on 16 April 2024 that Ben Stocks would retire from the role of Chief Executive at the AGM on 15 April 2025 the Committee, with the help of a Search Consultancy, Korn Ferry, which is independent and has no connection with either the Company or its Directors, conducted a search for a new Chief Executive. An initial list of candidates, including internal candidates, were interviewed by the Chair. The external candidates each held a discussion with Ben Stocks. Six candidates were interviewed by Sally Martin. Two candidates were shortlisted to meet the other Committee members. Following agreement by the Committee members, the Chair recommended that Hooman Caman Javvi be invited to join the Board as Chief Executive Officer.

Following the resignation of Sarah Vawda on 2 April 2024, the Committee, with the help of Korn Ferry, began a search for a new female Non-Executive Director. The Committee recommended to the Board that Sheena Mackay be appointed from a shortlist of candidates. Sheena Mackay joined the Board on 28 October 2024.

All Directors are required to submit themselves for re-election every year at the Annual General Meeting.

Boardroom diversity

Recruitment of Board candidates is conducted, and appointments made, on merit and suitability against objective selection criteria with consideration of, amongst other things, the benefits of diversity on the Board, including gender and ethnicity. Further details are disclosed below and on page 53.

The tables below set out the gender and ethnic diversity of the Board and executive management as at 30 November 2024 as disclosed to the Company by each individual concerned:

Gender diversity

As at 30 November 2024	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	67%	3	6	86%
Women	2	33%	1	1	14%
Total	**6**	**100%**	**4**	**7**	**100%**

Ethnic diversity

As at 30 November 2024	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White	5	80%	4	7	100%
Asia/Asian British	1	20%	–	–	–
Total	**6**	**100%**	**4**	**7**	**100%**

The Board is compliant with the requirements of the FCA guidance set out in listing rule LR9.8.6(9) except that the Board currently has less than 40% women.

This arises because the Committee sees benefits in having only a small number of Board Directors, Following the appointment of Hooman Caman Javvi on 6 January 2025 there are seven Directors, which will reduce to six on the retirement of Ben Stocks in April 2025. The Board normally expects to have either five or six Directors. The Board's policy is to have at least two female and two male Directors. During the recruitment period following Sara Vawda's resignation on 2 April 2024 and the appointment of Sheena Mackay on 28 October 2024 the Board was not compliant with its policy.

John Nicholas
Chair of the Nomination Committee
7 February 2025

Report of the Audit Committee

Statement by the Chair of the Audit Committee

The Committee's role is to assist the Board by reviewing: the integrity of the Group's financial reporting; the quality of the external and internal audit processes; the appropriateness of the Group's internal controls; and compliance with a range of financial, governance and other compliance matters.

The Committee has put a particular emphasis in the year on:

- visiting various operating businesses around the Group;
- ensuring that internal controls are maintained throughout the Group;
- reviewing the overall financial control framework;
- monitoring, through regular update meetings, the scope and delivery of the External Auditor's work, in particular the hybrid mix of visits to physical locations and an online audit approach; and
- the transitionary arrangements for the mandatory rotation of the audit engagement partner.

Ami Sharma
Chair of the Audit Committee
7 February 2025

Report of the Audit Committee

The Audit Committee has an agreed timetable of meetings with agendas. Representatives of the Group's External Auditor, RSM UK Audit LLP ("RSM"), attend meetings by invitation. Other employees of the Company may be invited to attend meetings as and when required.

The Audit Committee comprised all the Independent Non-Executive Directors of the Company, with the exception of the Chair of the Group. Ami Sharma is the Chair of the Audit Committee. Sarah Vawda resigned from the Board on 2 April 2024 and Sheena Mackay joined on 28 October 2024. Sally Martin is the other member of the Committee. The Board has designated Ami Sharma as the member of the Committee with recent and relevant financial experience. All members of the Committee are deemed to have the necessary ability and experience to understand the financial statements. The Committee as a whole has competence relevant to the sector in which the Group operates.

The Audit Committee met three times during the year. There was full attendance by the members. Two of those meetings were held prior to the Board meetings to approve the announcement of the Group's interim and full year announcements. At those meetings, the Committee considered the financial reporting judgements made by management. Its deliberations were informed by accounting papers and financial reports prepared by management and reports prepared by the Group's External Auditor. The third meeting focused on the work that RSM planned to undertake in conducting their annual audit.

The particular area of focus for the Committee in reviewing the judgements underlying the financial statements this year has been those in relation to major contracts. The Group is party to several major long-term filtration projects entered into in previous years and in the year ended 30 November 2024. These contracts contain warranties. Management has assessed the likelihood of future economic outflows in relation to these contracts and has made provisions based on its best estimate of the probable economic outflows.

Management has recognised provisions of £3.6 million as at 30 November 2024. £3.3 million relates to warranties on contracts, of which £1.6 million relates to a single customer. The Committee recognises the high degree of judgement and estimation involved in determining these provisions. It has reviewed the basis for the provisions set out by management and has challenged management on the likelihood of the related risks arising. The Committee concurred with the accounting and presentation of these provisions.

The Committee also reviewed papers prepared by management specifically relating to:

- the carrying value of goodwill and intangible assets;
- the acquisition accounting for EFC;
- the accounting for the Group's defined benefit pension scheme;
- contract judgements, including provisions; and
- going concern and viability.

Meetings between the Committee Chair, the External Auditor and the Group Finance Director in advance of the scheduled meetings provided an early review of the judgements and assumptions included in each paper and enabled the Chair of the Committee to direct additional work as required. The Committee was able to further challenge management and assess the External Auditor's work in the February 2025 Audit Committee meeting, such that the Committee was able to satisfy itself that the External Auditor had demonstrated professional scepticism and challenged management's assumptions and judgements. The Committee was able to satisfy itself that the assumptions and judgements included in the papers prepared by management were reasonable and appropriate.

The Committee also reported to the Board that it considered that, taken as a whole, the 2024 Annual Report was fair, balanced and understandable and included the necessary information to assess the performance, business model and strategy of the Group.

In addition to its work reviewing the Group's financial statements, the Committee has:

- reviewed announcements relating to the Group's financial performance and reviewed significant financial reporting judgements contained therein, in particular the information contained in the Group's interim report;
- monitored the Group's internal financial controls and the Group's internal control and risk management systems and ensured that these are properly reviewed by the Group's management in line with the procedures set out on pages 60 and 61;
- reviewed the scope of the internal audit work performed in assessing the operating companies' internal controls and procedures. The internal audit work is generally undertaken through a system of peer reviews by the Group's finance function. The Committee considers the Group to be too small to justify a dedicated internal audit function;
- agreed the scope, remuneration and terms of engagement of the External Auditor; specifically the Committee sought to ensure that the audit covered the Group as a whole and included tests and procedures on the smaller entities that might otherwise have been considered immaterial for review;
- considered the requirement for statutory audits of smaller entities as part of the audit planning process;

Report of the Audit Committee continued

- monitored the External Auditor's effectiveness, independence and objectivity. The Committee carefully monitored the review, undertaken by RSM, of the interim financial information for the six months ended 31 May 2024 and the work carried out by RSM in relation to their audit of the Group and Company accounts for the year ended 30 November 2024. The Committee is satisfied with the quality and independence of their work;
- considered the robustness of the audit process; the quality and timeliness of its delivery; the quality of the External Auditor's employees and reporting; and its value for money. In making its assessment, the Committee made use of a professionally prepared checklist to guide its assessment; discussed the audit delivery with management; and met with the audit partner at each Audit Committee meeting in the year;
- assessed the extent to which the External Auditor challenged the judgements made by management. The Committee, management and the External Auditor consider the key areas of judgement within the accounts well in advance of the year-end audit. These areas of judgement are included for specific focus in the audit plan. The Committee is presented with papers from management on the key areas of judgement in the accounts. The judgements contained within these papers are assessed by the External Auditor in their reporting to the Committee. Outside the formal meetings, the Chair of the Committee meets with the audit partner ahead of each Committee meeting to obtain a detailed understanding of the audit work that has been undertaken;
- reviewed arrangements by which employees of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters;
- met with the new RSM partner ahead of the five-year mandatory audit engagement partner rotation requirement;
- considered and reviewed communications with the Financial Reporting Council (FRC), following the FRC's review of the Annual Report & Accounts for the year ended 30 November 2023, whilst noting the FRC's role in supporting the quality of corporate reporting, rather than verifying any information provided;
- considered its own effectiveness by means of a professionally prepared checklist and made recommendations to the Board for improvements where necessary; and
- reported to the Board on how it has discharged its responsibilities.

The Audit Committee has set a policy which is intended to maintain the independence and objectivity of the Company's External Auditor when acting as External Auditor of the Group accounts. The policy governs the provision of audit and non-audit services provided by the External Auditor and limits the fees and scope of the services that may be performed by the Group's External Auditor. In summary, the External Auditor is limited to non-audit fees of no more than 70% of the average fees agreed for the audit in the prior three years and may only undertake:

- reporting required by law or regulation to be provided by the External Auditor;
- reviews of the interim financial information;
- reporting on regulatory returns;
- reporting on government grants;
- reporting on internal financial controls when required by law or regulation;
- extended audit work that is authorised by the Audit Committee performed on financial information and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions;
- reports required by competent authorities/regulators supervising the Group where the authority/regulator has either specified the External Auditor or identified to the Group that the External Auditor would be an appropriate choice of service provider; and
- audit or other services provided as External Auditor or Reporting Accountant that an objective, reasonable and informed third-party would conclude the understanding of the Group obtained by the External Auditor is relevant to the service and the nature of the service provided would not compromise independence.

All non-audit services in excess of £20,000 provided by the External Auditor must be approved by the Committee.

The fees paid to the External Auditor for audit services, audit related services and other non-audit services are set out in note 4 of the consolidated financial statements. The only non-audit service provided by the External Auditor was a review of the Group's interim financial information. RSM has not provided any other services to the Group in the year.

The Audit Committee is authorised to engage the services of external advisers, as it deems necessary, at the Company's expense in order to carry out its function.

Tenure of the Auditor

RSM was initially appointed on 15 September 2020 following a competitive tender process. A competitive re-tender was undertaken in 2023. Having considered quality, challenge and technical competence of the short-listed audit firms, RSM was re-appointed as Auditor. Graham Ricketts has been the audit partner since the appointment of RSM. Given the five-year mandatory rotation requirement for audit engagement partners, Graham will rotate off following the audit of the year ended 30 November 2024. Andy Allchin is expected to be the RSM partner for the year ending 30 November 2025.

Remuneration report

Annual Statement by the Chair of the Remuneration Committee ("the Committee")

On behalf of the Board, I am pleased to present our Remuneration report for 2024. In line with the UK Government reporting regulations on Directors' pay, introduced in October 2013, and the 2018 UK Corporate Governance Code, this report has been split into three sections:

- a statement by the Chair of the Committee;
- an annual report on remuneration that discloses how the current Remuneration policy has been implemented during the year ended 30 November 2024 and includes a summary of the plans in place for 2025; and
- a Remuneration policy statement that sets out the components of the Company's Remuneration policy, which was approved at the AGM on 16 April 2024 and will be in place for three years from that date.

At the AGM on 15 April 2025 we will seek your support for the annual report on remuneration, in the form of an advisory vote.

We would like to thank shareholders for their support of the 2023 Remuneration report, the revised Remuneration policy and for a new set of rules for the Group's Save As You Earn scheme. At the AGM on 16 April 2024, the resolution concerning the 2023 Remuneration report received 97% of the votes in favour, the resolution concerning the Remuneration policy received 97% of the votes in favour, and the resolution concerning the Group's Save As You Earn scheme received 100% of the votes in favour.

The Committee's objectives

The Committee's remit is to set policies and levels of remuneration to encourage actions by management that are in the long-term interests of the Company and its shareholders. The Committee met three times during the year. The meetings were fully attended by the Committee members.

The Committee aims to provide remuneration packages that:

- are competitive, but not excessive;
- are designed to attract, retain and motivate managers of high quality to deliver growth for the business;
- are aligned with shareholders' interests;
- include an element of the potential reward linked to personal performance; and
- encourage the Executive Directors to accumulate shares in the Company.

Revised Remuneration policy

The Committee adopted the revised Remuneration policy approved at the AGM on 16 April 2024. The revised policy has only limited changes from the previous policy, relating to the annual bonus maximum.

The Committee noted that an external benchmarking exercise showed that Executive Director pay levels remain below those in companies of similar scale and spread. If the Group's long-term growth record continues, these pay differentials are likely to increase. As a consequence, the policy allows the annual bonus maximum to be 125% of base salary, the sector group median level, an increase from 100% of base salary mandated by the previous policy.

The Committee has not yet used the increased headroom. This change adds flexibility for the 2024 to 2027 period and ensures target and maximum remuneration levels remain competitive. In all events the performance conditions will remain stretching.

Recruitment of the new Chief Executive

As disclosed in the 2023 Remuneration Committee report, the Board was aware that Ben Stocks' base salary was 16% below the sector group median. The Committee, advised by Korn Ferry, recognised that this position would need to be addressed to recruit a suitable new CEO.

The Committee devised a package in line with the Company's current Remuneration policy and listing rules. The package has a higher base salary but lower fixed benefits and allowances. In aggregate, the new CEO's total fixed pay is approximately 7% lower than Ben Stocks' current package, and the maximum annual bonus and Long Term Share Plan ("LTSP") percentage of base salary are the same.

Special consideration was given to awards to be made to partially compensate Hooman for some loss of incentives from his previous employer.

The CEO package is summarised as:

- a base salary of £430,000 p.a.
- a pension allowance of 7% of base salary.
- a car allowance of £12,000 p.a.
- participation in the Company performance related discretionary annual bonus scheme with a maximum award of 100% of base salary.
- eligibility to participate in the Porvair plc LTSP with a maximum award of 150% of base salary.
- private medical insurance, death in service benefits and critical illness cover.

To compensate for some loss of legacy benefits from his previous employer, the Committee granted an additional and exceptional LTSP share award of 50% of base salary subject to existing Porvair EPS growth metrics. This is in addition to the first annual discretionary LTSP award.

The performance metrics for the annual bonus and LTSP are as described below and on pages 65 to 74.

Corporate Governance Code

Our remuneration principles are underpinned by compliance with corporate governance guidelines and specifically with Provision 40 and Section 41 disclosures of the 2018 UK Corporate Governance Code. How we have applied these principles is demonstrated in the Remuneration report on pages 65 to 83.

Clarity:
Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.

Simplicity:
Remuneration structures should avoid complexity, and their rationale and operation should be easy to understand.

Risk:
Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arrive from target-based incentive plans, are identified and mitigated.

Predictability:
The range of possible values of rewards and any limits or discretion should be identified and explained at the time of approving the policy.

Proportionality:
The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear.

Alignment to culture:
Incentive schemes should drive behaviours consistent with company purpose, values and strategy.

Remuneration report continued

Annual bonus awards and vesting of Long Term Share Plan

Porvair's corporate purpose, as stated on pages 4, 5 and 9 is to develop specialist filtration, laboratory and environmental technologies for the benefit of all stakeholders. Success of the strategy is measured by consistent earnings per share growth, and improvement in selected ESG metrics. The annual bonus is based on cash generated from operations as well as achievement of strategic objectives including ESG metrics. Growth in earnings per share is rewarded through the long-term incentive awards.

- 2024 bonus and LTSP vesting

  In the past year, the cash generation of the Group was better than planned. The Committee approved a 70% of salary reward for the financial component of the annual bonus, being the maximum award. Progress was also made towards the agreed strategic objectives. The Committee decided that a 27% of salary award would be made for achievement of these objectives, representing 90% of the maximum in relation to this component of the annual bonus.

  In 2021, the Committee set a target for the long-term incentive award, granted in February 2022, of adjusted earnings per share of 38.3 pence in the year ended 30 November 2024 to achieve 100% vesting. 20% of the award would vest if the Group achieved adjusted earnings per share of 28.3 pence in FY2024. A sliding scale would operate if the adjusted earnings per share is between 28.3 pence and 38.3 pence. Adjusted earnings per share in the year ended 30 November 2024 were 38.6 pence, and accordingly, 100% of the granted options vested.

- 2025 targets and grants

  For 2025 the Committee has decided that the potential bonus award should continue to be a maximum of 100% of salary with 70% available for achievement of financial objectives and 30% for progress on strategic objectives. Stretching targets have been set to achieve the maximum payout.

  The Committee has decided that it should award the Executive Directors with LTSP 2018 options with a face value of 150% of salary that may vest based on the earnings per share in the year ending 30 November 2027. Vesting in full will require the Group to achieve adjusted earnings per share of at least 58.7 pence, requiring 15% compound annual growth over the three year period. Further details are given on pages 70 and 71.

Sally Martin
Chair of the Remuneration Committee
7 February 2025

ANNUAL REPORT ON REMUNERATION

This report complies with the UK Corporate Governance Code published in July 2018 (the "UK Corporate Governance Code") and other relevant regulation, including the remuneration reporting regulations (The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013) (the "Remuneration Regulations"). It sets out the Group's Remuneration policy and details of Directors' remuneration. A resolution to approve this report will be proposed at the Annual General Meeting on 15 April 2025.

The Committee

The Committee recommends to the Board the framework, or broad policy, for the remuneration and long-term incentive arrangements of the Company's Executive Directors and Chair. The Committee also has an advisory role in relation to major changes in employee benefit structures throughout the Company and the Group. The Committee uses external published benchmark data to guide its deliberations. The remuneration of the Non-Executive Directors is set by the Executive Directors.

The members of the Committee are drawn solely from the independent Non-Executive Directors. The Committee currently comprises all of the independent Non-Executive Directors of the Company. Sheena Mackay joined the Committee on 28 October 2024 and Sarah Vawda resigned from the Committee on 2 April 2024. To be quorate at least two members of the Committee must attend.

Sally Martin is the Chair of the Committee. The Group Chief Executive may be invited to attend and speak at meetings of the Committee but does not participate in any matter which impacts upon his own remuneration arrangements. The Committee met three times during the year. The meetings were fully attended by all of its members.

INFORMATION REQUIRED TO BE AUDITED

Summary of Executive Directors' remuneration packages

The Executive Directors' remuneration packages consist of: a base salary; a discretionary annual cash bonus earned for the achievement of financial and non-financial objectives; the grant of share options and long-term incentives with three year financial performance targets; the provision of pension benefits, or a cash allowance in lieu of pension benefits; and other benefits. The terms of their service contracts are disclosed in the Directors' report on page 56.

Executive Directors' remuneration

The following table shows the total remuneration of the Executive Directors for the year:

2024	Base salary and fees £'000	Taxable benefits £'000	Pension £'000	**Fixed Total 2024 £'000**	Annual bonus £'000	Long-term incentives £'000	Other £'000	**Variable Total 2024 £'000**	**Total 2024 £'000**
Executive Directors									
J A Mills	229	15	16	260	222	288	–	510	770
B D W Stocks	360	36	101	497	349	492	–	841	1,338
2023	Base salary and fees £'000	Taxable benefits £'000	Pension £'000	Fixed Total 2023 £'000	Annual bonus £'000	Long-term incentives £'000	Other £'000	Variable Total 2023 £'000	Total 2023 £'000
Executive Directors									
J A Mills	203	14	14	231	178	267	7	452	683
B D W Stocks	346	36	82	464	305	534	–	839	1,303

In 2024 the Executive Directors incurred PAYE tax and national insurance contributions amounting to £965,000 (2023: £484,000).

Ben Stocks and James Mills' salaries will be increased from 1 December 2024 by 3% (2023: Ben Stocks 4%, James Mills 13%). The salary rise is in line with the increase for other UK based employees.

Benefits

Benefits for the Executive Directors comprised: a cash allowance in lieu of a company car; medical insurance and wellness benefits; life assurance; and permanent health insurance. Life assurance benefits covering a lump sum of eight times salary on death in service were provided for Ben Stocks and four times salary on death in service were provided to James Mills through Registered Life Schemes. The Executive Directors are covered by the Group's permanent health insurance scheme.

Pension entitlements

The Porvair plc Pension and Death Benefit Plan ("the Plan") is a contributory defined benefit scheme for UK employees, which is now closed to new entrants. UK employees not in the Plan participate in a defined contribution scheme. Pension benefits from the Plan were subject to the HMRC earnings cap and the Group has continued to maintain an earnings cap since the HMRC limits were removed in April 2006.

Remuneration report continued

Pension benefits, up to the capped limit of £181,200 of salary until 31 March 2024 and £193,800 thereafter, were provided in the period for Ben Stocks by the Plan. Ben Stocks is entitled to pension benefits from the Plan on the same basis as all other members. The employee and employer contributions are 11% and 18.8% of base salary respectively. The Plan has a normal retirement age of 65. Only base salary is pensionable. Ben Stocks was aged 62 on 30 November 2024. He may, at the discretion of the Trustees of the Plan, apply to draw a reduced pension before the normal retirement age. There is no actuarial benefit to the individual from retiring early.

Ben Stocks also received 7% additional salary on the difference between his full salary and the capped limit in lieu of pension benefits. This additional salary is not included in calculations for annual bonus or LTSP awards.

James Mills receives a 7% of base salary contribution towards a defined contribution pension scheme, in line with the benefit provided to UK employees.

Annual bonus

Bonus payments to Executive Directors are made at the discretion of the Committee for achievement of Group financial performance targets and strategic objectives. In 2024, awards were capped at 100% of base salary. Up to 70% related to achievement of financial performance targets and up to 30% related to achievement of strategic objectives. Bonuses are not pensionable but may be paid directly into the Executive Directors' pension schemes if requested.

The table below shows the targets set for 2024:

Target	Target at operating plan level	Target for maximum payout	% salary awarded for operating plan achievement	% salary awarded for maximum achievement	Achieved	% of salary awarded
Adjusted operating cash flow	£20.73m	£23.84m	25%	70%	£24.40m	70%
Strategic: For revenue growth initiatives; margin improvement; and progress on ESG metrics	N/A	N/A	N/A	30%	see below	27%

The adjusted operating cash flow can be reconciled to the cash generated from operations. It is based on the management accounts for the year, which differ from the reported financial statements only because they are translated at constant exchange rates. This ensures that the cash flows in foreign subsidiaries are based on the same exchange rates as the target. It is a measure that reflects Group profitability and control of working capital.

In the past year, the cash generation of the Group was better than planned. The Committee approved a 70% of salary reward for the financial component of the annual bonus, being 100% of the maximum award.

The Committee noted that, in relation to the strategic objectives: demonstrable progress was made in delivering incremental sales revenues from acquisitions, projects and new product development; a programme of senior management coaching and leadership development was successfully delivered; the ESG strategic framework paper was substantially updated and incorporated into the Group's strategy and purpose; and further progress was made towards the 2025 target for carbon intensity reduction. The Committee concluded that a 27% of salary bonus should be paid, to reflect the progress made in the year. This represents 90% of the maximum bonus achievable for strategic objectives.

For 2025 annual bonus awards will be capped at 100% of base salary. Ben Stocks will receive 37.5% of the declared bonus reflecting his contribution up to retirement in April 2025. Up to 70% may be paid on achievement of financial performance targets based on adjusted operating cash flow, and up to 30% on achievement of strategic objectives. The targets for adjusted operating cash flow, which are commercially sensitive, are set by the Committee before the start of the financial year. Achievement of plan will be rewarded with a 25% of salary award, with sliding scales operating between zero bonus for performance more than 10% below plan and 70% of salary rewarded for performance 15% above plan. In a year of management transition, the strategic targets are focused on the new team settling and moving ahead effectively. This includes judgements on the CEO handover; the new team's plans for evolution of strategy and execution; goals for 2026 and beyond; and the outcome of 2025-26 growth projects.

Vesting of Long Term Share Plan

2023 vesting

Options granted in 2021 under the LTSP 2018 scheme could only be exercised in full if the Committee was satisfied that in the financial year ended 30 November 2023 ("FY2023") the Group had achieved adjusted earnings per share of at least 32.9 pence. 20% of the award would vest if the Group had achieved adjusted earnings per share of 24.3 pence in FY2023. A sliding scale operated if adjusted earnings per share were between 24.3 pence and 32.9 pence. No shares vest if the adjusted earnings per share in FY2023 were below 24.3 pence. As adjusted earnings per share of 37.2 pence were achieved in FY2023, 100% of the options granted vested.

2024 vesting

Options granted in 2022 under LTSP 2018 scheme could only be exercised in full if the Committee was satisfied that in the financial year ended 30 November 2024 ("FY2024") the Group has achieved adjusted earnings per share of at least 38.3 pence. 20% of the award would vest if the Group had achieved adjusted earnings per share of 28.3 pence in FY2024. A sliding scale operated if adjusted earnings per share were between 28.3 pence and 38.3 pence. No shares vest if the adjusted earnings per share in FY2024 were below 28.3 pence. As adjusted earnings per share of 38.6 pence were achieved in FY2024, 100% of the options granted vested.

These options are subject to an additional two year holding period after the end of the vesting period. After the vesting period, before the end of the two year holding period, the option holder may exercise the option but may only sell sufficient shares to settle the option price and the income tax payable.

Share options and long-term incentive plan shares

Awards of share options and long-term incentive plan shares are at the discretion of the Committee.

The Company operates a discretionary share option plan, which was updated by a resolution put to the AGM on 17 April 2018. The scheme provides nominally priced options or share awards with a ten year life, subject to vesting conditions after three years based on performance conditions set by the Committee. The LTSP 2018 includes:

- provision to allow the Committee to make normal awards up to 150% of salary per annum to an Executive;
- a cap of 250% of base salary, at the discretion of the Committee, to be used in exceptional circumstances;
- malus provisions;
- clawback provisions at the discretion of the Committee; and
- a required holding period of up to two years after the end of the vesting period.

The Company also periodically offers invitations to all UK permanent employees to join Save As You Earn ("SAYE") schemes. Currently there are three year and five year schemes running following invitations in October 2019, February 2021 and June 2023. A revised scheme on substantially the same terms as the scheme approved by shareholders in 2014 was approved at the Annual General Meeting on 16 April 2024.

The maximum number of shares that may be issued under the Company's option schemes may not exceed 10% of the Company's issued share capital in any 10 year period.

The market price of the Company's ordinary shares as at 30 November 2024 was 654 pence per share (2023: 586 pence per share). The range of market prices during the year was between 590 pence and 730 pence.

Directors' holdings in shares and share options

In awarding long-term incentive shares to the Executive Directors, the Committee encourages the Executive Directors to build up a holding of shares in the Company. The Committee requires the Executive Directors to build up a shareholding through the retention of long-term incentive awards equal to twice base salary within five years of joining. Ben Stocks has exceeded this guideline since April 2013 and James Mills has until April 2026 to achieve the target.

The beneficial interests at 30 November 2024 and 30 November 2023 of the Directors and their connected persons in the ordinary shares of the Company are shown below. There have been no changes in those interests up to the date of this report.

	2024		2023	
	Ordinary shares (number)	**Share options (number)**	Ordinary shares (number)	Share options (number)
Executive Directors				
J A Mills	**16,040**	**212,656**	11,790	153,256
B D W Stocks	**195,008**	**265,825**	532,442	315,205
Non-Executive Directors				
S M Mackay (appointed on 28 October 2024)	**2,956**	**–**	N/A	N/A
S J Martin	**–**	**–**	–	–
J E Nicholas	**7,500**	**–**	7,500	–
A Sharma	**–**	**–**	–	–
S B Vawda (resigned on 2 April 2024)	**N/A**	**N/A**	–	–

Remuneration report continued

Details of the share options held by the Executive Directors at the end of the year, which have been granted under Porvair Share Option Schemes, are as follows:

	As at 30 November 2023 (number)	Granted in the year (number)	Lapsed in the year (number)	Exercised in the year (number)	At 30 November 2024 (number)	Exercise price	Grant date	Exercisable from	Expiry date
B D W Stocks									
Vested									
LTSP 2018	49,680	–	–	49,680	–	2p	07/02/2020	07/02/2023	07/02/2030
LTSP 2018	92,600	–	–	92,600	–	2p	02/02/2021	02/02/2024	02/02/2031
LTSP 2018	75,450	–	–	–	75,450	2p	02/02/2022	02/02/2025	02/02/2032
Unvested									
LTSP 2018	97,475	–	–	–	97,475	2p	02/02/2023	02/02/2026	02/02/2033
LTSP 2018	–	92,900	–	–	92,900	2p	07/02/2024	07/02/2027	07/02/2034
	315,205	92,900	–	142,280	265,825				
J A Mills									
Vested									
LTSP 2018	46,200	–	–	–	46,200	2p	21/04/2021	21/04/2024	21/04/2031
LTSP 2018	44,150	–	–	–	44,150	2p	02/02/2022	02/02/2025	02/02/2032
Unvested									
SAYE	5,836	–	–	–	5,836	514p	01/06/2023	01/06/2028	01/12/2028
LTSP 2018	57,070	–	–	–	57,070	2p	02/02/2023	02/02/2026	02/02/2033
LTSP 2018	–	59,400	–	–	59,400	2p	07/02/2024	07/02/2027	07/02/2034
	153,256	59,400	–	–	212,656				

Scheme interests awarded during the financial year

The table below sets out the options granted during 2023 and 2024:

	Date of grant	Scheme	Number	Exercise price	Share price used to value grant	Face value of grant £'000
B D W Stocks	2 February 2023	LTSP 2018	97,475	2p	533p	520
	7 February 2024	LTSP 2018	92,900	2p	579p	538
J A Mills	2 February 2023	LTSP 2018	57,070	2p	533p	304
	1 June 2023	SAYE	5,836	514p	642p	37
	7 February 2024	LTSP 2018	59,400	2p	579p	344

For performance over the three year period to 30 November 2027, the Committee has decided that Hooman Caman Javvi will be awarded 123,280 2 pence options and James Mills will be awarded 54,130 2 pence options under the LTSP 2018 scheme immediately after the announcement of the Group's results. The share price used to value the grant was 654 pence per share.

Ben Stocks will retain a proportion of his share options post-retirement based on the percentage of the performance period that he was employed prior to retirement and the eventual performance outcome.

The LTSP shares to be granted are calculated to equal 150% of a year's salary for each Executive Director based on the average share price over the final quarter of the preceding financial year and the Executive Director's salary at 1 December 2024. Future awards will be calculated on the same valuation basis. Hooman Caman Javvi receives an additional one-off allocation of LTSP shares calculated to equal 50% of his salary as compensation for some loss of legacy benefits from his previous employer. The LTSP shares are options issued at the nominal value of the Company's ordinary shares of 2 pence.

Performance conditions of the unvested share options

Options granted in 2023 under the LTSP 2018 scheme can only be exercised in full if the Committee is satisfied that in the financial year ending 30 November 2025 ("FY2025") the Group has achieved adjusted earnings per share of at least 50.5 pence. 20% of the award will vest if the Group has achieved adjusted earnings per share of 37.3 pence in FY2025. A sliding scale will operate if adjusted earnings per share are between 37.3 pence and 50.5 pence. No shares vest if the adjusted earnings per share in FY2025 are below 37.3 pence.

Options granted in 2024 under the LTSP 2018 scheme can only be exercised in full if the Committee is satisfied that in the financial year ending 30 November 2026 ("FY2026") the Group has achieved adjusted earnings per share of at least 56.6 pence. 25% of the award will vest if the Group has achieved adjusted earnings per share of 41.8 pence in FY2026. A sliding scale will operate if adjusted earnings per share are between 41.8 pence and 56.6 pence. No shares vest if the adjusted earnings per share in FY2026 are below 41.8 pence.

The Committee intends to grant options after announcement of the Group results under the LTSP 2018 scheme, which can only be exercised in full if the Committee is satisfied that in the financial year ending 30 November 2027 ("FY2027") the Group has achieved adjusted earnings per share of at least 58.7 pence. 20% of the award will vest if the Group has achieved adjusted earnings per share of 43.4 pence in FY2027. A sliding scale will operate if adjusted earnings per share are between 43.4 pence and 58.7 pence. No shares vest if the adjusted earnings per share in FY2027 are below 43.4 pence.

These unvested options are subject to an additional two year holding period after the end of the vesting period. After the vesting period, before the end of the two year holding period, the option holder may exercise the option but may only sell sufficient shares to settle the option price and the income tax payable.

The options granted under the 2014 SAYE scheme were issued at a 20% discount to the market price at the date of grant. These options have no performance conditions.

The Company funds the Employee Benefit Trust, approved at the 2015 AGM, to settle incentive share awards. At 30 November 2024, the Trust held 363,460 shares (2023: 495,700 shares).

The table below sets out the options exercised during 2024:

	Date of exercise	Scheme	Number	Exercise price	Share price on date of exercise
B D W Stocks	5 February 2024	LTSP 2018	142,280	2p	650p

The Executive Directors' total gain on the exercise of share options in 2024 was £921,974 before deduction of taxes. On exercise, Ben Stocks sold these shares.

The Executive Directors did not exercise any share options or sell any shares in 2023.

Non-Executive Directors

The terms of appointment of the Non-Executive Directors are disclosed in the Directors' report on page 56 . The table below gives the salary and fees of the Non-Executive Directors:

2024	**Base salary and fees £'000**
S M Mackay (appointed on 28 October 2024)	**4**
S J Martin	**52**
J E Nicholas	**115**
A Sharma	**52**
S B Vawda (resigned on 2 April 2024)	**15**
	238

2023	Base salary and fees £'000
J H Halai (resigned on 31 January 2023)	8
S J Martin	50
J E Nicholas	111
A Sharma (appointed on 1 January 2023)	45
S B Vawda (appointed on 26 June 2023)	19
	233

Included in the table above is additional remuneration of £7,500 per annum for Non-Executive Directors, for chairing a Board Committee. The Non-Executive Directors received no other remuneration.

Payments to former Directors

Chris Tyler resigned from the Board on 20 April 2021. He retained his role as Group Company Secretary and moved to a part-time contract on 1 June 2021. He receives salary and benefits in line with other Group senior managers for this role and retained the options under the LTSP 2018 scheme granted to him prior to 20 April 2021.

Following her resignation on 2 April 2024, Sarah Vawda received a total of £11,000 in three monthly payments in accordance with the terms of her letter of appointment. No other remuneration payment was made after she ceased to be a non-executive director of the Company, nor was any payment for loss of office made.

No other payments (2023: £nil) were made during the year ended 30 November 2024 to any other former Directors of the Company or any other Group company.

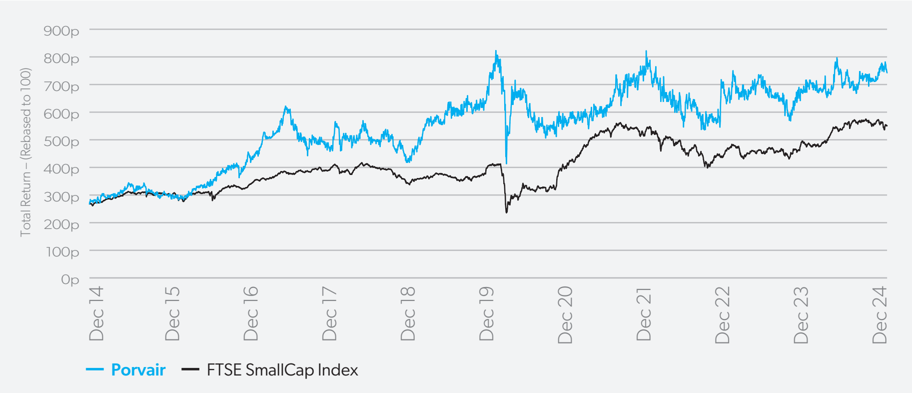
Remuneration report continued

INFORMATION NOT REQUIRED TO BE AUDITED

Performance graph and table

The following graph charts total shareholder return against the FTSE SmallCap Index for the last 10 years. Given the size and nature of the Group, the FTSE SmallCap Index is considered to be the logical comparator index.

10 year total shareholder return



The table below shows the total remuneration for the Chief Executive Officer and the percentages of the maximum awards of performance related pay received over the past ten years:

Year	CEO	Single figure total remuneration £'000	Annual variable element % of max	Long-term incentives % of max
2024	Ben Stocks	1,338	97%	100%
2023	Ben Stocks	1,303	88%	100%
2022	Ben Stocks	962	95%	92%
2021	Ben Stocks	665	90%	0%
2020	Ben Stocks	429	0%	0%
2019	Ben Stocks	996	57%	100%
2018	Ben Stocks	1,078	83%	100%
2017	Ben Stocks	1,029	87%	88%
2016	Ben Stocks	991	90%	95%
2015	Ben Stocks	1,151	97%	100%

The table below shows the percentage change in remuneration of the Executive Directors and the Group's UK employees as a whole between 2023 and 2024.

	Percentage increase/(decrease) in remuneration in 2024 compared with 2023		
	Chief Executive Officer	Group Finance Director	UK employees
Salary and fees	4%	13%	6%
Taxable benefits	2%	1%	(4)%
Annual bonuses	15%	25%	(18)%
Single figure remuneration	3%	13%	5%

The table below shows the percentage change in single figure remuneration over the last 5 years for each of the Directors compared with the Group's UK employees as a whole.

	Change to:			
	2024	2023	2022	2021
Ben Stocks	3%	35%	45%	55%
James Mills	13%	68%	N/A	N/A
John Nicholas	4%	11%	7%	1%
Sally Martin	5%	14%	13%	1%
Ami Sharma	N/A	N/A	N/A	N/A
Sheena Mackay	N/A	N/A	N/A	N/A
UK employees	5%	7%	7%	3%

The UK employees are considered a suitable comparator Group because the Chief Executive Officer and Group Finance Director are UK based and subject to the same macro-economic conditions as other UK employees.

The table below shows the ratio between the consolidated single total figure of remuneration of the Group Chief Executive and the lower, median and upper quartile pay of our UK employees. We have used the remuneration of the permanent full time UK employees who have been employed throughout the year ended 30 November 2024 as the comparator Group. We have used Option A as we consider it to be the most accurate method of comparison.

Year	Method	25th percentile	50th percentile	75th percentile
2020/2021	Option A	27	21	16
2021/2022	Option A	36	28	21
2022/2023	Option A	46	39	29
2023/2024	Option A	46	38	29

Year ended 30 November 2024	25th percentile	50th percentile	75th percentile
Salary	£28,411	£34,232	£44,595
Total remuneration	£29,074	£35,090	£46,113

The ratio of the Chief Executive's single figure remuneration with the quartiles of the pay of our UK employees is in line with the prior year. The single figure remuneration of the Chief Executive is more volatile than the pay of the UK employees because the senior executives have higher elements of variable performance related pay compared with the workforce as a whole.

The Committee has considered the wider workforce alignment of total reward with the Executive Directors. Alignment of salary percentage increases, subject to the 2023 adjustment to James Mills' salary, and the reduction in pension contribution rates to align with the workforce are recent examples of the Committee's work in this area.

Relative importance of spend on pay

As required by the Remuneration Regulations, the table below compares total employees' remuneration with the amounts paid in dividends to shareholders. This enables a comparison between the amounts paid to employees and the amounts paid to shareholders.

	2024 £'000	2023 £'000	Difference £'000
Total spend on pay	60,893	59,438	1,455
Dividends paid	2,811	2,664	147

Statement of voting at the Annual General Meeting

A resolution to approve the Report of the Remuneration Committee included in the 2023 Report and Accounts was passed by the shareholders at the AGM on 16 April 2024. 97% of votes were cast in favour of the resolution. 3% of votes were cast against the resolution and 373,614 votes were withheld.

A resolution to approve the Report of the Remuneration Committee included in the 2022 Report and Accounts was passed by the shareholders at the AGM on 18 April 2023. 97% of votes were cast in favour of the resolution. 3% of votes were cast against the resolution and 1,186,981 votes were withheld.

A resolution to approve the Remuneration policy included in the 2023 Report and Accounts was passed by the shareholders at the AGM on 16 April 2024. 97% of votes were cast in favour of the resolution. 3% of votes were cast against the resolution and 373,047 votes were withheld.

Advisers to the Committee

During the year, the Committee has reviewed published surveys of the remuneration of directors of similar sized companies. Independent advice on remuneration was taken as part of the recruitment process for the new Chief Executive. Korn Ferry advised the Committee, their fee was included within the fee for recruitment of the Chief Executive.

The Committee received input into its decision-making from reports prepared by the Executive Directors, none of whom were present at any time when their own remuneration was being considered.

Remuneration report continued

Comparator group

There is not a well-matched comparator group for the Group as there are no other similar UK quoted filtration and environmental technology businesses. The selected comparator Group contains similar sized UK quoted industrial manufacturing businesses. The comparator companies are reviewed by the Committee as part of the Remuneration policy review every three years. The last review took place in 2023 in preparation for the 2024 Directors' Remuneration policy renewal.

The Committee uses data from these companies only as a guide to the competitiveness of the overall remuneration packages. We do not seek to position our remuneration at any defined point against the benchmarks or set targets that use relative performance.

Comparator Group

Avon Protection	Luceco	Treatt	Xaar
Carclo	Ricardo	Trifast	Zotefoams
Dialight	Severfields	TT Electronics	

The Committee retains the right to alter the comparator group as it sees fit in order to ensure it remains an appropriate and relevant benchmark.

Remuneration policy

The Remuneration policy, set out on pages 75 to 83, was approved by shareholders at the Annual General Meeting on 16 April 2024.
The Remuneration policy is expected to remain in force until the AGM in 2027.

On behalf of the Board

Sally Martin
Chair of the Remuneration Committee
7 February 2025

Remuneration policy as presented and approved at the Group's 2024 AGM

Introduction
The Group's policy is to provide remuneration packages for its senior executives that reflect their contribution to the business, the performance of the Group, and the need to attract and retain executives of the highest quality.

The Remuneration Committee ("the Committee") seeks to provide straightforward and easily understood remuneration packages, which align the interest of the Directors with those of shareholders. The Committee seeks to set remuneration guidelines that incentivise management to deliver on the Group's long-term strategy and short-term goals with an appropriate mix of fixed and variable pay.

The Committee aims to provide remuneration packages that:

- are competitive, but not excessive;
- are designed to attract, retain and motivate managers of high quality;
- are aligned with shareholders' interests;
- include an element of the potential reward linked to personal performance; and
- encourage the Executive Directors to accumulate shares in the Company.

The policy set out below was presented for approval by shareholders at the Annual General Meeting on 16 April 2024, effective immediately thereafter, and will remain in force until the Annual General Meeting in 2027.

Changes from the previous policy
The Committee believes that the previous Remuneration policy has served the Group and its shareholders well and, given that it is well aligned with current best practice, does not believe that any structural changes are required. However, the Committee is concerned that by providing fixed pay levels which are below market median requires it to reconsider the maximum bonus opportunity to ensure that the Group can continue with this approach, whilst providing a suitably high variable opportunity.

Therefore, the historic annual bonus policy maximum of 100% of salary is to be increased to 125% (although there is no intention to increase the opportunity for FY2024). No change is being made to the maximum opportunity for LTSP awards, which remains at 150% of salary.

This change, together with some minor wording changes, are reflected in the new policy set out overleaf.

The policy
In this forward-looking section the Group's remuneration policies and potential future outcomes for each Executive Director and the Group's policy for rewarding Non-Executive Directors are described.

These policies and the individual elements of the reward package are reviewed each year to ensure that they remain in line with good practice and support the delivery of the Group's strategy.

Remuneration report continued

Remuneration policy as presented and approved at the Group's 2024 AGM

The table below summarises the main components of the proposed remuneration package for Executive Directors:

Variable remuneration components

Remuneration component	How the component operates	Maximum payouts
Base salary Purpose: • To attract and retain executives of high quality.	Initial salaries on joining or appointment to the role are set by reference to: • The level of skill and experience of the individual. • The scope of responsibilities required in the role. • Market comparators for similar roles in similar sized quoted businesses. Salaries are reviewed annually and fixed for a year. The rate of increase is influenced by: • The annual increase given to other UK employees. • The current rate of UK CPI inflation. • Market comparators for similar roles in similar sized quoted businesses.	Current salary levels are disclosed in the Remuneration report. Salary increases will normally be in line with those awarded in the UK operations of the Group. Increases above this level may be made in specific situations, such as progression and development in the role; material changes to the business; or changes to the remit or responsibilities of the executive.
Pensions Purpose: • To provide a competitive package for Executive Directors.	• The Executive Directors are provided with a defined contribution scheme with contributions in line with the other UK employees or, if they choose, a cash contribution of the equivalent percentage of salary in lieu of pension benefits. • Ben Stocks is a member of the closed Porvair Pension Plan and his benefits up to a capped limit of salary are provided by the Plan. Above the limit he receives a cash contribution in lieu of pension benefits.	The level of contribution currently provided to the Executive Directors is in line with that offered to other UK employees which is currently at 7%. Executive Director pension contributions will be adjusted in line with any adjustments to the pension contribution rate for UK employees. The Committee may change the Directors' pension arrangements in response to new legislation or regulations provided that any changes do not materially increase the cost to the Company.
Benefits Purpose: • To provide a competitive package for Executive Directors.	Benefits comprise: • A company car or allowance, including car insurance. • Medical insurance and health benefits. • Life insurance/spouse's pension. • Permanent health insurance. • Certain professional and membership fees. • Relocation allowances.	The Committee reserves the power to deliver benefits which, in aggregate, have a cost of up to 25% of base salary. The Committee may exceed this limit in exceptional circumstances, including (but not limited to) where there are changes in the underlying benefits provided; changes to benefit providers; and changes in individual circumstances (such as health status or location).

Performance conditions
No performance measures apply to the fixed elements of remuneration; however the performance of the Group and the individual are taken into account in determining annual pay and benefit awards.

Remuneration policy as presented and approved at the Group's 2024 AGM

Variable remuneration components continued

Remuneration component	How the component operates	Maximum payouts
Annual bonus Purpose: • To encourage and reward actions consistent with the near-term (annual) priorities of the Group.	Executive Directors are eligible to participate in an annual bonus scheme. Participation in each annual scheme and the objectives set are entirely at the discretion of the Committee. The Committee administers the scheme, which is governed by terms set out in the minutes of the Committee's meetings. The performance targets for the year are set following the Group's annual strategy review and their delivery is assessed after the Group's financial year end. The final determination of awards is based on the Group's audited financial statements. The principal elements of the scheme are: • The Committee determines the maximum potential annual award at the start of each financial year. • An element of the annual bonus is based on the financial performance of the Group in the year and an element is based on the delivery of strategic objectives, which may be financial or non-financial. • The annual bonus is not pensionable. • The bonus is paid after confirmation of the Group's annual results. • The payment for achievement of the threshold financial performance target is no greater than 25% of salary. • The bonus is normally paid in cash. However, the Deferred Share Bonus Plan will require deferral of 25% of any bonus payable to the Executive Directors if both of the following apply: 1. If the shareholding requirement has not been met; and 2. If the annual bonus maximum has been set above 75% of base salary. • Bonus deferral may also be operated under the Deferred Share Bonus Plan in other circumstances in agreement with the Executive Directors.	The Committee determines, at the start of each year, the maximum amount that the Executives may earn under the annual bonus scheme. The maximum that the Executives can earn in annual bonuses in each year is disclosed in the Remuneration report. The Committee may not offer an annual bonus scheme with the potential to earn more than 125% of base salary.

Performance conditions

At the start of each financial year, the Committee sets performance targets based on Group financial operating expectations and strategic objectives designed to reward the Executives for delivering near-term priorities of the Group. At the same time, the Committee determines the ratio of awards between each element of the bonus.

Performance targets, set with reference to the Group's annual operating plan and strategic priorities for the year, are disclosed in the Remuneration report. The Group's annual operating performance targets, which typically relate to adjusted annual operating profit, annual operating cash flow, or similar annual operating metrics, are measured on a sliding scale with the maximum payout reserved for significant outperformance compared to plan. The strategic targets are typically based on specific identified objectives critical to the delivery of the Group's annual or three-year operating plans and ESG targets; their achievement is based on the judgement of the Committee.

Remuneration report continued

Remuneration policy as presented and approved at the Group's 2024 AGM

Variable remuneration components continued

Remuneration component	How the component operates	Maximum payouts
Long term share plan and share options Purpose: • To motivate and incentivise Executive Directors to deliver sustained performance over the longer-term in line with shareholder interests.	Awards under the LTSP are generally made in the form of 2 pence options but may also be made as direct awards of shares under the LTSP 2018. The scheme is operated by the Committee under the specific scheme rules. Each year the Committee determines: • The period of time over which performance will be judged, which may not be shorter than three years under the scheme rules. • That there will be a holding period of up to two years following the end of the performance period, such that the period from the date of grant to the first time that awards may be realised will be five years. • The number of shares to be awarded as options and to whom. • The performance criteria. • The level of vesting for threshold performance, which cannot exceed 30% of the shares under award. Vested awards may be settled by the issue of new shares or from shares held by an Employee Benefit Trust ("EBT"). Shares awarded under the LTSP 2018 are subject to malus and clawback provisions as described below. For options issued under the LTSP 2018, after the vesting period but before the end of the holding period, the Executive may exercise the options and sell only sufficient shares to settle the option price and tax liability arising on the exercise. The remaining shares must be held until the end of the holding period. For shares awarded under the LTSP 2018, the Executive may sell sufficient shares on vesting to settle any tax liability arising but must hold the remainder until the end of the holding period. Shares or options that vest are eligible for dividend equivalent payments for the period from award to the end of the holding period at the discretion of the Committee.	The Committee determines, at the start of each year, the amount of option or award shares that the Executives will be granted in the year. This amount is disclosed in the Remuneration report each year. The Committee may offer awards up to 150% of base salary in any one year, based on the average share price of the Group over the final quarter of the preceding financial year.

Performance conditions

The scheme rules require the Remuneration Committee to set performance criteria for the vesting of each LTSP award. The Committee aims to set stretching vesting criteria based on achievement of financial goals set out in the Group's annually updated three-year strategic plan. It seeks to set criteria that are simple to manage and understand and which are, if applied consistently, aligned over the longer-term with the delivery of value to shareholders. The Committee discloses in the Remuneration report the performance criteria for each unvested award including those awards to be made in the coming year.

There is generally a minimum metric below which there is no vesting and a maximum metric which earns 100% of the award. A sliding scale of vesting operates between the minimum and maximum.

The Remuneration Committee has adopted stretching EPS growth as the performance criteria for the LTSP as it believes that this provides a reliably measurable target in line with the Group's medium and long-term objectives. As part of its annual awards process, the Committee considers each year whether this basis remains appropriate. Each year the Remuneration report discloses the prospective awards and performance conditions that will apply. The Committee has discretion to adopt alternative performance metrics should it conclude that alternative targets better align the Executive performance with the long-term delivery of value to shareholders.

Remuneration policy as presented and approved at the Group's 2024 AGM

Variable remuneration components continued

Remuneration component	How the component operates	Maximum payouts
Save as you earn scheme Purpose: • To encourage and incentivise regular saving for all UK employees. • To allow UK employees to benefit from tax efficient HMRC approved gains from any growth in the Group's share price. • To encourage ownership of the Group's shares.	UK employees are entitled to subscribe for options under the Group's three and five year Save As You Earn Schemes. The scheme is governed by the rules set out in the Porvair plc SAYE Share Options Plans 2014 and 2024. The Group offers new SAYE schemes to coincide with the maturity of previous SAYE schemes. The scheme rules allow the options to be issued at up to a 20% discount to the prevailing market price, which is determined at the time the offer is made to employees, generally approximately two months before the start of the scheme. At the end of the savings period, provided the employee has maintained the monthly savings plan, the option shares vest and the employee has the choice of a return of the cash saved in the building society account or to use the savings to acquire the option shares. The options must be exercised within six months of the date of vesting. Vested awards may be settled by the issue of new shares or, for issues made after the 2015 Annual General Meeting, from shares held by an Employee Benefit Trust ("EBT"). Non-Executive Directors may not join the scheme.	SAYE schemes allow a maximum of £500 per month to be saved. The Group offers three and five year saving schemes. The number of shares under option is determined by the amount saved in an authorised building society account plus interest over the vesting period divided by the option price determined at the date of subscription to the scheme.
Performance conditions The scheme has no performance conditions.		

Shareholding requirement

The Committee has set a target for Executive Directors to hold the equivalent of at least the value of two year's base salary in Porvair shares within five years of joining the Board.

A post-employment shareholding requirement is also in place and will apply to all shares vesting from incentive awards granted after the adoption of this policy. In the first year post-employment, executive directors will normally be required to hold the lower of their applicable shareholding on leaving employment or 200% of their final base salary. In the second year post-employment they will normally be required to hold the lower of their applicable shareholding on leaving employment or 100% of final base salary.

External appointments

Executive Directors are able to undertake one Non-Executive Directorship outside the Company with the consent of the Board. Any fees received may be retained by the Director.

Discretions

The Committee retains certain discretions over the management and operation of the variable elements of the Executive Directors' remuneration. The annual bonus scheme is discretionary and therefore the Committee retains full authority to vary its terms and its payouts in each financial year. Its powers are limited by the maxima set out in this policy and by the limits it sets for the Executives within the Committee minutes. The limits for each annual bonus are published in advance in the Remuneration report.

The long-term share plans are governed by the scheme rules approved by shareholders. The rules of the scheme allow for the fair operation of the scheme through discretions delegated to the Committee. Under these discretions the Committee may:

- waive the requirement for the employee to pay the employer's National Insurance;
- grant options with a shorter life than 10 years;
- award the option holder with additional shares equivalent to the dividends that the option holder would have earned if the shares had been held throughout the option period;
- increase the number of shares that can be exercised by a good leaver or the personal representatives of an employee dying in service, which would normally be based on the proportion of the performance period that has elapsed prior to their cessation of employment, having due regard for the likelihood that the performance conditions will be met;

Remuneration report continued

Remuneration policy as presented and approved at the Group's 2024 AGM

- allow an employee leaving for reasons other than as a good leaver to be able to exercise their options after the date that they have given notice to leave employment;
- amend the performance conditions if an event has occurred such that the performance of the Company should be measured by a fairer measure affording a more effective incentive to the employee;
- in determining whether a performance condition has been met, make such adjustments as they consider necessary to take account of underlying performance;
- determine whether performance conditions have been met in the event of a corporate event such as change of control or demerger;
- in the event of a change of control, in exceptional circumstances, permit more award shares or options to become vested than would be calculated by the proportion of the performance period that has elapsed;
- in the event of a rights issue or capitalisation issue, make such adjustments as it considers appropriate to the number of shares under option; and/or
- make minor amendments to the plan to improve its administration, reflect changes in legislation, or to maintain favourable tax treatment for the participants or the Company.

Long Term Share Plan – Performance adjustment (malus)

The Committee may, at its absolute discretion, require an Executive Director to forfeit all or a proportion of the unvested award shares and/or all or a proportion of the vested award shares in respect of which the option award has not otherwise been settled, in the exceptional circumstances of corporate failure, reputational damage, misconduct or misstatement by the Executive Director (or for which the Executive Director is determined, in the Committee's absolute discretion, to be solely or jointly accountable). The terms of any forfeiture shall be determined by the Committee.

Long Term Share Plan – Forfeiture of vested awards (clawback)

At the award date, the Committee determines whether an award should be granted subject to clawback. If it is decided that the award should be subject to clawback then in the exceptional circumstances of corporate failure, reputational damage, misconduct or misstatement by the Executive Director (or for which the Executive Director is determined, in the Committee's absolute discretion, to be solely or jointly accountable), which had it been known at the time of vesting would have caused the Committee to take a different decision regarding the vesting of the award shares, the Committee may, in its absolute discretion, take any or all of the following steps in respect of the vested award shares:

- reduce the number of unvested award shares to which the Executive Director is entitled under any other award and/or proportion of the vested award shares in respect of which the Executive Director has not exercised an option award (or in respect of which the option award has not otherwise been settled);
- require the Executive Director to transfer any vested award shares back to the Company, or to such other person or persons as the Company shall nominate, for nil consideration;
- reduce the amount of any further awards to be granted to the Executive Director;
- reduce the amount of any cash bonus or shares payable to the Executive Director under any other plan operated by the Company; and/or
- require the Executive Director to pay to the Company or any Group company an amount equal to the amount of any or all of the proceeds the Executive Director realised on the disposal of any of the shares acquired pursuant to the award.

When enforcing the clawback terms, the Committee shall take into account:

- the amount (if any) paid by the Executive Director to acquire any shares in relation to the award;
- the amount of tax and national insurance contributions actually paid or still to be paid by the Executive Director in relation to the award or the sale of any of the shares acquired in relation to the award (after taking account of any relief available); and
- the number of shares subject to the award that would have vested (if any) had the misconduct or misstatement been known by the Remuneration Committee at the time.

If the Committee wishes to exercise its right to enforce clawback in respect of any award (or part of an award) in accordance with its powers, it shall communicate the clawback terms to the Executive Director in writing on or around the time that the misconduct or misstatement is discovered.

Clawback ceases to apply to any award (or part of an award) after three years from the date on which the award shares became vested award shares.

Remuneration policy as presented and approved at the Group's 2024 AGM

Annual Bonus – Malus and Clawback

The annual bonus is discretionary and therefore the Committee retains full authority to vary its terms each year within the framework set out in this policy. In the exceptional circumstances of corporate failure, reputational damage, misconduct or misstatement by the Executive Director, the Committee may take any, or all, of the following steps:

- Cancel or reduce the bonus earned by the Executive Director in the year in which the misconduct or misstatement comes to light.
- Reduce the amount of awards in future years.
- Require the Executive Director to repay bonuses and deferred bonuses relating to the financial years affected by the misconduct or misstatement.

When enforcing any clawback of bonus the Committee will take into account amounts of tax and national insurance paid, or still to be paid in relation to previously awarded bonuses, which cannot be recovered.

Estimate of the total future potential remuneration

The charts below set out estimates of the potential remuneration for each of the Executive Directors based on their remuneration packages for the year ending 30 November 2024, using the LTSP awards to be made in 2024 to calculate the variable element of pay. The assumptions included in each scenario are described below:

Fixed

- Consists of base salary, pension and benefits.
- Base salary is the current salary.
- Benefits are assumed to be in line with those received in 2023.
- Pensions are assumed to be in line with current practice.

For performance in line with both the annual and three-year operating plan and assuming no share price increase, based on:

- Annual bonus of 35% of salary.
- Long term share plan ("LTSP") award of 25% of maximum.

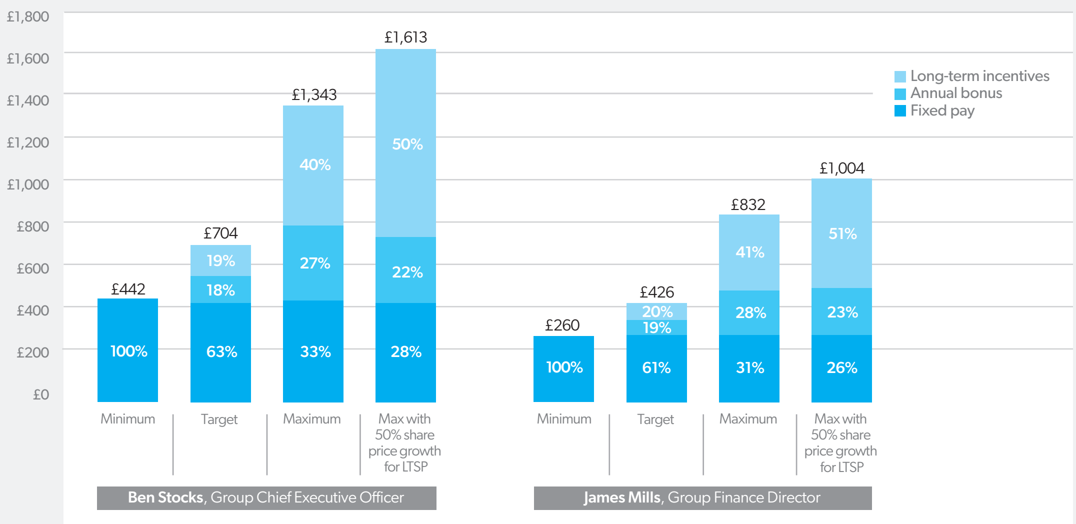
For performance significantly above both the annual and three-year operating plan and assuming no share price increase, the maximum award is based on:

- Annual bonus of 100% of salary.
- LTSP award of 150% of salary.

For the maximum award assuming a 50% increase in the share price the calculation is based on:

- Annual bonus for 125% of salary.
- LTSP award of 150% of salary.

Remuneration (£000s)



Remuneration report continued

Remuneration policy as presented and approved at the Group's 2024 AGM

Policy on Non-Executive Directors

The Non-Executive Directors receive letters of appointment with a maximum notice of three months. They are subject to annual re-election, in common with the Executive Directors, in accordance with the best practice set out in the UK Corporate Governance Code. In the event that a Non-Executive Director fails to be re-elected at the Annual General Meeting, they are required to resign with immediate effect. The Remuneration policy for Non-Executive Directors is set out below.

Remuneration component	How the component operates	Maximum payout
Fees	Cash fees normally paid on a monthly basis. Fees are reviewed annually. Non-Executive Directors receive a fixed annual fee, which reflects their time commitment to the business and comparatives from similar sized quoted companies, plus expenses reimbursement. Non-Executives are not eligible for any bonus or incentive or pension schemes. Additional fees are paid for chairing a committee of the Board but no additional fee is paid for acting as Senior Non-Executive Director. The Board reserves the right to introduce this in appropriate circumstances.	There is no prescribed maximum individual fee or fee increase, but fees are subject to the cap set out in the Articles of Association which may be revised from time to time but only with shareholder approval. Current fee levels are set out below for information.

The current scale of remuneration is:

	£'000
Chair	106
Base fee for other Non-Executive Directors	44
Additional fee for chairing a Board Committee	7.5

Engagement with shareholders

The Committee considers shareholder feedback received during the AGM and any other shareholder meetings as part of its annual review of its remuneration. The Chair of the Remuneration Committee is available, on request, to discuss issues of remuneration with shareholders of the Group.

Where the Remuneration Committee proposes to make material changes to the Remuneration policy or the way that it is implemented or to introduce a new long-term incentive plan, the Committee seeks the views of major shareholders prior to seeking, where required, general shareholder approval at a general meeting.

Consultations were held with a number of major shareholders prior to the 2024 AGM to explain the terms of the proposed Remuneration policy, positive feedback was received from all respondents.

Relationship with employees' pay

All employees receive a salary, pension and benefit package with levels of salary commensurate with their responsibilities. Executives throughout the Group participate in various bonus schemes designed to reward good performance in their operations.

The Committee takes into account proposed or agreed changes to employees' pay and conditions as part of its review of the remuneration of Executive Directors. Except in exceptional circumstances, this results in the percentage annual pay increases awarded to Executive Directors being broadly in line with the percentage increases applied to other UK employees.

The Committee maintains an overview of the remuneration policies throughout the Group. It seeks to ensure that employees are paid a market rate for their particular roles and that there is consistency in targets set where performance related pay might be awarded. Employees are not consulted in the process of setting the policy for Executive Directors' remuneration.

Recruitment of Directors

In the event that the Company appoints a new director, in determining appropriate remuneration arrangements, the Committee will take into consideration all relevant factors (including but not limited to quantum, the type of remuneration being offered and the candidate's background) to ensure that arrangements are in the best interests of both the Company and its shareholders without paying more than is necessary to recruit a director of the required calibre. The Committee will align the remuneration package offered with the Remuneration policy outlined in the policy table on pages 76 to 79.

Depending on an individual's prior experience, the Committee may set salary below market norms, with the intention that it is realigned over time, typically two to three years, subject to performance in the role. In this situation, the Committee is permitted to exceed the "normal" rate of annual salary increase set out in the policy table on page 76.

Remuneration policy as presented and approved at the Group's 2024 AGM

In the year of appointment, the Committee may offer additional remuneration arrangements that it considers appropriate and necessary to recruit and retain the individual. The Committee may authorise:

- awards to 'buy-out' remuneration arrangements forfeited on leaving a previous employer. In such circumstances any arrangement will only compensate for remuneration foregone. The Committee will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (e.g. cash or shares) and the time over which they would have vested. Any 'buy-out' of long-term incentives on joining or initial incentives would normally be made under the LTSP 2018, and therefore subject to the rules of that scheme, but may be made outside of the LTSP 2018 using exemptions permitted under the Listing Rules;
- an award made under the LTSP 2018 in the first financial year of service which would be limited to a maximum of 250% of base salary on joining, subject to suitably stretching performance criteria and a minimum vesting period of three years. An award in excess of the normal annual limit would only be made in exceptional circumstances; and
- other payments in relation to relocation expenses and other incidental expenses as appropriate.

For internal promotions, the Committee reserves the right to satisfy pre-existing executive incentive awards and other obligations which may be in place at the time of appointment.

Service contracts and policy in respect of payments for loss of office

The Executive Directors have rolling contracts with the Company which can be terminated by either party giving twelve months' notice. This is considered to be an appropriate balance between flexibility and commitment by both parties.

Executive Directors' employment contracts provide for the Executive to receive salary; private medical insurance; use of a company car; and participate in the Group's annual bonus, share option plans and pension scheme.

Payments for loss of office are determined by the Committee based on the contractual entitlements of the Director concerned under service contracts and the terms of the Porvair plc LTSP 2018 and Porvair plc SAYE share option plans 2014 and 2024.

Service contracts do not provide explicitly for termination payments or damages but the Company may make payments in lieu of notice. For this purpose, pay in lieu of notice would normally consist of base salary and other relevant emoluments for the relevant notice period but would always exclude any bonus or incentive payments. In addition, the Company has discretion in certain circumstances to pay certain fees relating to the termination; for example, fees for legal advice received by the Executive Director and fees for outplacement services. The Company may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment where considered in the best interests of the Company.

Annual bonus payments are normally only payable to Executives that are in employment and not in a notice period at the date when the bonuses are approved by the Committee. However, an annual bonus may be payable with respect to the proportion of a financial year served, although it would be pro-rated for time and paid at the normal payment date. Any deferred share element could be paid in cash. Any outstanding deferred bonus may be released or paid in cash subject to the terms of the relevant plan rules.

The LTSP and SAYE plans have normal good leaver and bad leaver provisions which determine the extent to which options and awards may be vested and exercised in the event of the Executive leaving the Group. The schemes also include provisions to determine the extent that options may be exercised or award shares received in the event of a change in control of the Group.

For good leavers under the LTSP, awards will usually vest at the normal vesting date, subject to the satisfaction of any performance conditions and will be reduced pro-rata in accordance with the plan rules. However, the Remuneration Committee has discretion to allow awards to vest at an earlier date and discretion to disapply the normal pro-rata reduction.

When making decisions regarding the treatment of remuneration at the date of termination, the particular circumstances of the Executive Director's loss of office will be taken into account by the Committee to determine the extent to which mitigation of payments should apply; LTSP and SAYE options can be vested and exercised; and the extent to which payments under the discretionary annual bonus plan would be paid.

Independent Auditor's report to the members of Porvair plc

Opinion

We have audited the financial statements of Porvair plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 November 2024, which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of changes in equity, Parent company balance sheet, Parent company statement of changes in equity and notes to the financial statements, including 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 FRS 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 November 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with 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 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 public interest 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.

Summary of our audit approach

Key audit matters	**Group** • Warranty provisions **Parent Company** • None
Materiality	**Group** • Overall materiality: £1,045,000 (2023: £1,000,000) • Performance materiality: £784,000 (2023: £750,000) **Parent Company** • Overall materiality: £200,000 (2023: £200,000) • Performance materiality: £150,000 (2023: £150,000)
Scope	Our full scope and specific audit procedures covered 95% of revenue, 86% of total assets and 92% of profit before tax.

Key audit matters

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

Warranty provisions

Key audit matter description	The Group holds warranty provisions in respect of both long-term contracts and the sale of filtration devices. For long-term contracts the warranty provisions cover contracts entered into in the current financial year and preceding financial years, including those in respect of gasification projects. Management have assessed the likelihood of economic outflows in relation to these contracts and where the outflow is considered probable, a provision has been made to reflect their best estimate of the future cash outflow to the Group. In making these provisions, management are required to exercise a high degree of judgement and estimation and as a result of the level of judgement and estimation involved, the valuation of provisions has been identified as a potential fraud risk. Management have recognised provisions of £3.6 million as at 30 November 2024, £3.3 million of which relates to warranties and £1.6 million relates to a single customer. Due to the high degree of judgement and estimation involved, as well as the quantum of the provisions and the potential risk of fraud, these provisions are considered to be a key audit matter.
How the matter was addressed in the audit	Our response to the risk included: • Understanding how Group and local management identify warranty provisions and how these provisions are calculated; • Reading and challenging management's accounting papers in respect of the Group's significant provisions to assess the recognition of such provisions in the context of IAS 37; • Assessing the appropriateness of the accounting policy applied and confirming that provisions have been accounted for in line with such policy; • Holding discussions with both Group and local management teams to understand the latest position on certain provisions and obtaining supporting evidence where necessary; • Checking the mathematical accuracy of the calculations included in the provisions; • Reviewed management's classification of warranty provisions as current and non-current liabilities; and • Reviewing the presentation and disclosures included in the financial statements.
Key observations	Based on the results of the audit procedures outlined above, we consider management's assessment of the existence and valuation of provisions for warranties to be reasonable. Disclosure of the estimates and judgements made by management in respect of the provisions and the changes in the provisions since the previous year is included in Note 1 (Key sources of estimation uncertainty) and in Note 21 of the consolidated financial statements.

No key audit matters have been identified in respect of the parent company financial statements.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£1,045,000 (2023: £1,000,000)	£200,000 (2023: £200,000)
Basis for determining overall materiality	5% (2023: 5%) of profit before tax	0.2% (2023: 0.2%) of net assets
Rationale for benchmark applied	Profit before tax is considered to be the most appropriate benchmark as it is a key performance metric for the users of the consolidated financial statements.	Net assets is considered to be the most appropriate benchmark for the parent company as it is primarily a holding company.
Performance materiality	£784,000 (2023: £750,000)	£150,000 (2023: £150,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £52,250 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £10,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's report to the members of Porvair plc continued

An overview of the scope of our audit

Porvair plc is a multi-national group operating across the UK, Europe, the US, and Asia. Its key operations are located in the UK and the US, with its headquarters in the UK. During the year ended 30 November 2024 the Group consisted of 21 components, located in the following countries:

- UK
- USA
- The Netherlands
- Germany
- Hungary
- China
- India
- Belgium

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Based on our assessment of the Group, we focused our Group audit scope primarily on Group businesses in the UK and the significant operations in the US. Four components were subject to a full scope audit performed by the Group auditor.

In addition, eight other components were subject to targeted audit procedures on certain account balances, where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those businesses. This category included one component that was assessed as significant based on risk with targeted procedures performed on that risk and other significant balances, and seven non-significant components with targeted audit procedures performed on significant balances including revenue, receivables and inventory. Our audit work for each component was executed at levels of materiality applicable to each individual component, which were not higher than Group materiality.

The table below shows the coverage of the Group achieved by components.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	4	50%	60%	59%
Targeted audit procedures	8	45%	26%	33%
Reduced scope review procedures	9	5%	14%	8%
Total	**21**	**100%**	**100%**	**100%**

Further specific audit procedures over the Group consolidation and areas of significant judgement including impairment of goodwill, business combinations, share based payments, defined benefit pension liability, leases and taxation were performed at Group level.

The Group audit team performed all audit procedures and no component auditors were used.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and assessing management's assessment of going concern for the going concern assessment period;
- Obtaining an understanding of management's going concern model, including how it incorporates climate-related risks and management's stress test scenarios;
- Reviewing the reasonableness of management's stress-test scenarios and considering the completeness of risks included in the stress testing and consistency with management's identified principal risks;
- Checking the mathematical accuracy of management's forecasts and assessing and challenging the assumptions for the assessed period;
- Assessing the reliability of management's forecasting, including comparison of historic forecasts to actual results;
- Corroborating cash balances and banking facilities at the reporting date and re-calculating compliance with banking covenants at the year end and throughout the assessed period;
- Completing sensitvitiy analysis over management's forecasts to incorporate the impact of extreme downside scenarios and the impact this would have on the Group's available headroom; and
- Assessing the completeness and accuracy of the disclosures made in the financial statements in respect of going concern.

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

In relation to the entity's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 course of 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 this gives rise to 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities;
- Directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- Section describing the work of the audit committee.

Independent Auditor's report to the members of Porvair plc continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out on page 57, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/ Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS, FRS 101, Companies Act 2006 and Listing Rules	• Review of the financial statement disclosures and corroboration to supporting documentation. • Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	• Inspection of advice received from external tax advisors. • Inspection of correspondence with local tax authorities. • Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
Health and safety legislation	• Inquiry of management and where appropriate, those charged with governance and inspection of legal and regulatory correspondence, if any.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Project revenue recognition and cut-off and completeness in relation to revenue from sale of goods	For project revenue procedures included: • Evaluating the application of IFRS 15 to contracts, including the identification of performance obligations and whether revenue is recognised over time or at a point in time. • Recalculating revenue to be recognised in the financial year based on our IFRS 15 assessment which included corroboration to supporting contractual evidence. • Assessing and challenging the assumptions and estimates used in recognition of revenue on projects where revenue is recognised over time. For revenue from sale of goods procedures included: • Testing revenue transactions either side of the year end, including reviewing shipping terms and obtaining evidence from third parties of delivery/collection to confirm that the sale of goods has been recognised in the correct period. • Testing the completeness of revenue by obtaining and testing the goods dispatch listing for any instances where a corresponding sales invoice did not exist, or performing alternative testing which included gap analysis on invoices recognised in the year to identify any omitted invoices in the ledgers.
Warranty provisions	Audit procedures performed on provisions are outlined in the Key Audit Matter section of this audit report.
Management override of controls	• Testing the appropriateness of journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation. • Assessing whether the judgements made in making accounting estimates were indicative of potential bias. • Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the board on 15 September 2020 to audit the financial statements for the year ending 30 November 2020 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is 5 years, covering the years ended 30 November 2020 to 30 November 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules, these financial statements will form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language (XHTML) format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

Graham Ricketts (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

25 Farringdon Street
London
EC4A 4AB

Date: 7 February 2025

Consolidated income statement

For the year ended 30 November	Note	2024 £'000	2023 £'000
Continuing operations			
Revenue	2,3	**192,639**	176,013
Cost of sales		**(127,534)**	(113,719)
Gross profit		**65,105**	62,294
Distribution costs		**(3,524)**	(2,569)
Administrative expenses		**(38,784)**	(38,485)
Adjusted operating profit	2,3	**24,540**	22,571
Adjustments:			
Amortisation of acquired intangible assets	2	**(1,743)**	(872)
Other acquisition-related costs	2	**–**	(459)
Operating profit	2,3	**22,797**	21,240
Finance income		**51**	126
Finance costs	6	**(1,936)**	(1,276)
Profit before tax	3,4	**20,912**	20,090
Adjusted income tax expense		**(4,751)**	(4,324)
Adjustments:			
Tax effect of adjustments to operating profit	2	**441**	204
Income tax expense	7	**(4,310)**	(4,120)
Profit for the year		**16,602**	15,970
Profit attributable to:			
– Owners of the parent		**16,479**	15,970
– Non-controlling interests		**123**	–
Profit for the year		**16,602**	15,970
Earnings per share (basic)	8	**35.8p**	34.8p
Earnings per share (diluted)	8	**35.8p**	34.8p
Adjusted earnings per share (basic)	8	**38.6p**	37.2p
Adjusted earnings per share (diluted)	8	**38.6p**	37.2p

Consolidated statement of comprehensive income

For the year ended 30 November	2024 £'000	2023 £'000
Profit for the year	**16,602**	15,970
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain in defined benefit pension plans net of tax	**(64)**	227
Items that may be subsequently reclassified to profit or loss:		
Exchange loss on translation of foreign subsidiaries	**(1,566)**	(4,628)
Total other comprehensive loss for the year	**(1,630)**	(4,401)
Total comprehensive income for the year	**14,972**	11,569
Comprehensive income attributable to:		
– Owners of the parent	**14,849**	11,569
– Non-controlling interests	**123**	–
Total comprehensive income for the year	**14,972**	11,569

Consolidated balance sheet

Company registered number 01661935

As at 30 November	Note	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	10	**29,327**	28,329
Right-of-use assets	11	**16,433**	12,136
Goodwill and other intangible assets	12	**89,792**	82,949
Deferred tax asset	19	**84**	401
		135,636	123,815
Current assets			
Inventories	14	**31,969**	31,898
Trade and other receivables	15	**31,665**	23,268
Derivative financial instruments	13	**7**	250
Cash	16	**15,838**	16,839
		79,479	72,255
Current liabilities			
Trade and other payables	17	**(27,408)**	(23,827)
Bank overdrafts	16	**(2,097)**	(2,787)
Current tax liabilities		**(1,572)**	(594)
Lease liabilities	11	**(2,487)**	(2,057)
Derivative financial instruments	13	**(40)**	–
Provisions	21	**(3,256)**	(3,243)
		(36,860)	(32,508)
Net current assets		**42,619**	39,747
Non-current liabilities			
Borrowings	18	**–**	–
Deferred tax liability	19	**(3,704)**	(3,583)
Retirement benefit obligations	20	**(5,897)**	(7,713)
Other payables		**(85)**	(123)
Lease liabilities	11	**(14,969)**	(11,342)
Provisions	21	**(346)**	(363)
		(25,001)	(23,124)
Net assets		**153,254**	140,438
Capital and reserves			
Share capital	22	**930**	927
Share premium account	22	**38,407**	37,778
Cumulative translation reserve		**9,259**	10,825
Retained earnings		**104,530**	90,908
Equity attributable to owners of the parent		**153,126**	140,438
Non-controlling interests		**128**	–
Total equity		**153,254**	140,438

The financial statements on pages 90 to127 were approved by the Board of Directors on 7 February 2025 and were signed on its behalf by:

B D W Stocks

J A Mills

Consolidated cash flow statement

For the year ended 30 November	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	24	**25,744**	24,079
Interest paid		**(739)**	(452)
Tax paid		**(3,488)**	(3,027)
Net cash generated from operating activities		**21,517**	20,600
Cash flows from investing activities			
Interest received		**49**	122
Acquisition of subsidiaries (net of cash acquired)	25	**(10,204)**	(9,957)
Settlement of debt acquired on acquisition		**–**	(3,955)
Purchase of property, plant and equipment	10	**(4,839)**	(4,702)
Purchase of intangible assets	12	**(289)**	(107)
Proceeds from sale of property, plant and equipment		**5**	–
Proceeds from sale of share capital of non-controlling interests		**5**	–
Net cash used in investing activities		**(15,273)**	(18,599)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	22	**632**	152
Purchase of Employee Benefit Trust shares		**(724)**	(745)
Proceeds of loans and borrowings		**10,721**	9,818
Repayments of loans and borrowings		**(10,721)**	(9,818)
Dividends paid to shareholders	9	**(2,811)**	(2,664)
Repayments of lease liabilities	11	**(3,485)**	(2,551)
Net cash used in financing activities		**(6,388)**	(5,808)
Net decrease in cash and cash equivalents		**(144)**	(3,807)
Effects of exchange rate changes		**(167)**	(438)
		(311)	(4,245)
Cash and cash equivalents at 1 December		**14,052**	18,297
Cash and cash equivalents at 30 November	16	**13,741**	14,052

Reconciliation of net cash flow to movement in net (debt)/cash

	Note	2024 £'000	2023 £'000
Net cash at 1 December		**653**	6,825
Decrease in cash and cash equivalents		**(144)**	(3,807)
Net movement in borrowings		**–**	–
Net debt acquired in the year		**–**	(3,955)
Settlement of debt acquired on acquisition		**–**	3,955
Lease liabilities additions, exits and accretion of interest	11	**(4,994)**	(2,493)
Lease liabilities acquired	11	**(2,044)**	(1,858)
Lease liabilities interest incurred	11	**(811)**	(368)
Lease liabilities repaid	11	**3,485**	2,551
Effects of exchange rate changes		**140**	(197)
Net (debt)/cash at 30 November		**(3,715)**	653
Cash and cash equivalents		**13,741**	14,052
Lease liabilities		**(17,456)**	(13,399)
Net (debt)/cash at 30 November		**(3,715)**	653

Consolidated statement of changes in equity

For the year ended 30 November	Note	Share capital £'000	Share premium account £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
At 1 December 2022		927	37,626	15,453	77,062	–	131,068
Profit for the year		–	–	–	15,970	–	15,970
Other comprehensive (loss)/income		–	–	(4,628)	227	–	(4,401)
Total comprehensive (loss)/income for the year		–	–	(4,628)	16,197	–	11,569
Purchase of own shares (held in trust)		–	–	–	(745)	–	(745)
Issue of ordinary share capital	22	–	152	–	–	–	152
Share-based payments (net of tax)		–	–	–	1,058	–	1,058
Dividends paid	9	–	–	–	(2,664)	–	(2,664)
At 30 November 2023		927	37,778	10,825	90,908	–	140,438
Profit for the year		–	–	–	16,479	123	16,602
Other comprehensive loss		–	–	(1,566)	(64)	–	(1,630)
Total comprehensive (loss)/income for the year		**–**	**–**	**(1,566)**	**16,415**	**123**	**14,972**
Purchase of own shares (held in trust)		–	–	–	(724)	–	(724)
Issue of ordinary share capital	22	3	629	–	–	–	632
Share-based payments (net of tax)		–	–	–	742	–	742
Changes in non-controlling interests		–	–	–	–	5	5
Dividends paid	9	–	–	–	(2,811)	–	(2,811)
At 30 November 2024		**930**	**38,407**	**9,259**	**104,530**	**128**	**153,254**

Notes to the consolidated financial statements

1 Summary of significant accounting policies

Porvair plc is a public company limited by shares incorporated in the UK under the Companies Act 2006 and listed on the London Stock Exchange. The Company is registered in England and Wales and its registered office is 7 Regis Place, Bergen Way, King's Lynn, PE30 2JN.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These statements are presented in UK Pounds Sterling, with all values rounded to the nearest 1,000 except where otherwise indicated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006 and UK-adopted International Accounting Standards. The Company has elected to prepare its entity accounts in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 101 – *Reduced Disclosure Framework* (FRS 101), and these are presented on pages 128 to 137. The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the recognition of certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 November each year. Control is achieved 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.

The Group applies the acquisition method to account for business combinations. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of consideration over the fair value of identifiable net assets acquired is recognised as goodwill. Acquisition-related costs are expensed as incurred. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognised in profit or loss. Cash flows arising from obtaining control of subsidiaries are presented separately on the face of the consolidated cash flow statement and are classified within investing activities. Such cash flows will include the repayment of debt for businesses acquired which is non-discretionary in nature and triggered by the business combination.

All intra-group transactions, balances, income and expenditures are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The carrying amount of non-controlling interests is the amount at initial recognition plus the share of subsequent changes in equity. Profit or loss and other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests.

Going concern

The Directors have made appropriate enquiries and reviewed the current financial position, including all the information presented in its strategic review of the business and the forecast covering the twelve months from the date of this report ("the going concern assessment period") and have considered foreseeable downsides, stress tests and scenarios. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the going concern assessment period. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further detail is contained in the viability statement and going concern disclosure included in the Strategic report on pages 26 and 27.

Accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying the Group's accounting policies

In the course of preparing the financial statements, certain judgements may be made when applying the Group's accounting policies, other than those involving estimations, which may have a significant, rather than critical, effect on the amounts recognised in the financial statements. These are as follows:

- Revenue recognition

Judgement can be required when determining the performance obligations within a customer contract; whether or not a product is bespoke; and whether an enforceable right to payment for work completed to date includes a reasonable profit margin. These judgements may impact the timing and quantum of revenue recognised.

- Recognition of warranty provisions on project filtration systems

Judgement can be required when assessing whether future economic outflows are probable or possible, in relation to past events. These judgements may inform whether or not a provision is recognised.

- Research and development costs

Judgement can be required when assessing whether expenditure in the period on research and development activity meets all of the necessary criteria to support the recognition as an intangible asset. Key judgements can include an assessment of technical feasibility and the probability that the research and development expenditure will generate future economic benefits. Management make judgements across the project portfolio and have concluded that no expenditure in 2024 meets all of the necessary IAS 38 criteria.

1 Summary of significant accounting policies continued

(b) Key sources of estimation uncertainty

Estimates and assumptions are made in particular with regard to: impairment testing; the fair value of assets, liabilities and contingent consideration on acquisition; establishing uniform depreciation and amortisation periods for the Group; assumptions used in the calculation of share-based payments; allocating fixed and variable production overheads to inventories; parameters for measuring pension and other provisions; the uncertainties relating to the interpretation of tax legislation; and the likelihood that tax assets can be realised.

Climate change has been considered within the going concern cash flow projections, impairment reviews and viability assessments. The impact of climate change is not currently deemed to have a significant impact on these assessments and is therefore not deemed to be a key source of estimation uncertainty. The impact of climate change will continue to be monitored over the coming years.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- Retirement benefit obligation

The Group operates a defined benefit pension scheme, The Porvair plc Pension and Death Benefit Plan (the "Plan"), covering a number of employees in the UK. The pension scheme is financed through a separate trust fund and is closed to new entrants. The present value of the obligations of this scheme is subject to financial assumptions, and management obtains external actuarial guidance on this. Sensitivities in the principal assumptions on valuing the Plan's defined benefit obligation at 30 November 2024 have been calculated and are given in note 20.

- Provisions for project filtration systems

The Group holds warranty provisions in relation to certain project filtration contracts. Note 21 outlines management's best estimate of the probable economic outflows expected to arise from rectification and claims arising on those contracts. Progress on commercial discussions and the performance of the filtration equipment installed, together with the passage of time, all help to inform the estimates and judgements taken at the year-end with regards to the quantum and timing of economic outflows. The total warranty provision at 30 November 2024 is £3.3 million, of which £1.6 million relates to a single customer. As an indication of sensitivity, if actual outcomes on the total warranty provision are 10% different in total to the estimates and assumptions made, this would result in a charge or gain of £0.3 million within the consolidated income statement.

Revenue

The Group's revenue streams are from the sale of goods and the provision of services to customers served by the Aerospace & Industrial, Laboratory and Metal Melt Quality divisions. Revenue is recognised in a manner that depicts the transfer of promised products or services to the customer for an amount that reflects the consideration expected in exchange for those goods or services.

A customer contract is deemed to exist when the Group is in possession of documentation to provide products or services on agreed terms and conditions which can be invoiced against and paid for by the customer.

Sales of goods and services are distinct and accounted for as separate performance obligations if they are separately identifiable in the contract and the customer can benefit from them, either on their own or together with other readily available resources.

Where multiple distinct performance obligations are identified within a contract, the total transaction price is allocated to each in proportion to their relative stand-alone selling prices. Stand-alone selling prices are typically estimated based on expected costs plus contract margin.

For each distinct performance obligation, the Group determines whether they are satisfied over time or at a point in time. Revenue is recognised over time if any of the following apply:

- The Group is creating a bespoke item which does not have an alternative use and the entity has an enforceable right to payment for work completed to date, including a reasonable profit margin.
- The customer controls the asset being created or enhanced during the manufacturing process.
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Judgement can be involved when determining performance obligations; whether or not a product is bespoke; and whether an enforceable right to payment for work completed to date includes a reasonable profit margin.

For certain engineering contracts within the Aerospace & Industrial division, multiple distinct performance obligations may exist whereby allocated revenue is recognised over time for each on an input basis as the work progresses, with progress measured by reference to actual costs incurred as a proportion of total expected costs.

Revenue is also recognised over time for certain service and maintenance contracts within the Laboratory division. For these contracts, the performance obligations are deemed to be satisfied evenly over the contractual term and revenue is recognised evenly over time as the client simultaneously receives and consumes the benefits provided by the Group.

For the majority of goods sold by the Aerospace & Industrial, Laboratory and Metal Melt Quality divisions, revenue does not the meet the criteria to be recognised over time and is instead recognised at the point in time when the Group has satisfied its performance obligations and control of the goods has passed to the customer, which is typically on delivery or collection.

Revenue recognised excludes sales taxes and includes estimates for any variable consideration including any penalties for late engineering contract delivery. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved. Revenue is not reduced for bad debts or any performance related warranties, both of which are accounted for as cost provisions.

Notes to the consolidated financial statements continued

1 Summary of significant accounting policies continued

Leasing

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, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date. Lease liabilities are recorded at the present value of lease payments. Leases are discounted at the incremental borrowing rate, being the rate that the relevant entity would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are depreciated on a straight line basis over the lease term, or useful life if shorter. Lease payments relating to low value assets or to short-term leases are recognised as an expense on a straight line basis over the lease term. Short-term leases are those with 12 months or less duration. Low value assets are those below a cost of £4,000.

Foreign currencies

The consolidated financial statements are presented in UK Pounds Sterling, which is the Company's functional and presentation currency. The Group determines the functional currency of each entity based on the primary economic environment in which the entity operates and items included in the financial statements of each entity are measured using that functional currency.

On consolidation, the assets and liabilities of the Group's overseas operations, borrowings and other currency instruments are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred, with the exception of borrowing costs incurred on the arrangement of new facilities which are capitalised and subsequently recognised in the income statement over the period of the borrowings, using the effective interest rate method.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the consolidated statement of comprehensive income.

The retirement benefit obligation in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Company contributions to the UK Plan are reset every three years following a triennial funding valuation and assessment of economic circumstances, with the funding objective of targeting low risk self-sufficiency by December 2028. In the event of any surplus existing, any balance in the trust assets is repayable to Porvair plc.

Taxation

The tax expense represents the sum of the current tax and deferred tax. Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates which have been enacted. Tax provisions are based on management's interpretation of country specific tax laws and the likelihood of any tax risks. Management uses professional firms, in-house knowledge and previous experience when calculating tax and assessing these risks. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered. Deferred tax is calculated at the tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement, except when it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1 Summary of significant accounting policies continued

Property, plant and equipment

Property, plant and equipment for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their cost less any subsequent accumulated depreciation and impairment losses. Cost comprises the purchase price plus costs directly incurred in bringing the assets into use. Depreciation for these assets commences when the assets are ready for their intended use. Depreciation is charged so as to write assets down to their residual value, other than assets under construction, over their estimated useful lives, using the straight line method, on the following bases: Buildings 2.0 – 2.5%; Plant, machinery and equipment 7.0 – 33.0%; Freehold land is not depreciated. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the income statement. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration over the Group's interest in the fair value of identifiable assets and liabilities and contingent liabilities of a subsidiary at the date of acquisition. The cost of acquisition includes the fair value of deferred and contingent consideration. Goodwill is recognised as an asset at cost less accumulated impairment losses and is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate potential impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition-related intangible assets

Intangible assets acquired in a business combination that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such intangible assets include customer contracts and relationships, together with patents, trademarks and know-how. The fair value of acquisition-related intangible assets is determined by use of the appropriate valuation techniques and is subsequently amortised on a straight line basis over the estimated useful lives, which range between 6 months and 15 years.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's product development expenditure is recognised only if all of the following criteria are demonstrable:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use the intangible asset or to sell it;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated intangible assets are stated at cost and held at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense on a straight line basis over their estimated useful lives. Useful life is determined with reference to estimated product life in the industry in which the expenditure has been incurred. Useful life of the Group's development expenditure is currently between 3 and 10 years. Amortisation of development expenditure commences when development has been completed to management satisfaction and the related project is ready for its intended use. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Software

Software costs are classified as intangible fixed assets and measured initially at purchase cost. Amortisation is charged on a straight line basis over their estimated useful lives of 3 – 5 years.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Group reviews annually the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit (other than goodwill) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

Notes to the consolidated financial statements continued

1 Summary of significant accounting policies continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is assigned using either the first-in first-out or weighted average cost formula. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary, provision is made for obsolete, slow moving and defective inventories.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(a) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. Trade receivables are assessed for impairment using the IFRS 9 – *Financial Instruments* simplified approach to the expected credit loss (ECL) model, which applies a default rate that increases as the unpaid receivable ages. The impairment assessment considers both past experience and future expectations of credit losses. In order to assess the ECL over the lifetime of the asset, a provision matrix is used to inform a group-wide default rate, which is adjusted for current and expected future economic conditions. Trade receivables are provided in full and subsequently written off when there is no reasonable expectation of recovery. Indicators that there may be no reasonable expectation of recovery include evidence that the customer has entered administration or liquidation proceedings, or the persistent failure of a customer to enter into or adhere to a repayment plan.

(b) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(c) Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument, to the extent that they are not settled in the period in which they arise.

(d) Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently held at amortised cost.

(e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments in the form of forward foreign exchange contracts to hedge its foreign currency exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequent changes in the fair value of foreign currency derivatives are recognised immediately in the consolidated income statement. The Group does not currently apply hedge accounting. The Group recognises all forward foreign exchange contracts on the balance sheet at fair value using external market data.

Equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Where any Group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Provisions

A provision is recognised when there is a present (legal or constructive) obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions have been made for future dilapidation costs on leased property and for warranties on shipped goods sales, and warranty costs on relevant sale contracts. These provisions are the Directors' best estimates as the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. Where the impact of discounting is material, the Group discounts at its weighted average cost of capital, unless some other rate is more appropriate in the circumstances.

Share-based payments

The Group issues equity settled, share-based payments to certain employees. Equity settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled, share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The corresponding entry is recognised in equity. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Adjusting items

When items of income or expense are material and they are relevant to an understanding of the Group's financial performance, they are disclosed separately on the face of the consolidated income statement as an adjusting item, together with the associated tax thereon. Adjusting items also include the creation or reversal of provisions related to changes in estimates for contingent consideration, earn-out costs, the amortisation of acquired intangible assets and other acquisition-related costs.

1 Summary of significant accounting policies continued

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). An operating segment's operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments are aggregated into reporting segments where they share similar economic characteristics as a result of the nature of the products sold or the services provided, the production processes used to manufacture the products, the type of customer for the products and services, and the methods used to distribute the products or provide the services.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Cumulative translation reserve

The cumulative translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company itself. On disposal of a foreign operation, the cumulative translation reserve is recycled and included within the profit or loss on disposal.

New standards and amendments

(a) Standards and amendments effective for the first time in the year ended 30 November 2024:

The following amendments to existing standards were effective for the first time for the financial year ended 30 November 2024:

- IFRS 17 – *Insurance Contracts*
- Amendments to IFRS 17 – *Initial Application of IFRS 17 & FRS 9 – Comparative Information*
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*
- Amendments to IAS 8 – *Definition of Accounting Estimates*
- Amendments to IAS 12 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12 – *International Tax Reform – Pillar Two Model Rules*

These amendments have not had a material effect on the Group's financial statements.

(b) Standards and amendments effective for the first time in the year ending 30 November 2025 which have not been early adopted:

The following new standards and amendments to existing standards are effective for the first time for the year ending 30 November 2025:

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*
- *Non-current Liabilities with Covenants (Amendments to IAS 1)*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)*

The Group does not anticipate that the adoption of these standards and amendments will have a material effect on its financial statements.

(c) Standards and amendments effective in future subject to UK and EU endorsement:

- IFRS S1 – *General requirements for disclosure of sustainability-related financial information*
- IFRS S2 – *Climate-related disclosures*
- IFRS 18 – *Presentation and Disclosure in Financial Statements*
- *Lack of Exchangeability (Amendments to IAS 21)*
- *Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments*

The adoption of IFRS 18 will likely impact the presentation and disclosure within the Group's financial statements for the year ending 30 November 2028, subject to endorsement. The full impact is under review. The Group does not anticipate that the adoption of other standards and amendments will have a material effect on its financial statements.

Notes to the consolidated financial statements continued

2 Alternative performance measures

Alternative performance measures are used by the Directors and management to monitor business performance internally and exclude certain cash and non-cash items which they believe are not reflective of the normal course of business of the Group. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year. Alternative performance measures may not be directly comparable with other similarly titled measures used by other companies.

Alternative revenue measures	2024 £'000	2023 £'000	Growth %
Aerospace & Industrial			
Underlying revenue	72,925	64,418	13
Acquisition	9,290	–	
Revenue at constant currency	82,215	64,418	28
Exchange	2,002	3,218	
Revenue as reported	84,217	67,636	25
Laboratory			
Underlying revenue	53,251	53,574	(1)
Acquisition	8,193	2,799	
Revenue at constant currency	61,444	56,373	9
Exchange	2,919	4,013	
Revenue as reported	64,363	60,386	7
Metal Melt Quality			
Revenue at constant currency	40,291	42,329	(5)
Exchange	3,768	5,662	
Revenue as reported	44,059	47,991	(8)
Group			
Underlying revenue	166,467	160,321	4
Acquisitions	17,483	2,799	
Revenue at constant currency	183,950	163,120	13
Exchange	8,689	12,893	
Revenue as reported	192,639	176,013	9

Revenue at constant currency is derived from translating overseas subsidiaries results at budgeted fixed exchange rates. In 2024 and 2023, the rates used were US$1.40:£1 and €1.20:£1, compared with reported rates of US$1.28:£1 (2023: US$1.24:£1) and €1.18:£1 (2023: €1.15:£1).

Underlying revenue is revenue at constant currency adjusted for the impact of acquisitions made in the current and prior year.

The acquisition lines relate separately to revenue from EFC and Ratiolab, acquired in December 2023 and July 2023 respectively. HRW, acquired in March 2023, expanded the Group's previously outsourced machining capability and has no external revenue.

Alternative profit measures

A reconciliation of the Group's adjusted performance measures to the reported IFRS measures is presented below:

	2024			2023		
	Adjusted £'000	Adjustments £'000	Reported £'000	Adjusted £'000	Adjustments £'000	Reported £'000
Operating profit	24,540	(1,743)	22,797	22,571	(1,331)	21,240
Finance income	51	–	51	126	–	126
Finance costs	(1,936)	–	(1,936)	(1,276)	–	(1,276)
Profit before tax	22,655	(1,743)	20,912	21,421	(1,331)	20,090
Income tax expense	(4,751)	441	(4,310)	(4,324)	204	(4,120)
Profit for the year	17,904	(1,302)	16,602	17,097	(1,127)	15,970

2 Alternative performance measures continued

An analysis of adjusting items is given below:	2024 £'000	2023 £'000
Affecting operating profit:		
Amortisation of acquired intangible assets	**(1,743)**	(872)
Other acquisition-related costs	**–**	(459)
	(1,743)	(1,331)
Affecting tax:		
Tax effect of adjustments to operating profit	**441**	204
Total adjusting items	**(1,302)**	(1,127)

Adjusted earnings are calculated as earnings from continuing operations excluding the amortisation of acquired intangible assets; the creation or reversal of provisions related to changes in estimates for contingent consideration; earn-out costs; other acquisition-related costs; together with the associated taxation thereon. The Directors consider that adjusted earnings, which constitute an alternative performance measure, represent a more consistent measure of underlying performance as it excludes amounts not directly linked with trading. There is no corresponding revenue attached to these adjustments.

Adjusted operating profit excludes:

- the amortisation of intangible assets arising on acquisition of businesses of £1.7 million (2023: £0.9 million); and
- other acquisition-related costs of £nil (2023: £0.4 million) incurred in relation to the acquisition of certain business and assets from HRW in March 2023; the 100% share capital of Ratiolab acquired in July 2023; and the 100% share capital of EFC acquired in December 2023.

Return on capital employed

The Group uses two return measures to assess the return it makes on its investments:

- adjusted post tax return on capital employed of 15% (2023: 15%) is the tax adjusted operating profit as a percentage of the average capital employed. Capital employed is the average of the opening and closing Group net assets less the average of the opening and closing cash and cash equivalents, and borrowings; and
- adjusted post tax return on operating capital employed of 32% (2023: 34%) is calculated on the same basis except that the capital employed is adjusted to remove the average of the opening and closing goodwill and the opening and closing net of tax retirement benefit obligations to give a measure of the operating capital.

Compound annual growth rate (CAGR)

The Group reports long-term performance trends on a compound growth basis, across reported revenue and earnings per share:

	5 years CAGR	10 years CAGR	15 years CAGR	20 years CAGR
Base year	2019	2014	2009	2004
Revenue – base year	£144.9 million	£104.0 million	£55.2 million	£44.6 million
Revenue growth	6%	6%	9%	8%
Earnings per share – base year	23.6p	14.4p	1.6p	3.4p
Earnings per share growth	9%	10%	23%	12%
Adjusted earnings per share – base year	25.3p	14.4p	2.7p	3.4p
Adjusted earnings per share growth	9%	10%	19%	13%

3 Segment information

The chief operating decision maker has been identified as the Board of Directors. The Board of Directors has instructed the Group's internal reporting to be based around differences in products and services, in order to assess performance and allocate resources. The key profit measure used to assess the performance of each reportable segment is adjusted operating profit/(loss). Management has determined the operating segments based on this reporting.

At 30 November 2024, the Group is organised on a worldwide basis into three operating segments:

(1) Aerospace & Industrial – principally serving the aviation, and energy and industrial markets;

(2) Laboratory – principally serving the bioscience and environmental laboratory instrument and consumables market; and

(3) Metal Melt Quality – principally serving the global aluminium, North American Free Trade Agreement ("NAFTA") iron foundry and superalloys markets.

Other Group operations' costs, assets and liabilities are included in the "Central" division. Central costs mainly comprise Group corporate costs, including new business development costs, some research and development costs and general financial costs. Central assets and liabilities mainly comprise Group retirement benefit obligations, tax assets and liabilities, cash and borrowings.

Notes to the consolidated financial statements continued

3 Segment information continued

The segment results for the year ended 30 November 2024 are as follows:

30 November 2024	Note	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Central £'000	Group £'000
Total segment revenue		84,266	65,840	44,059	–	194,165
Inter-segment revenue		(49)	(1,477)	–	–	(1,526)
Revenue		**84,217**	**64,363**	**44,059**	**–**	**192,639**
Costs		(73,371)	(55,645)	(38,142)	(2,684)	(169,842)
Adjusted operating profit/(loss)		11,804	9,503	5,917	(2,684)	24,540
Adjustments:						
Amortisation of acquired intangible assets	2	(958)	(785)	–	–	(1,743)
Operating profit/(loss)		**10,846**	**8,718**	**5,917**	**(2,684)**	**22,797**
Finance income		–	–	–	51	51
Finance costs	6	–	–	–	(1,936)	(1,936)
Profit/(loss) before tax		**10,846**	**8,718**	**5,917**	**(4,569)**	**20,912**

The segment results for the year ended 30 November 2023 are as follows:

30 November 2023	Note	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Central £'000	Group £'000
Total segment revenue		67,661	62,106	47,991	–	177,758
Inter-segment revenue		(25)	(1,720)	–	–	(1,745)
Revenue		67,636	60,386	47,991	–	176,013
Costs		(58,325)	(51,597)	(41,444)	(3,407)	(154,773)
Adjusted operating profit/(loss)		9,780	9,215	6,547	(2,971)	22,571
Adjustments:						
Amortisation of acquired intangible assets	2	(446)	(426)	–	–	(872)
Other acquisition-related costs	2	(23)	–	–	(436)	(459)
Operating profit/(loss)		9,311	8,789	6,547	(3,407)	21,240
Finance income		–	–	–	126	126
Finance costs	6	–	–	–	(1,276)	(1,276)
Profit/(loss) before tax		9,311	8,789	6,547	(4,557)	20,090

3 Segment information continued

Other segment items included in the income statement are as follows:

30 November 2024	Note	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Central £'000	Group £'000
Depreciation – property, plant and equipment	10	1,606	1,533	428	9	3,576
Depreciation – right-of-use assets	11	1,078	837	243	43	2,201
Amortisation – intangible assets	12	1,312	587	28	–	1,927
		3,996	2,957	699	52	7,704

30 November 2023	Note	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Central £'000	Group £'000
Depreciation – property, plant and equipment	10	1,500	1,293	688	9	3,490
Impairment – property, plant and equipment	10	–	38	–	–	38
Depreciation – right-of-use assets	11	1,170	775	240	47	2,232
Amortisation – intangible assets	12	631	433	29	–	1,093
		3,301	2,539	957	56	6,853

The segment assets and liabilities at 30 November 2024 are as follows:

30 November 2024	Note	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Central £'000	Group £'000
Segmental assets		87,154	73,447	36,477	2,199	199,277
Cash	16	–	–	–	15,838	15,838
Total assets		87,154	73,447	36,477	18,037	215,115
Segmental liabilities		(26,604)	(12,585)	(6,573)	(8,105)	(53,867)
Retirement benefit obligations	20	–	–	–	(5,897)	(5,897)
Bank overdrafts	16	–	–	–	(2,097)	(2,097)
Total liabilities		(26,604)	(12,585)	(6,573)	(16,099)	(61,861)

The segment assets and liabilities at 30 November 2023 are as follows:

30 November 2023	Note	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Central £'000	Group £'000
Segmental assets		67,456	74,835	34,470	2,470	179,231
Cash	16	–	–	–	16,839	16,839
Total assets		67,456	74,835	34,470	19,309	196,070
Segmental liabilities		(18,709)	(13,533)	(6,301)	(6,589)	(45,132)
Retirement benefit obligations	20	–	–	–	(7,713)	(7,713)
Bank overdrafts	16	–	–	–	(2,787)	(2,787)
Total liabilities		(18,709)	(13,533)	(6,301)	(17,089)	(55,632)

Notes to the consolidated financial statements continued

3 Segment information continued

Geographical analysis

Revenue	2024 By destination £'000	2024 By origin £'000	2023 By destination £'000	2023 By origin £'000
United Kingdom	20,180	51,714	18,588	48,291
Continental Europe	54,025	48,652	36,707	28,863
United States of America	77,731	87,008	80,479	93,609
Other NAFTA	4,926	–	4,298	–
South America	1,826	–	2,567	–
Asia	31,359	5,265	31,925	5,250
Africa	2,592	–	1,449	–
	192,639	192,639	176,013	176,013

Total revenue comprises revenue recognised at a point in time of £187.8 million (2023: £173.5 million), revenue recognised over time of £4.8 million (2023: £2.4 million) and royalties of £0.2 million (2023: £0.1 million). No customer accounts for greater than 10% of revenue in 2024 or 2023.

Non-current assets	2024 £'000	2023 £'000
United Kingdom	36,334	35,565
Continental Europe	38,239	27,381
Americas	60,874	60,405
Asia	105	63
Unallocated deferred tax asset	84	401
	135,636	123,815

Capital expenditure, including right-of-use assets	2024 £'000	2023 £'000
United Kingdom	5,532	3,484
Continental Europe	1,396	1,831
Americas	2,938	2,532
Asia	82	64
	9,948	7,911

4 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Note	2024 £'000	2023 £'000
Staff costs	5	60,893	59,438
Inventories – cost of inventories recognised as an expense (included in cost of sales)		74,741	63,478
Net realised foreign exchange gain		(411)	(291)
Depreciation on property, plant and equipment – owned	10	3,576	3,490
Depreciation on right-of-use assets	11	2,201	2,232
Impairment charge on property, plant and equipment – owned	10	–	38
Amortisation of intangible assets	12	1,927	1,093
Loss/(gain) on disposal of assets		184	(2)
Lease rentals payable:			
– Plant and machinery		113	54
– Property		73	13
Repairs and maintenance on property, plant and equipment		1,966	2,683
Reversal of receivables impairment		(132)	(3)
Research and development expenditure		3,791	3,969

4 Profit before income tax continued

The total remuneration of the Group's Auditor, RSM UK Audit LLP, for services provided to the Group is analysed below:

	2024 £'000	2023 £'000
Fees payable to the Company's Auditor and its associates for audit of parent company and consolidated financial statements	177	170
Interim review	35	35
Fees payable to the Company's Auditor and its associates for other services:		
– the audit of Company's subsidiaries	296	273
	508	478

5 Employee benefit expense

The average monthly number of staff, including Executive Directors, employed during the year is detailed below:

	2024 Average number	2023 Average number
Number		
Aerospace & Industrial	402	395
Laboratory	412	419
Metal Melt Quality	185	187
Central	8	8
	1,007	1,009

	2024 £'000	2023 £'000
Staff costs		
Wages and salaries	48,775	47,290
Social security costs	7,980	7,769
Other pension costs	3,387	3,331
Share-based payments	751	1,048
	60,893	59,438

The number of directors to whom retirement benefits are accruing under a defined contribution pension scheme is 1 (2023: 1). The number of directors to whom retirement benefits are accruing under a defined benefit pension scheme is 1 (2023: 1).

Detailed disclosures of Directors' emoluments and interests in share options are shown in the Remuneration Report on pages 65 to 83.

The key management comprise the Directors of Porvair plc and their remuneration is disclosed in note 31.

6 Finance costs

	Note	2024 £'000	2023 £'000
Interest payable on bank loans and overdrafts		750	453
Interest payable on lease liabilities	11	811	368
Unwinding of discount on provisions and contingent consideration		44	90
Pension scheme finance expense	20	331	365
		1,936	1,276

Notes to the consolidated financial statements continued

7 Income tax expense

	Note	2024 £'000	2023 £'000
Current tax			
UK Corporation tax		**752**	794
Adjustment in respect of prior periods – UK		**265**	(173)
Overseas tax		**3,360**	2,979
Adjustment in respect of prior periods – overseas		**(145)**	180
		4,232	3,780
Deferred tax			
Origination and reversal of temporary differences – UK		**500**	433
Origination and reversal of temporary differences – overseas		**(93)**	(129)
Adjustment in respect of prior periods – UK		**(70)**	121
Adjustment in respect of prior periods – overseas		**(259)**	(2)
Effect of change in deferred tax rates		**–**	(83)
	19	**78**	340
		4,310	4,120

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK tax rate applicable to profits of the consolidated companies, as follows:

	2024 £'000	2023 £'000
Profit before tax	**20,912**	20,090
Tax at the UK Corporation tax rate of 25% (2023: 23%)	**5,228**	4,621
Current tax adjustments in respect of prior periods	**120**	7
Deferred tax adjustments in respect of prior periods	**(329)**	119
Deferred tax on share-based payments within the income statement	**(119)**	10
Tax effect of income not subject to tax	**(532)**	(488)
Tax effect of expenses not deductible in determining taxable profit	**56**	181
Effect of change in deferred tax rates	**–**	(83)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(114)**	(247)
Tax charge	**4,310**	4,120

In addition to the amount charged to the income statement, the following tax was charged/(credited) direct to equity/comprehensive income:

	Note	2024 £'000	2023 £'000
Deferred tax on share-based payments (direct to equity)	19	**9**	(22)
Deferred tax on actuarial (loss)/gain on the pension fund (direct to comprehensive income)	19	**(22)**	63
Current tax on share-based payments (direct to equity)		**(18)**	2
		(31)	43

The Group earns its profits in the UK and overseas. The Finance Act 2021, substantively enacted in the year to 30 November 2021, announced that the UK corporation tax rate would increase to 25% with effect from 1 April 2023. This has resulted in the full rate of 25% being applied on the profits in 2024 (2023: a blended rate of 23%).

The current tax provision includes £0.9 million (2023: £1.1 million) for uncertainties relating to the interpretation of tax legislation in the Group's operating territories.

8 Earnings per share (EPS)

As reported	2024 Earnings £'000	2024 Weighted average number of shares	2024 Per share Pence	2023 Earnings £'000	2023 Weighted average number of shares	2023 Per share Pence
Profit for the year – attributable to owners of the parent	16,479			15,970		
Shares in issue		46,399,931			46,351,723	
Shares owned by the Employee Benefit Trust		(355,411)			(439,447)	
Basic EPS	16,479	46,044,520	35.8	15,970	45,912,276	34.8
Dilutive share options outstanding	–	5,762	–	–	26,112	–
Diluted EPS	16,479	46,050,282	35.8	15,970	45,938,388	34.8

In addition to the above, the Group also calculates an EPS based on adjusted profit as the Board believes this to be a better measure to judge the progress of the Group, as discussed in note 2.

The following table reconciles the Group's profit to adjusted profit used in the numerator in calculating adjusted EPS:

Adjusted	Note	2024 Earnings £'000	2024 Weighted average number of shares	2024 Per share Pence	2023 Earnings £'000	2023 Weighted average number of shares	2023 Per share Pence
Profit for the year – attributable to owners of the parent		16,479			15,970		
Adjusting items	2	1,302			1,127		
Adjusted profit – attributable to owners of the parent		17,781			17,097		
Adjusted Basic EPS		17,781	46,044,520	38.6	17,097	45,912,276	37.2
Adjusted Diluted EPS		17,781	46,050,282	38.6	17,097	45,938,388	37.2

9 Dividends per share

	2024 Per share Pence	2024 £'000	2023 Per share Pence	2023 £'000
Final dividend paid – in respect of prior year	4.0	1,842	3.8	1,745
Interim dividend paid – in respect of current year	2.1	969	2.0	919
	6.1	2,811	5.8	2,664

The Directors recommend the payment of a final dividend of 4.2 pence per share (2023: 4.0 pence per share) to be paid on 4 June 2025 to shareholders on the register on 2 May 2025; the ex-dividend date is 1 May 2025. This makes a total dividend for the year of 6.3 pence per share (2023: 6.0 pence per share).

Notes to the consolidated financial statements continued

10 Property, plant and equipment

	Land and buildings £'000	Assets in course of construction £'000	Plant, machinery and equipment £'000	Total £'000
Cost				
At 1 December 2022	14,020	2,517	47,451	63,988
Reclassification	76	(4,139)	4,063	–
Additions	104	2,263	2,335	4,702
Acquisitions	1,857	316	1,585	3,758
Disposals	(1)	–	(1,419)	(1,420)
Exchange	(568)	(74)	(1,578)	(2,220)
At 30 November 2023	15,488	883	52,437	68,808
Accumulated depreciation				
At 1 December 2022	(5,003)	–	(34,674)	(39,677)
Charge for year	(443)	–	(3,047)	(3,490)
Impairment charge	–	–	(38)	(38)
Disposals	1	–	1,329	1,330
Exchange	216	–	1,180	1,396
At 30 November 2023	(5,229)	–	(35,250)	(40,479)
Net book value at 30 November 2023	10,259	883	17,187	28,329

	Land and buildings £'000	Assets in course of construction £'000	Plant, machinery and equipment £'000	Total £'000
Cost				
At 1 December 2023	15,488	883	52,437	68,808
Reclassification	6	(601)	595	–
Additions	1,198	2,086	1,555	4,839
Acquisition	–	–	119	119
Disposals	(257)	–	(1,215)	(1,472)
Exchange	(126)	8	(277)	(395)
At 30 November 2024	**16,309**	**2,376**	**53,214**	**71,899**
Accumulated depreciation				
At 1 December 2023	(5,229)	–	(35,250)	(40,479)
Charge for year	(311)	–	(3,265)	(3,576)
Disposals	257	–	1,026	1,283
Exchange	23	–	177	200
At 30 November 2024	**(5,260)**	**–**	**(37,312)**	**(42,572)**
Net book value at 30 November 2024	**11,049**	**2,376**	**15,902**	**29,327**

11 Leases – Right-of-use assets and lease liabilities

Right-of-use assets

The movement in right-of-use assets is set out below:

	Land and buildings £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 1 December 2022	15,485	829	16,314
New leases	2,753	349	3,102
Acquisitions	1,827	31	1,858
Exit from leases	(1,381)	(222)	(1,603)
Exchange	(340)	(17)	(357)
At 30 November 2023	18,344	970	19,314
Accumulated depreciation			
At 1 December 2022	(5,609)	(561)	(6,170)
Charge for year	(2,060)	(172)	(2,232)
Exit from leases	882	204	1,086
Exchange	124	14	138
At 30 November 2023	(6,663)	(515)	(7,178)
Net book value at 30 November 2023	11,681	455	12,136

	Land and buildings £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 1 December 2023	18,344	970	19,314
New leases	4,847	147	4,994
Acquisition	1,725	70	1,795
Exit from leases	(1,974)	(98)	(2,072)
Exchange	(331)	(35)	(366)
At 30 November 2024	**22,611**	**1,054**	**23,665**
Accumulated depreciation			
At 1 December 2023	(6,663)	(515)	(7,178)
Charge for year	(1,984)	(217)	(2,201)
Exit from leases	1,974	87	2,061
Exchange	70	16	86
At 30 November 2024	**(6,603)**	**(629)**	**(7,232)**
Net book value at 30 November 2024	**16,008**	**425**	**16,433**

Notes to the consolidated financial statements continued

11 Leases – Right-of-use assets and lease liabilities continued

Lease liabilities

The movement in lease liabilities is set out below:

	2024 £'000	2023 £'000
At 1 December	(13,399)	(11,472)
New leases	(4,994)	(3,102)
Acquisitions	(2,044)	(1,858)
Exit from leases	–	609
Lease repayments	3,485	2,551
Interest on lease liabilities	(811)	(368)
Exchange	307	241
Net book value at 30 November	(17,456)	(13,399)

Analysed as:

	2024 £'000	2023 £'000
Repayable within one year	(2,487)	(2,057)
Repayable after one year	(14,969)	(11,342)
	(17,456)	(13,399)

Lease liabilities mature as follows:

Minimum lease liabilities falling due	2024 £'000	2023 £'000
Within one year – land and buildings	(3,109)	(2,295)
Within one year – property, plant and equipment	(59)	(152)
Total within one year	(3,168)	(2,447)
Between one and five years – land and buildings	(9,976)	(7,159)
Between one and five years – property, plant and equipment	(85)	(354)
Total between one and five years	(10,061)	(7,513)
Greater than five years – land and buildings	(7,311)	(5,098)
Greater than five years – property, plant and equipment	–	–
Total greater than five years	(7,311)	(5,098)
Total commitment	(20,540)	(15,058)
Less: finance charges included above	3,084	1,659
Net present value of lease liabilities	(17,456)	(13,399)

The total cash outflow for finance and operating leases in the year amounts to £3.7 million (2023: £2.7 million).

The Group enters into leases for offices, industrial units and machinery. The remaining lease terms range from a few months to 14 years (2023: few months to 11 years). Many of the leases have break options and/or extension options to provide operational flexibility. Management assesses the lease term at inception based on the facts and circumstances applicable to each asset, including the period over which the investment appraisal was initially considered.

The main leases entered into during the year were for premises within the UK with 10 year terms.

12 Goodwill and other intangible assets

	Goodwill £'000	Development expenditure capitalised £'000	Software capitalised £'000	Trademarks, know–how and other intangibles £'000	Total £'000
Net book amount at 30 November 2022	72,332	2	498	5,068	77,900
Additions	–	–	107	–	107
Acquisitions	5,425	–	43	3,240	8,708
Amortisation charges	–	(1)	(196)	(896)	(1,093)
Exchange	(2,589)	(1)	(6)	(77)	(2,673)
Net book amount at 30 November 2023	75,168	–	446	7,335	82,949
At 30 November 2023					
Cost	93,841	908	1,899	12,207	108,855
Accumulated amortisation and impairment	(18,673)	(908)	(1,453)	(4,872)	(25,906)
Net book amount at 30 November 2023	75,168	–	446	7,335	82,949
Additions	–	49	240	–	289
Acquisition	5,504	–	–	4,092	9,596
Amortisation charges	–	(8)	(176)	(1,743)	(1,927)
Exchange	(842)	–	(5)	(268)	(1,115)
Net book amount at 30 November 2024	**79,830**	**41**	**505**	**9,416**	**89,792**
At 30 November 2024					
Cost	98,501	956	2,155	15,971	117,583
Accumulated amortisation and impairment	(18,671)	(915)	(1,650)	(6,555)	(27,791)
Net book amount at 30 November 2024	**79,830**	**41**	**505**	**9,416**	**89,792**

Internally generated intangible assets arising from the Group's product development are recognised only if all conditions are met as described in the Summary of significant accounting policies (note 1).

Intangible assets are comprised of development expenditure, software and trademarks, know-how and other intangibles. Within these balances individually material balances relate to:

- Customer list of Keystone – £0.7 million (2023: £0.9 million) – with a remaining amortisation period of 3 years.
- Customer list of the Royal Dahlman Group – £0.7 million (2023: £0.8 million) – with a remaining amortisation period of 9 years.
- Customer relationships of Kbiosystems – £1.2 million (2023: £1.6 million) – with a remaining amortisation period of 6 years.
- Customer relationships of Ratiolab – £1.9 million (2023: £2.1 million) – with a remaining amortisation period of 14 years.
- Customer relationships of EFC – £2.9 million (2023: £nil) – with a remaining amortisation period of 9 years.

Notes to the consolidated financial statements continued

12 Goodwill and other intangible assets continued

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs).

A segment level summary of the goodwill allocation is presented below.

	2024				2023			
	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Total £'000	Aerospace & Industrial £'000	Laboratory £'000	Metal Melt Quality £'000	Total £'000
Net book amount of goodwill	**26,293**	**34,366**	**19,171**	**79,830**	21,166	34,626	19,376	75,168

Significant CGU groups

CGU groups to which 10% or more of the total goodwill balance is allocated and deemed to be significant are as follows:

CGU Group	Segment	2024 £'000	2023 £'000
Selee Corporation	Metal Melt Quality	**19,171**	19,376
Porvair Filtration Group Inc.	Aerospace & Industrial	**10,517**	10,560
Seal Analytical Group	Laboratory	**11,948**	12,158
		41,636	42,094

Impairment testing is completed at CGU level. The recoverable amount of the goodwill is based on value in use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Pre-tax cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations in 2024:

	Aerospace & Industrial			Laboratory			Metal Melt Quality
	US	UK	Continental Europe	US	UK	Continental Europe	US
Budgeted gross margin	30%	28%	32%	35%	38%	31%	28%
Long-term growth rate	4.3%	3.4%	2.6%	4.3%	3.4%	2.8%	4.3%
Pre-tax discount rate	11.9%	12.3%	10.5%	11.5%	12.0%	9.9%	11.9%

Key assumptions used for value-in-use calculations in 2023:

	Aerospace & Industrial			Laboratory			Metal Melt Quality
	US	UK	Continental Europe	US	UK	Continental Europe	US
Budgeted gross margin	31%	27%	27%	30%	37%	37%	28%
Long-term growth rate	4.3%	3.5%	3.6%	4.3%	3.5%	2.9%	4.3%
Pre-tax discount rate	13.5%	15.1%	11.9%	11.7%	12.9%	10.2%	13.5%

These assumptions have been used for the analysis of each operation within the operating segment. Management determined budgeted gross margins based on past performance and its expectations for the development in its markets. The average long-term growth rates used are consistent with past experience and market expectations. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs.

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value by comparing to the CGU's value in use. The sensitivity analysis shows that the most sensitive CGU (to which goodwill with a carrying value of £3.1 million is allocated) is sensitive to a change in the discount rate. With all other variables being equal, the headroom would be eliminated if the discount rate were to increase from 12.0% to 14.2%. As at 30 November 2024 the recoverable amount exceeds the carrying value for this CGU by £1.7 million (2023: £1.6 million). Based on the results of the current year impairment review, no impairment charges have been recognised by the Group in the year ended 30 November 2024 (2023: £nil).

13 Derivative financial instruments

	2024		2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts – current	**7**	**(40)**	250	–

The loss recognised in the income statement in the year for non-hedged derivatives amounted to £283,000 (2023: gain £15,000).

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 November 2024 are US$4.0 million (2023: US$10.0 million).

14 Inventories

	2024 £'000	2023 £'000
Raw materials	9,530	9,897
Work in progress	11,194	10,390
Finished goods	11,245	11,611
	31,969	31,898

The Group has recognised a credit in the income statement of £0.7 million (2023: charge of £0.8 million) for the movement in write-down of its inventories during the year ended 30 November 2024. The Group has utilised provisions of £1.2 million (2023: £0.2 million) during the year ended 30 November 2024.

15 Trade and other receivables

	2024 £'000	2023 £'000
Current		
Trade receivables	28,369	21,306
Less: provision for impairment	(855)	(1,443)
Trade receivables – net	27,514	19,863
Other debtors	2,250	1,263
Prepayments	1,901	2,142
	31,665	23,268

There is no difference between the fair value of trade and other receivables and their carrying value.

Included within 'Other debtors' is accrued income of £1.1 million (2023: £0.4 million) and VAT receivable of £0.8 million (2023: £0.7 million).

Credit risk in relation to trade receivables

The Group has a diverse customer base both geographically and in the number of industries in which it operates. There is credit risk associated with a decline in a particular industry or geographic region. To offset this risk, the Group has implemented policies that require appropriate credit checks to be performed on significant potential customers before sales are made. Customer orders are checked against pre-set criteria before acceptance and credit control procedures are applied. Letters of credit and payments in advance are obtained from customers as appropriate.

Trade and other receivables are non-interest bearing and generally on terms between 30 to 90 days. The Group does not hold any collateral or other credit enhancements over its trade receivables, nor does it have a legal right to offset against any amounts owed to the counterparty, so was exposed to credit risk in respect of the gross trade receivables balance of £28.4 million (2023: £21.3 million).

Trade receivables are assessed for impairment as described in note 1. On that basis, the loss allowance as at 30 November 2024 was determined as follows for trade receivables:

	2024			2023		
Trade receivables (current):	Not yet due £'000	Past due not impaired £'000	Impaired £'000	Not yet due £'000	Past due not impaired £'000	Impaired £'000
Not yet due	24,470	–	–	16,449	–	–
0 – 30 days	–	2,039	–	–	2,605	–
31 – 60 days	–	848	214	–	445	130
61 – 90 days	–	118	60	–	320	231
91 – 180 days	–	39	140	–	44	95
> 180 days	–	–	441	–	–	987
Total	24,470	3,044	855	16,449	3,414	1,443

Notes to the consolidated financial statements continued

15 Trade and other receivables continued

Movements in the Group provision for impairment of trade receivables are as follows:

	2024 £'000	2023 £'000
At 1 December	1,443	1,444
Reversal of receivables impairment	(132)	(3)
Acquisitions	186	49
Receivables written off during the year as uncollectable	(622)	–
Exchange	(20)	(47)
At 30 November	**855**	1,443

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There have been no changes to the credit ratings of these counterparties in the last financial year.

Foreign exchange risk in relation to trade receivables is disclosed in note 27.

16 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash	15,838	16,839
Bank overdrafts	(2,097)	(2,787)
	13,741	14,052

The credit risk associated with cash and cash equivalents is mitigated by holding funds with banks with high credit ratings from AA- to A as assigned by international credit rating agencies.

Included within bank overdrafts is £2.1 million (2023: £2.8 million) representing non-interest bearing balances on cash pooling arrangements in the Group.

Cash and cash equivalents held in the UK are subject to a Composite Account System, which is a banking offset arrangement that allows the set-off of overdraft balances with retained cash for interest calculation purposes.

Overdraft limits within the Composite Account System are £13.0 million gross of which £2.1 million is utilised (2023: £2.8 million).

The Group held no bank overdrafts, excluding balances on cash pooling arrangements.

The Group's cash balances are denominated in the following currencies:

	2024 £'000	2023 £'000
Pound Sterling	3,412	4,091
US dollar	5,362	5,304
Euro	4,196	4,124
Other	771	533
	13,741	14,052

17 Trade and other payables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade payables	9,286	8,628
Taxation and social security	896	790
Other payables	2,030	1,390
Accruals and contract liabilities	15,196	13,019
	27,408	23,827

Included within 'Accruals and contract liabilities' are contract liabilities of £4.0 million (2023: £3.3 million). Of the £3.3 million contract liabilities at November 2023, £3.2 million has been recognised as revenue in 2024.

The balance within 'Other payables' is primarily employee-related liabilities.

18 Borrowings

	2024 £'000	2023 £'000
Secured multi-currency revolving credit facility	–	–

In August 2024, the Group agreed a new €20 million (£17 million) four year secured revolving credit facility, with an option to extend by one year, plus a €20 million (£17 million) accordion facility, with Barclays Bank plc and Citibank N.A., London Branch. A margin benefit exists for delivering progress against certain sustainability targets. The Group also has a £2.5 million overdraft facility provided by Barclays Bank plc. The multi-currency facility is secured against the assets of certain group subsidiaries.

The loans are shown net of issue costs of £0.4 million (2023: £0.2 million) which are being amortised over the life of the loan arrangements.

At 30 November 2024, the Group had €19.6 million/£16.3 million (2023: €27.8 million/£24.0 million) of unused credit facility and an unutilised net £2.5 million (2023: £2.5 million) overdraft facility.

19 Deferred tax

The movement of deferred tax assets and (liabilities) during the year is as follows:

	Accelerated capital allowances £'000	Other short-term timing differences £'000	Intangibles £'000	Share-based payments £'000	Retirement obligations £'000	Total £'000
At 1 December 2022	(3,747)	1,411	(2,060)	306	2,325	(1,765)
Acquisitions	–	–	(883)	–	–	(883)
Credited/(charged) to income statement	(573)	363	47	191	(368)	(340)
Credited to equity	–	–	–	22	–	22
Credited to comprehensive income	–	–	–	–	(63)	(63)
Exchange	(180)	118	(91)	–	–	(153)
At 30 November 2023	(4,500)	1,892	(2,987)	519	1,894	(3,182)
Acquisition	–	207	(1,013)	–	–	(806)
Credited/(charged) to income statement	388	(165)	439	(110)	(474)	78
Charged to equity	–	–	–	(9)	–	(9)
Credited to comprehensive income	–	–	–	–	22	22
Exchange	283	(206)	200	–	–	277
At 30 November 2024	**(3,829)**	**1,728**	**(3,361)**	**400**	**1,442**	**(3,620)**

The net deferred tax liability of £3.6 million (2023: £3.2 million) comprises £1.8 million deferred tax liabilities (2023: £2.3 million) of Group entities based in the US, £1.9 million deferred tax liabilities (2023: £1.3 million) of Group entities based in Continental Europe, and £0.1 million deferred tax assets (2023: £0.4 million) of Group entities based in the UK.

At the balance sheet date, the Group has unused tax losses of £6.5 million (2023: £6.6 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses (2023: £nil) as it is not deemed probable that taxable profit will be available against which the unused tax losses can be utilised.

20 Retirement benefit obligations

	2024 £'000	2023 £'000
Defined benefit plan	5,766	7,576
Additional defined benefit obligations	131	137
	5,897	7,713

(a) Defined contribution schemes

For its US employees, the Group operates a defined contribution pension plan ("the Pension Plan") covering all eligible full-time employees. The Group contributes 3% of each participant's base salary each year to the Pension Plan. In 2024, this amounted to £0.6 million (2023: £0.7 million). In 2024, the Group also made payments of £0.7 million (2023: £0.7 million) to designated US 401k schemes on behalf of its employees. In the UK, after the closure of the defined benefit plan to new members, the Group introduced a stakeholder plan to be offered to all new employees. Total employer contributions in the UK paid to defined contribution schemes were £1.5 million (2023: £1.4 million).

(b) Defined benefit plan

The Group operates a defined benefit pension scheme, The Porvair plc Pension and Death Benefit Plan (the "Plan"), covering a number of employees in the UK. The pension scheme is a final salary scheme and is financed through a separate trust fund administered by Trustees with an independent Chairman. The Plan was closed to new entrants in October 2001. The defined benefit scheme exposes the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity specific or scheme specific risks.

Formal valuations of the Plan by a professionally qualified actuary are carried out at least every three years using the projected unit method. Under this method, the current service cost will increase in relation to the salaries of the members in future years as those members approach retirement.

Notes to the consolidated financial statements continued

20 Retirement benefit obligations continued

A full triennial actuarial valuation of the assets and liabilities of the Plan was completed, based on data at 31 March 2021. The actuarial value of the assets on the funding basis was sufficient to cover 72% of the benefits that had accrued to members after allowing for expected increases in pensionable remuneration. The funding deficit amounted to £13.8 million at 31 March 2021. As a result of the review, the Group and the Trustees agreed for employer contributions to be 18.8% of salary. A £264,000 annual cash contribution towards the running costs of the scheme was also agreed, increasing by 3.5% per annum. The Group also committed to increase annual contributions in respect of the past service deficit from £1.6 million per annum to £2.1 million per annum, commencing December 2022. Contributions to the Plan are reset every three years following the triennial funding valuation, with the funding objective of targeting low risk self-sufficiency by December 2028. In the event of any surplus arising, any balance in the trust assets is repayable to Porvair plc. The next full actuarial valuation of the scheme will be based on the pension scheme's position at 31 March 2024 and is expected to be completed before June 2025.

The principal actuarial assumptions adopted in the 2021 valuation were:	2021 valuation assumptions %
Past service investment return:	
Pre-retirement discount rate	2.85
Post-retirement discount rate	1.50
Salary increases	3.10

The pension charge to the consolidated income statement for the year was £0.7 million (2023: £0.8 million) and the funding via employer contributions was £2.6 million (2023: £2.6 million). The Group expects to make contributions of £2.6 million to the Plan in the next financial year.

The valuation of the deficit in the balance sheet is based on the most recent actuarial valuation of the Plan as updated by a qualified actuary to take account of the market value of the assets and the present value of the liabilities of the Plan at 30 November 2024.

Balance sheet

The financial assumptions used to calculate Plan liabilities under IAS 19 were:

	2024	2023
Valuation method	Projected Unit	Projected Unit
Discount rate	5.1%	5.2%
RPI inflation rate	3.2%	3.2%
CPI inflation rate	2.8%	2.8%
General salary increases	3.0%	3.0%
Rate of increase of pensions in payment:		
– pre 6 April 1997	0.0%	0.0%
– post 5 April 1997 to pre 6 April 2005	2.7%	2.7%
– post 5 April 2005	1.9%	1.9%
Rate of increase for deferred pensioners	2.8%	2.8%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the industry. The SAPS base mortality tables have been used, with a 122% multiplier allowing for future improvements of 1.25% per annum (2023: 1.25% per annum). These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2024 Years	2023 Years
Retiring at the end of the reporting period:		
– Male	19.5	19.3
– Female	21.7	21.5
Retiring 15 years after the end of the reporting period:		
– Male	20.2	20.0
– Female	22.7	22.5

The Plan's membership numbers at the year end are as follows:

	2024 Number of members	2023 Number of members
Active	26	27
Deferred	180	187
Pensioner	273	277
	479	491

20 Retirement benefit obligations continued

Sensitivities have been calculated by valuing the Plan's defined benefit obligation at 30 November 2024 using the same methodology, with relevant changes to the assumptions. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.1%	Decrease of 1.2%	Increase of 1.3%
Inflation rate	0.1%	Increase of 0.6%	Decrease of 0.6%
Life expectancy	1 year	Increase of 3.3%	Decrease of 3.4%

The assets in the Plan are:

	Value at 30 November 2024 £'000	Value at 30 November 2023 £'000
Equities	**4,827**	3,953
Bonds	**2,533**	2,356
Gilts	**2,073**	1,744
Liability driven investment	**8,004**	7,744
Infrastructure	**5,043**	4,330
Other	**3,046**	3,146
Fair value of Plan assets	**25,526**	23,273
Present value of unfunded obligations	**(31,292)**	(30,849)
Deficit in the Plan (excluding deferred tax)	**(5,766)**	(7,576)

The assets listed above are stated at their quoted market price in an active market. Investment performance and asset class designation are regularly reviewed by the Plan's trustees.

The analysis of movement in the deficit in the Plan for the year is as follows:

	2024 £'000	2023 £'000
Deficit at 1 December	**(7,576)**	(9,641)
Contributions paid	**2,612**	2,605
Current service cost	**(89)**	(128)
Administration expense	**(296)**	(300)
Other finance expense	**(331)**	(365)
Actuarial (loss)/gain	**(86)**	253
Deficit at 30 November	**(5,766)**	(7,576)

The change in the present value of the Plan assets during the year is as follows:

	2024 £'000	2023 £'000
Plan assets at 1 December	**23,273**	24,469
Benefit payments	**(1,478)**	(1,733)
Company contributions	**2,612**	2,605
Administration expense	**(296)**	(300)
Member contributions	**127**	120
Interest income on Plan assets	**1,223**	1,067
Gain/(loss) on Plan assets (excluding interest income)	**65**	(2,955)
Plan assets at 30 November	**25,526**	23,273

The change in the present value of the Plan liabilities during the year is as follows:

	2024 £'000	2023 £'000
Plan liabilities at 1 December	**(30,849)**	(34,110)
Current service cost	**(89)**	(128)
Interest cost	**(1,554)**	(1,432)
Member contributions	**(127)**	(120)
Benefits paid	**1,478**	1,733
(Loss)/gain on change in financial and demographic assumptions	**(151)**	3,208
Plan liabilities at 30 November	**(31,292)**	(30,849)

Notes to the consolidated financial statements continued

20 Retirement benefit obligations continued

The Plan liabilities by participant member status are as follows:

	2024 £'000	2023 £'000
Active	(7,296)	(6,760)
Deferred	(12,704)	(12,187)
Pensioner	(11,292)	(11,902)
Plan liabilities at 30 November	**(31,292)**	(30,849)

The weighted average duration of the Plan scheme liabilities at the end of the reporting period is 12 years (2023: 12 years).

The movements in the Plan during the year are as follows:

Income statement	2024 £'000	2023 £'000
Analysis of amounts chargeable to operating profit:		
Current service cost	(89)	(128)
Administration expense	(296)	(300)
Amount chargeable to operating profit	(385)	(428)
Analysis of amounts (charged)/credited to other finance income and costs:		
Interest on Plan liabilities	(1,554)	(1,432)
Expected return on Plan assets	1,223	1,067
Net amount charged to other finance income and costs	(331)	(365)
Total chargeable to the income statement before deduction of tax	**(716)**	(793)
Other items		
Analysis of amounts recognised in the consolidated statement of comprehensive income:		
Actual gain/(loss) on assets in excess of expected return	65	(2,955)
(Loss)/gain on change in financial and demographic assumptions	(151)	3,208
Total actuarial (loss)/gain recognised in the consolidated statement of comprehensive income	**(86)**	253
Cumulative actuarial loss recognised in the consolidated statement of comprehensive income	**(7,659)**	(7,573)

21 Provisions

	Dilapidations £'000	Warranty £'000	Total £'000
At 1 December 2023	363	3,243	3,606
Additional charge in the year	–	742	742
Utilisation of provision	–	(509)	(509)
Release of provision	(61)	(199)	(260)
Unwinding of discount	44	–	44
Exchange	–	(21)	(21)
At 30 November 2024	**346**	**3,256**	**3,602**

Provisions arise from potential claims on major contracts, sale warranties, and discounted dilapidations for leased property. Matters that could affect the timing, quantum and extent to which provisions are utilised or released, include the impact of any remedial work, claims against outstanding performance bonds, and the demonstrated life of the filtration equipment installed. The outflow of economic benefits in relation to warranty provisions is expected to be within one year, whilst the outflow on dilapidations is expected to be greater than one year.

Analysis of total provisions	2024 £'000	2023 £'000
Current	3,256	3,243
Non-current	346	363
Net book value at 30 November	**3,602**	3,606

22 Share capital and share premium account

	Number of shares	Share capital £'000	Share premium account £'000	Total £'000
At 1 December 2022	46,325,581	927	37,626	38,553
Issue of shares on exercise of share options	34,217	–	152	152
At 30 November 2023	46,359,798	927	37,778	38,705
At 1 December 2023	46,359,798	927	37,778	38,705
Issue of shares on exercise of share options	136,755	3	629	632
At 30 November 2024	**46,496,553**	**930**	**38,407**	**39,337**

The Company has one class of ordinary shares which carry no right to fixed income. All of the Company's shares in issue are fully paid and each share carries the right to vote at general meetings.

In 2024, 136,755 (2023: 34,217) ordinary shares of 2 pence each were issued on the exercise of Save As You Earn share options for cash consideration of £0.6 million (2023: £0.2 million).

The Group uses an Employee Benefit Trust ("EBT") to purchase shares in the Company to satisfy entitlements, granted since the Company's AGM in 2015, under the Group's Long Term Share Plan. The EBT has waived its rights to dividends. During the year, the Group purchased 110,000 ordinary shares of 2 pence each (2023: 120,000) for a total consideration of £0.7 million (2023: £0.7 million). During the year, the EBT issued 242,240 ordinary shares (2023: nil) to satisfy the exercise of Long Term Share Plan share options. The cost of the shares held by the EBT is deducted from retained earnings. The EBT is financed by a repayable-on-demand loan from the Group of £5.3 million (2023: £4.5 million). As at 30 November 2024, the EBT held a total of 363,460 ordinary shares of 2 pence each (2023: 495,700) at a cost of £2.2 million (2023: £3.0 million) and a market value of £2.4 million (2023: £2.9 million).

23 Share options and share-based payments

Share options are granted to Executive Directors and to selected employees. Details of the share options awarded to the Executive Directors, including exercise price and performance conditions, are disclosed in the Remuneration report on pages 65 to 83.

These equity settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled, share-based payments is expensed to the income statement on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The corresponding entry is recognised in equity.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Details of the outstanding share options are:

Scheme	Year of grant	Exercise period	Subscription price (pence)	**2024 Number of shares**	2023 Number of shares
2014 5yr Save As You Earn Scheme	2019	2024 - 2025	470.00	**–**	20,422
2018 Long Term Share Plan	2020	2023 - 2030	2.00	**–**	84,640
2014 3yr Save As You Earn Scheme	2021	2024	460.00	**–**	120,151
2014 5yr Save As You Earn Scheme	2021	2026	460.00	**32,993**	32,993
2018 Long Term Share Plan	2021	2024 - 2031	2.00	**46,200**	203,800
2018 Long Term Share Plan	2022	2025 - 2032	2.00	**119,600**	119,600
2014 3yr Save As You Earn Scheme	2023	2026	514.00	**100,443**	124,911
2014 5yr Save As You Earn Scheme	2023	2028	514.00	**58,317**	58,317
2018 Long Term Share Plan	2023	2026 - 2033	2.00	**154,545**	154,545
2018 Long Term Share Plan	2024	2027 - 2034	2.00	**152,300**	–
At 30 November				**664,398**	919,379

The outstanding share options have a weighted average contractual life of 2.0 years (2023: 1.5 years).

Notes to the consolidated financial statements continued

23 Share options and share-based payments continued

Movements in share options during the year were:

	2024 Weighted average exercise price (pence)	2023 Weighted average exercise price (pence)	2024 Number of shares	2023 Number of shares
At 1 December	190.73	157.15	919,379	629,239
Options granted	2.00	279.74	152,300	337,773
Options forfeited	503.02	182.41	(28,286)	(12,069)
Options exercised	142.75	444.90	(378,995)	(35,564)
At 30 November	**147.09**	190.73	**664,398**	919,379
Options exercisable at 30 November	**2.00**	2.00	**46,200**	84,640
Options not exercisable at 30 November	**209.56**	209.86	**618,198**	834,739
Total	**147.09**	190.73	**664,398**	919,379

Options granted during the year were:

	Year of grant	Scheme	Exercise price (pence)	2024 Number of shares	2023 Number of shares
	2023	3yr SAYE	514.00	–	124,911
	2023	5yr SAYE	514.00	–	58,317
	2023	2018 LTSP	2.00	–	154,545
	2024	2018 LTSP	2.00	**152,300**	–
Total				**152,300**	337,773

Options forfeited during the year were:

	Year of grant	Scheme	Exercise price (pence)	2024 Number of shares	2023 Number of shares
	2020	2018 LTSP	2.00	–	7,360
	2019	3yr SAYE	470.00	–	2,067
	2021	3yr SAYE	460.00	**5,752**	2,642
	2023	3yr SAYE	514.00	**22,534**	–
Total				**28,286**	12,069

Options exercised during the year were:

	Year of grant	Scheme	Exercise price (pence)	2024 Number of shares	2023 Number of shares
	2017	5yr SAYE	398.00	–	12,209
	2019	3yr SAYE	470.00	–	22,008
	2019	5yr SAYE	470.00	**20,422**	–
	2021	3yr SAYE	460.00	**114,399**	1,347
	2023	3yr SAYE	514.00	**1,934**	–
	2020	2018 LTSP	2.00	**84,640**	–
	2021	2018 LTSP	2.00	**157,600**	–
Total				**378,995**	35,564

For options exercised in the year, the weighted average share price at the date of exercise was 653 pence (2023: 636 pence).

23 Share options and share-based payments continued

A summary of the outstanding share option fair value assumptions is given below:

Grant date Scheme	24/04/21 Porvair 2018 LTSP	01/06/21 SAYE 2014 5 year	04/02/22 Porvair 2018 LTSP	01/06/23 SAYE 2014 3 year	01/06/23 SAYE 2014 5 year	02/02/23 Porvair 2018 LTSP	07/02/24 Porvair 2018 LTSP
Share price at grant date	552.00p	570.00p	676.00p	650.00p	650.00p	640.00p	650.00p
Exercise price	2.00p	460.00p	2.00p	514.00p	514.00p	2.00p	2.00p
Shares under option	46,200	32,993	119,600	100,443	58,317	154,545	152,300
Vesting period (years)	3	5	3	3	5	3	3
Expected volatility	46%	42%	47%	52%	47%	46%	46%
Expected life (years)	3	5	3	3	5	3	3
Risk free rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Dividend yield	0.91%	0.88%	0.72%	0.89%	0.89%	0.77%	0.92%
Fair value per option (£)	5.35290	2.38850	6.59547	2.72508	2.97161	6.23556	6.30335

The expected volatility is based on historic share price movements. The Directors anticipate it is possible the performance criteria in relation to certain share options may not be met.

Share-based payments	2024 £'000	2023 £'000
Charge for the year	751	1,048

24 Cash generated from operations

	2024 £'000	2023 £'000
Operating profit	22,797	21,240
Adjustments for:		
– Fair value movement of derivatives through profit and loss	283	(15)
– Share-based payments	751	1,048
– Depreciation of property, plant and equipment, and amortisation of intangibles	5,504	4,583
– Depreciation of right-of-use assets	2,201	2,232
– Impairment of property, plant and equipment	16	38
– Loss/(gain) on disposal of assets	184	(2)
Operating cash flows before movement in working capital	31,736	29,124
– Decrease/(increase) in inventories	548	(430)
– (Increase)/decrease in trade and other receivables	(7,161)	973
– Increase/(decrease) in trade and other payables	2,876	(3,019)
– Decrease in provisions	(27)	(392)
Increase in working capital	(3,764)	(2,868)
Post-employment benefits	(2,228)	(2,177)
Cash generated from operations	**25,744**	24,079

Notes to the consolidated financial statements continued

25 Acquisitions

On 4 December 2023, the Group acquired 100% of the share capital of European Filter Corporation NV ("EFC"), a filtration business based in Lummen, Belgium. EFC has expertise in the manufacture of mist elimination filters used in the production of industrial feedstocks and well-established industrial filtration sales channels in north east Europe. EFC joins the Group's Aerospace & Industrial division, bringing complementary products and engineering as well as strengthening European routes to market.

The acquisition completed on a cash free, debt free basis and subject to an agreed level of working capital. Total cash consideration of £10.3 million was paid in the year. In the period since acquisition, EFC has contributed £9.5 million of revenue (£9.3 million at constant currency), £1.6 million of adjusted operating profit and £1.1 million of operating profit. Given the proximity of the acquisition date to the start of the financial year, the contribution from EFC represents a full 12 months.

The following table sets out the consideration paid, together with the fair value of assets acquired and liabilities assumed:

	Total £'000
Cash consideration	10,294
Fair value of net assets acquired (below)	(4,790)
Goodwill	**5,504**

Fair value of identifiable assets acquired and liabilities assumed:	Fair value £'000
Property, plant and equipment (including right-of-use assets)	1,914
Trademark, customer order book and relationships (included within intangible assets)	4,092
Inventories	943
Trade and other receivables	1,626
Cash and cash equivalents	128
Deferred tax liability	(816)
Trade and other payables (including lease liabilities)	(3,097)
Fair value of net assets acquired	**4,790**

An independent valuation of the identifiable intangible assets has been performed. The fair value of acquired intangible assets comprises trademarks of £0.6 million, a customer order book of £0.2 million and customer relationships of £3.3 million.

The goodwill is attributable to non-contractual relationships, the synergies between the business acquired and the operations of the Group, and the potential to develop the business acquired. None of these meet the criteria for recognition of intangible assets separable from goodwill. The goodwill recognised is attributable to the Aerospace & Industrial division and is not expected to be deductible for income tax purposes.

The fair value of trade and other receivables of £1.6 million includes net trade receivables of £1.6 million, all of which is expected to be collectible.

A summary of remaining deferred and contingent consideration on previous acquisitions is as follows:

	2024 £'000	2023 £'000
At 1 December	**161**	945
Deferred consideration	**–**	200
Cash paid in year	**(38)**	(1,028)
Unwind of discount	**–**	55
Exchange	**–**	(11)
At 30 November	**123**	161

	2024 £'000	2023 £'000
Included within other payables:		
– Current	**38**	38
– Non-current	**85**	123
At 30 November	**123**	161

26 Events after the reporting date

Apart from the dividend declared, as disclosed in note 9, no other matter or circumstance has arisen since 30 November 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

27 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate cash flow risk), credit risk, and liquidity risk. The Group's overall risk management programme is disclosed on pages 22 to 25 of the Strategic report, page 57 of the Directors' report, and pages 60 and 61 of the Corporate Governance report. The Group uses derivative financial instruments to hedge certain risk exposures.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

(i) US dollar

The Group has investments in its US based subsidiaries denominated in US dollars. The Group does not hedge against the impact of exchange rate movements on the retranslation of profits and losses of overseas operations.

The UK operations generate significant US dollar revenue and forward contracts are used to reduce the impact of movements in the US dollar exchange rate.

The Group has the following outstanding US dollar forward contracts:

	2024 US$'000	2023 US$'000
Outstanding forward contracts	4,000	10,000

The Group has the following current assets and liabilities denominated in US dollars:

	2024 US$'000	2023 US$'000
Trade receivables	20,026	15,546
Cash balances	6,816	6,715
Other current assets	11,518	15,255
Trade payables	(4,637)	(5,017)
Other current liabilities	(5,156)	(8,381)
	28,567	24,118

The US dollar weakened by less than 1% over the year to 30 November 2024 (2023: weakened by 6%) compared to Sterling. For illustrative purposes, if the US dollar exchange rate were to move by 10% against Sterling, the Group would make the following gains/(losses):

	2024 £'000	2023 £'000
US dollar strengthens	2,497	2,116
US dollar weakens	(2,043)	(1,733)

(ii) Euro

The Group has investments in its European based subsidiaries denominated in Euros. The Group does not hedge against the impact of exchange rate movements on the retranslation of profits and losses of overseas operations.

The Group has the following current assets and liabilities denominated in Euros:

	2024 €'000	2023 €'000
Trade receivables	6,868	5,054
Cash balances	4,196	4,785
Other current assets	12,236	15,318
Trade payables	(3,209)	(2,314)
Other current liabilities	(8,024)	(15,114)
	12,067	7,729

Notes to the consolidated financial statements continued

27 Financial risk management continued

The Euro weakened by 4% over the year to 30 November 2024 (2023: weakened by under 1%) compared to Sterling. For illustrative purposes, if the Euro exchange rate were to move by 10% against Sterling, the Group would make the following gains/(losses):

	2024 £'000	2023 £'000
Euro strengthens	1,114	740
Euro weakens	(912)	(606)

Cash flow interest rate risk

The Group is exposed to cash flow risk. For illustrative purposes, if interest rates had been 0.5% higher/lower on borrowings throughout the year with all other variables held constant, the post tax profit for the year would have been £37,000 (2023: £15,000) lower/higher, respectively.

Credit risk

Credit risk is disclosed in notes 15 and 16.

Liquidity risk

Banking facilities are disclosed in note 18. Interest is payable based on the length of the revolving facilities, typically between 1 and 3 months and on a quarterly basis for the term loan. The Group is required to meet banking covenants on a quarterly basis. Whilst the Group has sufficient cash reserves and expects future trading to enable it to meet its cash flow obligations, should trading performance prevent it from doing so then the lender has recourse over the Group's assets. Cash and cash equivalents held in the UK are subject to a Composite Account System, which is a banking offset arrangement that allows the set-off of overdraft balances with retained cash.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date until the contractual maturity date. Derivative financial liabilities are included in the analysis to the extent that their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Greater than 5 years £'000	Effect of discounting/ financing rates £'000	Carrying amount liabilities £'000
Lease liabilities	3,168	3,168	6,893	7,311	(3,084)	17,456
Derivatives	40	–	–	–	–	40
Trade and other payables excluding non-financial liabilities	23,360	–	–	–	–	23,360
Bank loans	400	–	–	–	(400)	–
At 30 November 2024	**26,968**	**3,168**	**6,893**	**7,311**	**(3,484)**	**40,856**

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Greater than 5 years £'000	Effect of discounting/ financing rates £'000	Carrying amount liabilities £'000
Lease liabilities	2,447	2,447	5,066	5,098	(1,659)	13,399
Trade and other payables excluding non-financial liabilities	20,495	–	–	–	–	20,495
At 30 November 2023	22,942	2,447	5,066	5,098	(1,659)	33,894

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Quoted prices in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments at fair value through profit or loss:				
– Trading derivative assets	–	7	–	7
– Trading derivative liabilities	–	(40)	–	(40)
At 30 November 2024	**–**	**(33)**	**–**	**(33)**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments at fair value through profit or loss:				
– Trading derivative assets	–	250	–	250
At 30 November 2023	–	250	–	250

27 Financial risk management continued

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. There have been no movements between levels in the year.

The tables below analyse financial instruments by category:

	2024				2023			
	Other financial assets at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Financial assets at fair value through comprehensive income £'000	Total £'000	Other financial assets at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Financial assets at fair value through comprehensive income £'000	Total £'000
Assets as per the balance sheet								
Foreign exchange contracts	–	7	–	7	–	250	–	250
Trade and other receivables excluding prepayments	29,764	–	–	29,764	21,126	–	–	21,126
Cash	15,838	–	–	15,838	16,839	–	–	16,839
At 30 November	45,602	7	–	45,609	37,965	250	–	38,215

	2024				2023			
	Other financial liabilities at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Financial liabilities at fair value through comprehensive income £'000	Total £'000	Other financial liabilities at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Financial liabilities at fair value through comprehensive income £'000	Total £'000
Liabilities as per the balance sheet								
Foreign exchange contracts	–	(40)	–	(40)	–	–	–	–
Trade and other payables excluding non-financial liabilities	(23,360)	–	–	(23,360)	(20,495)	–	–	(20,495)
Bank overdrafts	(2,097)	–	–	(2,097)	(2,787)	–	–	(2,787)
At 30 November	(25,457)	(40)	–	(25,497)	(23,282)	–	–	(23,282)

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature. The fair values of the Group's other financial instruments are not materially different to the book value recorded within these accounts.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns, while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The Group's objectives when managing capital are to safeguard the Group's ability to operate as a going concern in order to provide returns to shareholders, benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as cash and cash equivalents and borrowings, divided by total capital. Total capital is calculated as 'equity' as shown in the Consolidated balance sheet. The gearing ratio at 30 November 2024 was not applicable because the Group had a net cash position (2023: not applicable).

The Group's borrowings are subject to certain covenant restrictions imposed by the banks. These covenants have been fully complied with during the year ended 30 November 2024. The multi-currency facility is secured against assets of certain group subsidiaries.

Notes to the consolidated financial statements continued

28 Contingent liabilities

At 30 November 2024, the Group had the following advanced payment and performance bonds issued to customers in the ordinary course of business:

	US$'000	€'000
Advanced payment bonds	–	4,603
Performance bonds	696	435
At 30 November 2024	**696**	**5,038**

	US$'000	€'000
Advanced payment bonds	–	2,514
Performance bonds	–	499
At 30 November 2023	–	3,013

The advanced payment and performance bonds are expected to expire no later than July 2026 and February 2029 respectively.

29 Contingent assets

The Group remains in negotiation with its insurers and FEMA in respect of damage caused by Hurricane Helene to its operations in Hendersonville, North Carolina. At 30 November 2024, the Group considered that insurance proceeds of £0.5 million were probable and intended to recognise these in the period in which they became virtually certain. Insurance proceeds of £0.5 million were received after the balance sheet date and will be recognised in the year ending 30 November 2025. No insurance proceeds have been recognised in the year ended 30 November 2024.

30 Commitments

Capital and other financial commitments

Contracts placed for future capital expenditure on property, plant and equipment not provided in the financial statements at 30 November 2024 were £2.2 million (2023: £1.3 million).

31 Key management compensation and related party transactions

The Board of Directors, including the Non-Executive Directors, are classified as key management. Their remuneration is shown in the Remuneration report. Their aggregate emoluments are disclosed in the table below.

	2024 £'000	2023 £'000
Salaries and other short-term employee benefits	1,449	1,315
Post-employment benefits	117	96
Share-based payments	541	745
	2,107	2,156

Dividends paid to the Board of Directors, including the Non-Executive Directors, during the year was £26,000 (2023: £32,000).

The balance outstanding at year end with Porvair Filtration India Private Limited was £0.7 million (2023: £0.9 million). Transactions during the year totalled £182,000 (2023: £28,000).

There were no other related party transactions in the years ended 30 November 2024 and 30 November 2023.

32 Subsidiary undertakings

The Group's ultimate parent company is Porvair plc which is incorporated in England.

Details of the Group's subsidiary undertakings at 30 November 2024 are as follows:

Subsidiary name	Subsidiary registered address	Activity	Country of incorporation and operation	% holding in ordinary shares
Held directly:				
Porvair Corporation	700 Shepherd Street, Hendersonville, NC 28792, USA	Holding	USA	100%
Porvair Filtration India Private Limited	401 Centrum IT Park, Thane MH 400604, India	Trading	India	60%
Porvair Filtration Limited*	7 Regis Place, Bergen Way, King's Lynn, UK	Holding	England	100%
Porvair Holdings B.V.	Nordezee 8, 3144DB, Maassluis, Netherlands	Holding	Netherlands	100%
Porvair Selee Filtration Technology (Hubei) Company Limited	Chengdong Area, Square Industrial Park, Xiaogan 432000, China	Trading	China	100%
Seal Analytical Limited*	7 Regis Place, Bergen Way, King's Lynn, UK	Trading	England	100%
Seal Analytical Shanghai Company Limited	Room 413, Building 12, No. 128, Xiang Yin Road, Shanghai 200433, China	Trading	China	100%
Kbiosystems Limited*	7 Regis Place, Bergen Way, King's Lynn, UK	Trading	England	100%
Held indirectly:				
Dahlman Industrial Group B.V.	Nordezee 8, 3144DB, Maassluis, Netherlands	Holding	Netherlands	100%
Dahlman Filter Services B.V.	Business Park Stein 139,6181 MA Elsloo, Netherlands	Trading	Netherlands	100%
Dahlman Filter Services GmbH	Hoffmannallee 41-51, 47533 Kleve, Germany	Trading	Germany	100%
J G Finneran Associates, Inc.	3600 Reilly Court, Vineland, NJ 08360, USA	Trading	USA	100%
Microfiltrex Limited	7 Regis Place, Bergen Way, King's Lynn, UK	Dormant	England	100%
Kbioservices Limited	7 Regis Place, Bergen Way, King's Lynn, UK	Dormant	England	100%
Platex, Plaat- en Constructiewerken B.V.	Nordezee 8, 3144DB, Maassluis, Netherlands	Dormant	Netherlands	100%
Porvair Filtration Group Inc.	301 Business Lane, Ashland, VA 23005, USA	Trading	USA	100%
Porvair Filtration Group Limited	7 Regis Place, Bergen Way, King's Lynn, UK	Trading	England	100%
Porvair Sciences Limited	7 Regis Place, Bergen Way, King's Lynn, UK	Trading	England	100%
Pulse Instrumentation GmbH	Werkstrasse 5, 22844 Norderstedt, Germany	Trading	Germany	100%
Rohasys B.V.	Provinciënbaan 4, 5121 DL Rijen, Netherlands	Trading	Netherlands	100%
Seal Analytical GmbH	Werkstrasse 5, 22844 Norderstedt, Germany	Trading	Germany	100%
Seal Analytical Inc.	6501 W. Donges Bay Road, Mequon, WI 53092, USA	Trading	USA	100%
Selee Corporation	700 Shepherd Street, Hendersonville, NC 28792, USA	Trading	USA	100%
Technisch Bureau Dahlman B.V.	Nordezee 8, 3144DB, Maassluis, Netherlands	Trading	Netherlands	100%
Ratiolab GmbH	Am Siebenstein 12, 63303 Dreieich, Germany	Trading	Germany	100%
Ratiolab Hungary Kft.	2111 Szada, Ipari Park út, Budapest, Hungary	Trading	Hungary	100%
European Filter Corporation NV	Deleestraat 30, 3560 Lummen, Belgium	Trading	Belgium	100%

*Porvair Filtration Limited (03115555), Seal Analytical Limited (04008521) and Kbiosystems Limited (02389004) have taken the audit exemption under S479A Companies Act 2006.

Parent Company – Balance sheet

Company registered number 01661935

As at 30 November	Note	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	4	**16**	15
Right-of-use assets	5	**529**	12
Intangible assets	6	**50**	–
Investments	7	**81,702**	71,257
Deferred tax asset	13	**1,798**	2,330
Amounts receivable from Group undertakings	8	**15,356**	17,955
		99,451	91,569
Current assets			
Amounts receivable from Group undertakings	8	**7,479**	4,735
Other receivables	9	**133**	79
Income tax receivable		**–**	42
Derivative financial instruments	14	**–**	227
Cash and cash equivalents	10	**9**	66
		7,621	5,149
Current liabilities			
Trade and other payables	11	**(1,960)**	(2,127)
Income tax payable		**(251)**	–
Lease liabilities	5	**(19)**	(9)
Overdraft and borrowings	12	**(2,097)**	(2,787)
Derivative financial instruments	14	**(40)**	–
		(4,367)	(4,923)
Net current assets		**3,254**	226
Non-current liabilities			
Lease liabilities	5	**(510)**	–
Retirement benefit obligations	15	**(5,766)**	(7,576)
		(6,276)	(7,576)
Net assets		**96,429**	84,219
Capital and reserves			
Share capital	16	**930**	927
Share premium account		**38,407**	37,778
Retained earnings		**57,092**	45,514
Total equity		**96,429**	84,219

The financial statements on pages 128 to 137 were approved by the Board of Directors on 7 February 2025 and were signed on its behalf by:

B D W Stocks

J A Mills

Parent Company – Profit for the financial year

As permitted by Section 408 of the Companies Act 2006, no income statement is presented for the parent company.

The profit for the financial year is £14.4 million (2023: £11.1 million).

Parent Company – Statement of changes in equity

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 December 2022		927	37,626	36,539	75,092
Profit for the year		–	–	11,136	11,136
Other comprehensive income:					
Actuarial gain in defined benefit pension plans (net of tax)		–	–	190	190
Total comprehensive income for the year		–	–	11,326	11,326
Share -based payments charge (net of tax)		–	–	1,058	1,058
Purchase of own shares (held in trust)		–	–	(745)	(745)
Issue of ordinary share capital	16	–	152	–	152
Dividends paid		–	–	(2,664)	(2,664)
At 30 November 2023		927	37,778	45,514	84,219
Profit for the year		**–**	**–**	**14,435**	**14,435**
Other comprehensive income:					
Actuarial loss in defined benefit pension plans (net of tax)		**–**	**–**	**(64)**	**(64)**
Total comprehensive income for the year		**–**	**–**	**14,371**	**14,371**
Share-based payments charge (net of tax)		**–**	**–**	**742**	**742**
Purchase of own shares (held in trust)		**–**	**–**	**(724)**	**(724)**
Issue of ordinary share capital	16	**3**	**629**	**–**	**632**
Dividends paid		**–**	**–**	**(2,811)**	**(2,811)**
At 30 November 2024		**930**	**38,407**	**57,092**	**96,429**

Parent Company – Notes to the financial statements

1 Summary of significant accounting policies

Basis of accounting

The Company financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100 - *Application of Financial Reporting Requirements* issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 – *Reduced Disclosure Framework* as issued by the Financial Reporting Council.

The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the recognition of certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of these financial statements, in accordance with FRS 101 – *Reduced Disclosure Framework*:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 – *Share-based Payment* (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7 – *Financial Instruments: Disclosures*.
- Paragraphs 91 to 99 of IFRS 13 – *Fair Value Measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 – *Leases*.
- The requirements of paragraph 58 of IFRS 16 – *Leases*, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.
- Paragraph 38 of IAS 1 – *Presentation of Financial Statements* comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1 – *Presentation of Financial Statements;*
  (ii) paragraph 73(e) of IAS 16 – *Property, Plant and Equipment*;
  (iii) paragraph 118(e) of IAS 38 – *Intangible Assets* (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1 – *Presentation of Financial Statements:*
  (i) paragraph 16 (statement of compliance with all IFRS);
  (ii) paragraph 38A (requirement for minimum of two primary statements, including cash flow statements);
  (iii) paragraph 38B-D (additional comparative information);
  (iv) paragraph 40A (retrospective restatement);
  (v) paragraph 111 (cash flow statement information); and
  (vi) paragraph 134 to 136 (capital management disclosures).
- IAS 7 – *Statement of Cash Flows.*
- Paragraph 30 and 31 of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 – *Related Party Disclosures* (key management compensation).
- The requirements in IAS 24 – *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 – *Reduced Disclosure Framework* requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

1 Summary of significant accounting policies continued

(b) Key sources of estimation uncertainty
Material estimates and assumptions are made in particular with regard to: establishing uniform depreciation periods for the Company; assumptions used in the calculation of share-based payments; parameters for measuring pension and other provisions; and the likelihood that tax assets can be realised. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- Retirement benefit obligation

The Company operates a defined benefit pension scheme, The Porvair plc Pension and Death Benefit Plan (the "Plan"), covering a number of employees in the UK. The Plan is financed through a separate trust fund and is closed to new entrants. The present value of the obligations of the Plan is subject to financial assumptions, and management obtains external actuarial guidance on this. Sensitivities in the principal assumptions on valuing the Plan's defined benefit obligation at 30 November 2024 have been calculated and are given in note 20 of the Group financial statements.

- Estimation of LTSP charge

The long term share plan share options ("LTSPs") have vesting conditions, as outlined in the Remuneration report, which can result in the vesting of between 0% to 100% of each LTSP grant. One element of the share-based payment charge calculation of these LTSPs relies on management's best estimate forecast of the performance of the Group. As an example, if the success rate of the unvested share options was increased/decreased by 10% then the share option charge would be £90,000 higher/lower.

Property, plant and equipment
Plant and equipment is capitalised at cost and is depreciated by equal annual amounts over their estimated useful lives. Annual depreciation rates are between 10% and 33.33% straight line.

Intangible assets
Software costs are classified as intangible fixed assets and measured initially at purchase cost. Amortisation is charged on a straight line basis over their estimated useful lives of 3-5 years.

Investments
Investments are stated at cost less provision for impairment. Where the Company has granted rights over its equity instruments to the employees of subsidiary companies, there is a corresponding increase recognised in the investment in subsidiary undertakings in those years.

Interest income
Interest income is accrued on a straight line basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividends
Dividends received from subsidiaries are recognised when received. Dividends paid to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Impairment of assets
Assets are regularly reviewed to confirm their carrying values and in addition if there is indication of impairment. The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. Where the expected realisable value is lower than the book value, the excess of book value is charged to the income statement during the year. A provision for the impairment of amounts receivable from group undertakings is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Foreign exchange
Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. Foreign exchange differences are taken to the income statement in the year in which they arise.

Taxation
Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that are relevant to the period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement, except when it relates to items recognised directly to other comprehensive income or directly to equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Parent Company – Notes to the financial statements continued

1 Summary of significant accounting policies continued

Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur.

The retirement benefit obligation in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(b) Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument, to the extent that they are not settled in the period in which they arise.

(c) Trade and other receivavles

The Company's receivables relate entirely to balances due from other group companies. Where the intercompany receivable is payable on demand the Company determines whether any impairment provision is required by assessing the group company's ability to repay the loan. Where it is considered that the group company does not have the capacity to repay the loan or the loan is not repayable on demand, an expected credit loss model is used to calculate the impairment provision required.

(d) Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently held at amortised cost.

(e) Lease liabilities

Lease liabilities are recorded at the present value of lease payments. Leases are discounted at the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are depreciated on a straight line basis over the lease term, or useful life if shorter.

Lease payments relating to low value assets or to short term leases are recognised as an expense on a straight line basis over the lease term. Short term leases are those with 12 months or less duration. Low value assets are those below a cost of £4,000.

(f) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments in the form of forward foreign exchange contracts to hedge its foreign currency exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequent changes in the fair value of foreign currency derivatives are recognised immediately in the income statement. The Company recognises all forward foreign exchange contracts on the balance sheet at fair value using external market data.

Share-based payments

Where the Company has granted rights over its equity instruments to the employees of subsidiary companies, there is a corresponding increase recognised in the investment in subsidiary undertakings in those years.

The Company issues equity settled, share-based payments to certain employees. Equity settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled, share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The corresponding entry is recognised in equity.

At each balance sheet date, the Company revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revisions to original estimates, if any, in the income statement or, if relating to a subsidiary undertaking in investment in subsidiary undertakings, with a corresponding adjustment to equity.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Where the Company purchases its equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Retained earnings

The retained earnings account represents the distributable reserves of the Company.

2 Profit before income tax

During the year, the Company obtained the following services from the Company's Auditor, RSM UK Audit LLP:

	2024 £'000	2023 £'000
Fees payable to the Company's Auditor for audit of parent company financial statements	32	30
	32	30

3 Employees and Directors

The staff cost, including Executive Directors, for the year is shown below:

	2024 £'000	2023 £'000
Staff costs		
Wages and salaries	2,136	2,123
Social security costs	339	314
Other pension costs	131	117
Share-based payments	595	884
	3,201	3,438

The average monthly number of staff, including Directors, employed during the year is as below:

	2024 Average Number	2023 Average Number
Administration	12	11
	12	11

The number of Directors to whom retirement benefits are accruing under a defined contribution pension scheme is 1 (2023: 1). The number of Directors to whom retirement benefits are accruing under a defined benefit pension scheme is 1 (2023: 1).

Detailed disclosures of Directors' individual remuneration and share options are given in the Remuneration report on pages 65 to 83, and in note 31 of the Group financial statements.

4 Property, plant and equipment

	Plant and equipment £'000
Cost	
At 1 December 2023	165
Additions	10
Disposals	(5)
At 30 November 2024	**170**
Accumulated depreciation	
At 1 December 2023	(150)
Charge for year	(9)
Disposals	5
At 30 November 2024	**(154)**
Net book value	
At 30 November 2024	**16**
At 30 November 2023	15

The Company did not have any capital commitments at 30 November 2024 or 30 November 2023.

Parent Company – Notes to the financial statements continued

5 Leases – Right-of-use assets and lease liabilities

Right-of-use assets

The movement in right-of-use assets is set out below:

	Leasehold buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 December 2023	193	5	198
Additions	560	–	560
Disposals	(214)	–	(214)
At 30 November 2024	**539**	**5**	**544**
Accumulated depreciation			
At 1 December 2023	(182)	(4)	(186)
Charge for year	(42)	(1)	(43)
Disposals	214	–	214
At 30 November 2024	**(10)**	**(5)**	**(15)**
Net book value			
At 30 November 2024	**529**	**–**	**529**
At 30 November 2023	11	1	12

Lease liabilities

The movement in the lease liability is set out below:

	2024 £'000	2023 £'000
At 1 December	**(9)**	(57)
New leases	**(560)**	–
Lease repayments	**51**	49
Interest on lease liabilities	**(11)**	(1)
At 30 November	**(529)**	(9)

Lease liabilities mature as follows:

Minimum lease liabilities falling due	**2024 £'000**	2023 £'000
Current	**(19)**	(9)
Non-current	**(510)**	–
Total at 30 November	**(529)**	(9)

6 Intangible assets

	Software capitalised £'000
Cost	
At 1 December 2023	6
Additions	50
At 30 November 2024	**56**
Accumulated amortisation and impairment	
At 1 December 2023	(6)
Amortisation charges	–
At 30 November 2024	**(6)**
Net book value	
At 30 November 2024	**50**
At 30 November 2023	–

7 Investments

Investments in subsidiary undertakings:

	2024 £'000	2023 £'000
Cost		
At 1 December	71,257	62,987
Additions	10,294	8,108
Disposals	(5)	(1)
Capital contributions arising from share-based payments charge	156	163
At 30 November	**81,702**	71,257
Net book value		
At 30 November	**81,702**	71,257
At 1 December	71,257	62,987

The capital contributions arising from the share-based payment charge represent the Company granting rights over its equity instruments to the employees of subsidiary undertakings. This results in a corresponding increase in investments in subsidiary undertakings.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the Company's subsidiary undertakings are given in note 32 of the Group financial statements.

8 Amounts receivable from Group undertakings

	2024 £'000	2023 £'000
Loans to subsidiary undertakings – Non-current assets	**15,356**	17,955
Loans to subsidiary undertakings – Current assets	**7,473**	4,727
Other amounts receivable from Group undertakings	**6**	8
	22,835	22,690

Amounts owed by group undertakings are unsecured. Intercompany interest is charged at a commercial rate.

9 Other receivables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Prepayments	**133**	79
	133	79

10 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**9**	66

Parent Company – Notes to the financial statements continued

11 Trade and other payables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade creditors	**26**	19
Taxation and social security	**170**	140
Accruals and deferred income	**1,764**	1,968
	1,960	2,127

12 Overdraft and borrowings

	2024 £'000	2023 £'000
Bank overdraft offset against cash balances in other Group companies under a Group banking offset arrangement	**2,097**	2,787
Secured multi-currency revolving credit facility	**–**	–
	2,097	2,787

Bank and other loans of the Company are repayable as follows:

	2024 £'000	2023 £'000
Within one year	**2,097**	2,787
Two to five years	**–**	–
	2,097	2,787

In August 2024, the Company agreed a new €20 million (£17 million) four year secured revolving credit facility, with an option to extend by one year, plus a €20 million (£17 million) accordion facility, with Barclays Bank plc and Citibank N.A., London Branch.

At 30 November 2024, the Company had €19.6 million/£16.3 million (2023: €27.8 million/£24.0 million) of unused credit facility and an unutilised net £2.5 million (2023: £2.5 million) overdraft facility.

The multi-currency facility is secured against the assets of the Company and certain subsidiaries.

Included within bank overdrafts is £2.1 million (2023: £2.8 million) representing non-interest bearing balances on cash pooling arrangements in the Group.

Cash and cash equivalents held in the UK is subject to a Composite Account System, which is a banking offset arrangement that allows the set-off of overdraft balances with retained cash for interest calculation purposes.

Overdraft limits within the Composite Account System are £13.0 million gross of which £2.1 million is utilised (2023: £2.8 million).

The Group held no bank overdrafts, excluding balances on cash pooling arrangements.

13 Deferred tax asset

The movement of deferred tax assets during the year is as follows:

	Accelerated capital allowances £'000	Other short-term timing differences £'000	Share-based payments £'000	Retirement obligations £'000	Total £'000
At 1 December 2022	–	63	283	2,326	2,672
(Charged)/credited to the income statement	(2)	(59)	147	(374)	(288)
Credited to equity in respect of share options	–	–	5	–	5
Charged to comprehensive income in respect of retirement benefit obligations	–	–	–	(59)	(59)
At 30 November 2023	(2)	4	435	1,893	2,330
(Charged)/credited to the income statement	(5)	27	(93)	(474)	(545)
Charged to equity in respect of share options	–	–	(9)	–	(9)
Credited to comprehensive income in respect of retirement benefit obligations	–	–	–	22	22
At 30 November 2024	**(7)**	**31**	**333**	**1,441**	**1,798**

There were no unrecognised deferred tax amounts at 30 November 2024 (2023: £nil).

14 Derivative financial instruments

Forward foreign exchange contract assets and liabilities	2024 £'000	2023 £'000
Forward foreign exchange contracts – current assets	–	227
Forward foreign exchange contracts – current liabilities	(40)	–
	(40)	227

15 Retirement benefit obligations

	2024 £'000	2023 £'000
Defined benefit scheme deficit	5,766	7,576

The Company operates a defined benefit pension scheme, The Porvair plc Pension and Death Benefit Plan (the "Plan"), covering a number of employees in the UK. The Plan is financed through a separate trust fund administered by Trustees with an independent Chairman. The Plan was closed to new entrants in October 2001. Further details of the retirement benefit obligations are disclosed in note 20 of the Group financial statements.

The Company operates a defined contribution pension scheme for a certain number of its employees. As at 30 November 2024, £6,000 (2023: £5,000) in relation to this pension scheme was outstanding to be paid.

16 Called up share capital

	2024 £'000	2023 £'000
Allotted and fully paid:		
46,496,553 ordinary shares of 2 pence each (2023: 46,359,798)	930	927

Details of shares issued and share options are disclosed in notes 22 and 23 of the Group financial statements, respectively.

17 Share-based payments

Details of share options of the Company and the share-based payments charge during the year are given in note 23 of the Group financial statements.

18 Dividends

Details of dividends paid in the year and final dividends recommended to be paid after the year end are disclosed in note 9 of the Group financial statements.

19 Contingent liabilities

The Company has no contingent liabilities at 30 November 2024 (2023: none).

Shareholder information

Registrar services

Our shareholder register is managed and administered by MUFG Corporate Markets. MUFG Corporate Markets should be able to help you with most questions you have in relation to your holding in Porvair plc shares.

MUFG Corporate Markets can be contacted at:

MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds LS1 4DL

www.eu.mpms.mufg.com

Telephone: 0371 664 0300 if calling from the United Kingdom, or +44 (0) 371 664 0300 if calling from outside the United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00–17:30, Monday to Friday excluding public holidays in England and Wales.

Email: shareholderenquiries@cm.mpms.mufg.com.

In addition, MUFG Corporate Markets offers a range of other services to shareholders including a share dealing service and a share portal to manage your holdings.

Share dealing service

A share dealing service is available to existing shareholders to buy or sell the Company's shares via MUFG Corporate Markets Share Dealing Services. Online and telephone dealing facilities provide an easy to access and simple to use service.

For further information on this service, or to buy or sell shares, please contact:

www.sharedeal.cm.mpms.mufg.com

0371 664 0445 – telephone dealing (from outside the UK: +44 (0) 371 664 0445).

Email: Infosharedeal@cm.mpms.mufg.com

Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or sell their shares. Shareholders in any doubt as to what action to take are recommended to seek financial advice from an independent financial adviser authorised by the Financial Services and Markets Act 2000.

Financial calendar

Financial calendar 2025	
30 November 2024	Financial year end 2024
10 February 2025	Full year 2024 results announcement
15 April 2025	AGM
1 May 2025	Ex-dividend date
2 May 2025	Record date for dividend
31 May 2025	Half year 2025 period end
4 June 2025	Payment date for dividend
30 June 2025	Half year 2025 results announcement
17 July 2025	Ex-dividend date
18 July 2025	Record date for dividend
22 August 2025	Payment date for dividend
30 November 2025	Financial year end 2025
9 February 2026	Full year 2025 results announcement

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Forward-looking statement
This Annual Report contains forward-looking statements with respect to the financial condition, operations and performance of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause 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 the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

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