Chesterfield Special Cylinders

2025 Annual Report

Chesterfield Special Cylinders Holdings plc
Company no: 06135104

Contents

Company information

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Chair's statement

Chesterfield Special Cylinders Holdings plc (the "Company") is the parent company of Chesterfield Special Cylinders Limited ("CSC"), which is recognised as a world-leading designer and manufacturer of high-pressure gas storage and transportation systems, used principally in safety-critical defence and hydrogen energy applications, and provides inspection, testing and recertification services throughout the system lifecycle.

This Annual Report covers the financial year ended 27 September 2025 ("FY25"), during which CSC made good progress towards its 2028 targets, first announced in February 2025, securing strategically significant contracts from key hydrogen and overseas defence customers and record growth from Integrity Management services.

The consolidated financial performance from continuing operations was significantly improved over FY24, with a strong second half contributing to full-year revenue of £16.6 million (2024: £14.8 million) and Adjusted EBITDA* after central costs, well ahead of market expectations at £0.8 million (2024: Adjusted EBITDA loss of £0.9 million). The loss after tax for the period was materially lower at £0.6 million (2024: £2.3 million loss).

Proceeds from the sale of the Precision Machined Components ("PMC") division in October 2024 strengthened the balance sheet and supported a significantly improved year-end net cash position of £2.1 million (2024: £0.1 million), while providing future working capital flexibility. Following the sale of PMC, there is a clear focus on the development and success of CSC and the realisation of growth opportunities in defence and hydrogen energy markets and in Integrity Management lifecycle services.

Strong order intake during FY25 of £23.4 million (2024: £13.1 million) underpinned an order book of £16.3 million at the end of the period (2024: £9.5 million).

** Adjusted EBITDA is defined as earnings / loss before interest, tax, depreciation, amortisation and exceptional costs.*

Defence

CSC continues to focus on the delivery of the existing order book for UK and overseas defence customers and remains well positioned for further growth in these markets over the medium term.

Defence revenue increased by 15% to £12.8 million (2024: £11.1 million), reflecting strong growth from overseas contracts secured during the first half of the year and record performance from UK Integrity Management deployments, together offsetting reduced revenue from UK naval newbuild programmes nearing completion.

The defence outlook for FY26 is underpinned by overseas defence contracts secured in FY24 and FY25 for submarine and surface ship programmes for the Royal Australian, Royal Canadian, US and Spanish navies. Further overseas defence contract awards are expected in Q1 2026.

Over the longer term, the backdrop of geopolitical tensions and the well-documented increasing global defence budgets underpin a strong outlook for newbuild programmes in the UK and overseas. These include initial milestones for the SSN-A (AUKUS) Astute submarine replacement programme expected from FY27, future opportunities in the US submarine programme from FY28 and wider overseas surface ship and submarine newbuild opportunities. CSC remains well positioned to secure these strategically important defence contracts.

Hydrogen

Hydrogen revenue of £2.6 million (2024: £1.7 million) was the highest on record and reflects in-factory lifecycle services for static storage and road trailers and initial milestones for the bp Aberdeen Hydrogen Hub contract, secured in the first half of the year.

The delayed rollout of UK government funded hydrogen projects has been frustrating for developers and the wider supply chain. However, in April 2025, the UK government reaffirmed its commitment to support domestic green hydrogen production growth through the Hydrogen Allocation Rounds (HAR). Overall, ten HAR1 projects have been approved by the government and a shortlist of 27 HAR2 projects has also been announced. CSC is actively engaged and strongly positioned with key developers regarding storage and transport systems for HAR1 and HAR2 newbuild contracts, which are expected to be operational between 2026 and 2029. These potential contracts are expected to drive newbuild revenue growth from HAR1 during FY26, ramping up strongly with HAR2 from FY27.

One major contract award under HAR1 that was previously expected in Q4 2025 is now expected in Q1 2026 and we expect our first HAR2 contract awards within FY26 for delivery during FY27.

The anticipated growth in green hydrogen production and offtake from HAR and privately funded projects is driving fleet expansion plans for hydrogen road trailers in the UK. CSC has signed a cooperation agreement with a leading European Type 4 composite cylinder manufacturer, enabling the integration and supply of advanced lightweight modular hydrogen storage systems and road trailers to meet this growing UK demand from FY27.

Chair's statement (continued)

Integrity Management services

Record revenue in Integrity Management of £4.8 million (2024: £2.4 million) reflects a peak in activity on major UK naval deployments throughout the year.

The longer-term outlook for Integrity Management services remains strong, covering the in-situ lifecycle support and recertification of safety-critical pressure systems, including future UK naval deployments. CSC is in discussions with several overseas navies regarding Integrity Management services for their existing surface ship and submarine fleets, with European deployments expected during FY26.

Strategy

Our strategy and mid-term targets to 2028 were set out in the 2024 Annual Report as follows:

- Deliver revenue over £30 million
- Double high-value overseas defence sales to underpin a 40% increase in overall defence sector revenue
- Grow hydrogen sales to 30% of total revenue, through newbuild static storage and trailer projects
- Double Integrity Management service sales through growth in existing UK and new overseas markets
- Maintain 30% of revenue from high-value lifecycle support services, including in-situ Integrity Management and factory-based retesting and recertification
- Deliver sustainable Adjusted EBITDA margins above 15% before central costs

Good strategic progress was made during FY25, as follows:

- **Divest non-core PMC division**
    - PMC sale proceeds used to strengthen the balance sheet and provide working capital flexibility. No further cash consideration is expected in relation to the sale of PMC
- **Defence**
    - Overseas defence contracts secured for the Royal Australian, Royal Canadian and Spanish navies, underpinning the defence order book for FY26 and beyond
    - Qualification contract secured to supply US submarine newbuild programme progressing well, with initial product delivery expected in Q1 2027
- **Hydrogen**
    - Highest revenue performance on record for hydrogen projects
    - Contract secured to supply large-scale storage to bp Aberdeen City hydrogen hub
    - Positioning for FY26 contract awards across UK HAR1 and HAR2 programmes
    - Type 1 steel and Type 4 composite road trailer products launched in the UK market
    - French refuelling station project secured, delivery in FY26
- **Lifecycle Services**
    - Highest revenue performance on record for UK Integrity Management naval deployments
    - Advanced discussions with European navies and their prime contractors, orders expected in FY26

Outlook

A robust defence order book and significant opportunities in the UK hydrogen market underpin a positive outlook for significant earnings growth in FY26, with contract revenues weighted heavily towards the second half of the year. Further strong revenue growth is anticipated from FY27 onwards, driven by the expansion of UK and overseas defence newbuild programmes and from the rollout of large-scale hydrogen production through UK HAR projects.

With significantly improved financial performance, strengthened balance sheet and a clear strategic focus for the delivery of mid-term targets to 2028, the Board looks forward with confidence to the year ahead and is excited about the prospects for CSC over the medium to long term.

Signed by:
Nick Salmon
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Nick Salmon
Chair
17 December 2025

Strategic report

Overview

Chesterfield Special Cylinders (“CSC”) is a world-leading designer and manufacturer of high-pressure gas storage and transportation systems, used in safety-critical applications across defence, hydrogen, energy and industrial markets. CSC is one of only five companies globally that can compete for ultra large cylinder contracts to meet the demanding safety and performance standards specified for these industries. As a trusted OEM, CSC also provides mandatory inspection, testing and recertification services throughout the system lifecycle.

CSC’s high-pressure cylinders and storage packages are mission-critical components in many end user applications, including several high-pressure systems on naval submarines and surface vessels, safety systems on fighter jets, hydrogen storage and transportation for refuelling and energy supply, air pressure vessels in offshore motion compensation systems, breathing air systems on dive support vessels and bulk storage and transportation of industrial gases, including road trailers.

Lifecycle services are a growing part of the CSC business. In-factory inspection, testing and reconditioning services extend the life of bulk gas storage systems and road trailers to meet demanding safety standards and mandatory recertification requirements. Where systems cannot be removed for period maintenance, CSC’s in-situ Integrity Management services minimise operational disruption and increase system availability, while enabling mandatory recertification. Together, these lifecycle services have been built on CSC’s unrivalled industry knowledge and OEM experience.

All product design, manufacturing and in-factory recertification work is undertaken at CSC’s facility in Sheffield, UK. In-situ Integrity Management teams deploy to projects in the UK and overseas, working onshore and offshore.

Purpose, vision and strategy

Our purpose, vision and strategy are focused on the development and growth of CSC through the supply of safety-critical pressure systems and lifecycle services, principally across defence and hydrogen energy markets.

Building on our proud 120-year heritage, we will continually develop and grow our brand and reputation through product quality and customer service, underpinned by the motivation and commitment of our skilled, engaged and empowered workforce.

Purpose

Our purpose is the design, manufacture and lifecycle support of systems that deliver value for customers in demanding, safety-critical environments where the consequences of system failure could be catastrophic. This purpose addresses three key areas:

- **Safety**
    - Meeting demanding international standards for system design and manufacture, enabling customers to meet their safety responsibilities
- **Performance**
    - Innovative and cost-effective designs, delivered on time, enabling customers and end users to meet their operational goals
- **Assurance**
    - Lifecycle support to maximise operational availability and maintain compliance with mandatory safety requirements through life

Vision

Our vision is to create value for customers, shareholders and other stakeholders through the development and growth of CSC as a world-leading supplier of gas storage and transportation systems and lifecycle services.

This vision was first set out in the 2024 Annual Report in the form of mid-term targets to 2028 across six key areas against a 2024 baseline. These six targets are reconfirmed as follows:

Deliver revenue **>£30m**	**Double** high-value overseas defence revenue	Grow hydrogen sales to **30%** of total revenue
Double Integrity Management revenue	Maintain **30%** of revenue from lifecycle services	Adjusted EBITDA margin **>15%** before central cost

Strategic report (continued)

Strategy

Our strategy is focused on the development and success of CSC and the realisation of growth opportunities for our products and services, principally in defence and hydrogen energy markets. The current environment and outlook for CSC in principal markets, as set out in detail on pages 12 to 15, underpin the strategy as follows:

- **Defence**
    - Trusted supplier of safety-critical pressure systems to navies and defence contractors worldwide
    - Long-term newbuild programme visibility, with high-value contracts and irregular phasing
    - Sole supplier to UK and EU newbuild programmes for domestic and export programmes
    - Sole supplier of system revalidation services for the UK fleet, with opportunities emerging overseas
- **Hydrogen**
    - World-leading reputation for the supply and lifecycle support of storage and transportation systems
    - Emerging market with long-term growth outlook
    - Strong UK government funding commitment to hydrogen clean energy projects
    - Established and growing customer base in road trailer periodic inspection and testing
- **Lifecycle Services**
    - Unique in-situ Integrity Management and in-factory lifecycle support services, covering mandatory inspection, testing and recertification across defence, hydrogen and other safety-critical markets

Our strategic objectives are measurable and relate directly to enabling and delivering the mid-term goals to 2028. The strategy and objectives were first presented in the 2024 Annual Report and have been updated below to reflect progress made during FY25 and to address changes in principal markets, new opportunities and risks.

FY25 strategic progress

Progress made against FY25 objectives as set out in the 2024 Annual Report:

- **Sale of PMC**
    - Use proceeds to repay term loan and strengthen the balance sheet
        - Loan repayment completed in October 2024
        - Stronger balance sheet, working capital flexibility
- **Defence**
    - Qualify as critical supplier to major US defence contractor and position for new orders
        - Qualification progressing well. Extended customer schedule for qualification is now early 2027, with first boat set order expected in 2027 and manufacturing from FY28
    - Drive stronger margins from UK and European defence contract milestones
        - Strong defence contract margins delivered in FY25, supported by UK Integrity Management deployments
- **Hydrogen**
    - Secure contracts to supply hydrogen storage to UK NZHF Strand 2, HAR1 and HAR2 projects
        - UK NZHF Strand 2 project secured to supply bp Aberdeen City hydrogen hub
        - UK HAR1 and HAR2 approved or shortlisted, but contracts delayed, expected in FY26
    - Launch hydrogen road trailer products and secure new orders from UK and European customers
        - Type 1 steel and Type 4 composite hydrogen road trailer designs launched in UK market
        - Several major enquiries in the pipeline for FY26 and FY27 order placement
    - Develop European customer relationships to secure hydrogen refuelling station contracts
        - Initial contract secured with French customer for refuelling station storage
- **Lifecycle Services**
    - Invest in Integrity Management resources to support growth in UK and European markets
        - Recruitment and training are progressing to support expected growth
    - Secure new Integrity Management contracts for European defence customers
        - In advanced discussions with three European navies and their prime contractors, orders expected in FY26

Strategic report (continued)

FY26 strategic objectives

Secure UK and overseas naval newbuild contracts, secure UK HAR1 hydrogen contracts, expand UK HAR2 opportunities pipeline, secure in-situ Integrity Management contracts for overseas naval customers

- **Defence**
  - Deliver completion milestones for UK Dreadnought submarine newbuild programme
  - Deliver manufacturing milestones for ongoing Australian, Canadian, Spanish and French submarine and surface ship newbuild programmes
  - Secure UK SSN-A (AUKUS) newbuild contracts to strengthen the UK defence outlook from FY27
  - Secure Taiwanese and French-built export submarine newbuild contracts to grow overseas defence order book, deliver early manufacturing milestones
  - Progress qualification to supply US submarine programme, completion in Q1 2027
- **Hydrogen**
  - Deliver UK NZHF Strand 2 large-scale storage to bp Aberdeen City Council
  - Secure UK HAR1 large-scale storage system contract, delayed from FY25, and deliver initial contract milestones
  - Secure UK HAR2 contracts, build opportunities pipeline for delivery from FY27
  - Secure Type 1 and Type 4 hydrogen road trailer orders for UK customers
- **Lifecycle Services**
  - Secure and deliver Integrity Management deployments for UK naval fleet revalidation packages
  - Secure Integrity Management contracts for Portuguese, Spanish and Swedish naval customers and further expand pipeline of overseas naval opportunities
  - Secure 2026 road trailer fleet recertification contracts with gas majors

FY27-FY29 strategic objectives

Accelerate growth in hydrogen and defence markets and in lifecycle services, drive profitability and cash generation

- **Defence**
  - Conclude qualification to supply US submarine programme
  - Secure first contract to supply US submarine programme, for delivery from FY28 and FY29
  - Deliver UK SSN-A contract milestones
  - Secure UK and overseas contracts for submarine and surface ship newbuild programmes to underpin longer-term defence outlook
- **Hydrogen**
  - Deliver final UK HAR1 contract milestones
  - Secure and deliver UK HAR2 contracts through to FY29
  - Secure and deliver UK HAR3 contracts for delivery from FY29
  - Expand Type 1 and Type 4 hydrogen road trailer order book for UK customers, with deliveries expected from FY27
- **Lifecycle Services**
  - Expand high-value Integrity Management services for UK and overseas submarine and surface ship fleets
  - Accelerate growth for in-situ and in-factory lifecycle services for the hydrogen energy market, based on the expanding installed fleet

Principal risks and uncertainties are set out on pages 16 to 21, together with an explanation of how these risks are managed or mitigated.

Strategic report (continued)

Business and financial review

Good strategic progress was made towards 2028 targets during the year, and financial performance was significantly improved, with earnings ahead of market expectations.

Overall revenue from continuing operations was £16.6 million (2024: £14.8 million) and Adjusted EBITDA* after central costs was £0.8 million (2024: Adjusted EBITDA loss of £0.9 million). The loss after tax for the period was £0.6 million (2024: £2.3 million).

Proceeds from the sale of the PMC division in October 2024 supported a year-end net cash position of £2.1 million (2024: £0.1 million), which helped to strengthen the balance sheet and provided future working capital flexibility.

Overall order intake during FY25 of £23.4 million (2024: £13.1 million) underpinned an order book of £16.3 million at the end of the period (2024: £9.5 million).

The following table presents consolidated financial performance for the continuing operations and excludes PMC discontinued operations.

£ million	2025	2024	2023	2022	2021
Revenue	**16.6**	**14.8**	**20.7**	**17.6**	**18.9**
Defence	12.8	11.1	17.2	13.5	11.1
Hydrogen energy	2.6	1.7	2.1	2.4	2.2
Industrial	0.5	1.6	0.5	0.7	5.3
Offshore services	0.7	0.4	0.9	1.0	0.3
Gross margin**	**39%**	**33%**	**41%**	**31%**	**28%**
Adjusted trading EBITDA***	**1.6**	**0.8**	**3.9**	**1.1**	**2.6**
Central costs****	**(0.8)**	**(1.7)**	**(1.9)**	**(1.7)**	**(1.7)**
Adjusted EBITDA	**0.8**	**(0.9)**	**2.0**	**(0.6)**	**0.9**

* *Adjusted EBITDA is defined as earnings / (loss) before interest, tax, depreciation, amortisation and exceptional costs*
** *Restated from 2022 for reclassification of labour costs from cost of sales to administration costs*
*** *Adjusted trading EBITDA is defined as earnings before interest, tax, depreciation, amortisation and exceptional costs for CSC before central costs*
**** *Central costs include the employment and administration costs of the Board of Directors, central staff costs, regulatory costs of operating as a public limited company quoted on the London Stock Exchange*

Defence

Defence revenue increased by 15% to £12.8 million (2024: £11.1 million), reflecting strong growth from overseas contracts secured during the first half of the year, as revenue reduced from UK naval newbuild programmes nearing completion, and record performance from UK naval Integrity Management deployments.

Defence order intake more than doubled to £19.1 million (2024: £9.3 million), driven by growth from overseas newbuild contracts and UK Integrity Management naval deployments The defence order book at the end of the period was significantly stronger at £14.6 million (2024: £8.2 million).

Overseas contract awards secured in the year include submarine and surface ship programmes for the Royal Australian, Royal Canadian, US and Spanish navies.

CSC continues to focus on the delivery of the existing order book for UK and overseas defence customers and remains well positioned for growth in overseas defence markets over the medium term. The backdrop of geopolitical tensions and increasing global defence budgets underpin a strong outlook for newbuild programmes in the UK and overseas, including initial milestones for the SSN-A (AUKUS) Astute submarine replacement programme expected from FY27, future opportunities in the US submarine programme from FY28 and wider overseas surface ship and submarine newbuild opportunities.

Strategic report (continued)

Hydrogen

Hydrogen revenue increased by over 50% to £2.6 million (2024: £1.7 million), the highest hydrogen revenue on record for CSC. This performance reflects in-factory lifecycle services for static storage and road trailers and the initial milestones for the bp Aberdeen Hydrogen Hub contract, secured in the first half of the year.

Hydrogen order intake also more than doubled to £3.2 million (2024: 1.5 million) and the hydrogen order book at the end of the period was £1.2 million (2024: £0.6 million).

In April 2025, the UK government reaffirmed its commitment to support domestic green hydrogen production growth through the Hydrogen Allocation Rounds (HAR). Overall, ten HAR1 projects have been approved by the government and a shortlist of 27 HAR2 projects has been announced. CSC is actively engaged with key developers regarding storage and transport systems for HAR1 and HAR2 newbuild contracts, which are expected to be operational between 2026 and 2029.

One major contract award under HAR1 that was previously expected in Q4 2025 is now expected in Q1 2026 and we expect our first HAR2 contract award within FY26.

The anticipated growth in green hydrogen production and offtake from HAR and privately funded projects is driving fleet expansion plans for hydrogen road trailers in the UK. CSC has signed a cooperation agreement with a leading European Type 4 composite cylinder manufacturer, enabling the integration and supply of advanced lightweight modular hydrogen storage systems and road trailers to meet this growing UK demand.

Integrity Management services

Revenue from Integrity Management lifecycle services doubled to £4.8 million (2024: £2.4 million), which was also the highest level on record and reflects a peak in activity on major UK naval deployments throughout the year.

The longer-term outlook for Integrity Management services remains strong, covering the in-situ lifecycle support and recertification of safety-critical pressure systems, including future UK naval deployments. CSC is in discussions with several overseas navies regarding Integrity Management services for their surface ship and submarine fleets, with deployment expected in FY26.

Profitability

Gross profit was £6.4 million at 39% margin (2024: £4.9 million at 33% margin restated).

Overhead costs at £6.3 million were 5% lower than last year (2024: £6.6 million restated) due to planned cost savings realised principally in the first half of the year.

Adjusted operating profit of £43,000 (2024: adjusted operating loss of £1.7 million) in the year. Adding back depreciation charges of £0.8 million (2024: £0.8 million), Adjusted EBITDA profit was £0.8 million in the year (2024: Adjusted EBITDA loss of £0.9 million).

Exceptional costs

Exceptional costs of £0.8 million (2024: £0.7 million) were incurred in the year, principally related to management bonuses paid on completion of the sale of PMC in October 2024, reorganisation costs and corporate finance services.

Tax

The tax credit for Company continuing operations in the year was £0.2 million (2024: tax credit of £0.3 million). The current year tax credit was principally due to the incremental recognition of deferred tax on losses brought forward in the Company. The Company is expected to recover the resulting deferred tax asset through projected future profits between FY26 and FY28.

Corporation tax refunded in the year totalled £nil (2024: £6,000).

Loss per share

Basic loss per share from continuing operations was 1.6 pence (2024: loss per share 6.1 pence). Allowing for add-back of exceptional costs, adjusted loss per share was 0.0 pence (2024: adjusted loss per share of 4.7 pence).

Strategic report (continued)

Dividends

No dividends were paid in the year (2024: £nil) and no dividends have been declared in respect of the year ended 27 September 2025 (2024: £nil).

Operating cash flow, capital expenditure and cash flow before financing

Operating cash inflow was £0.2 million (2024: £2.0 million), arising primarily from Adjusted EBITDA of £0.8 million (2024: Adjusted EBITDA of £0.6 million) and working capital outflows of £0.6 million (2024: inflows of £1.4 million). Key movements within working capital in the year included higher trade receivables at the end of the year due to increased sales in the second half of the year.

Capital expenditure in the year was £0.3 million (2024: £0.4 million), incurred principally for the replacement and maintenance of site facilities and equipment. Proceeds from the disposal of the PMC division in the year was £4.4 million.

Allowing for exceptional costs of £0.8 million (2024: £0.9 million), finance costs of £0.1 million (2024: £0.5 million) and corporation tax refunds of £nil (2024: £6,000), cash inflow before financing was £3.5 million (2024: inflow of £0.2 million).

Cash balances, borrowings and liquidity

The cash balance at 27 September 2025 was £2.1 million (2024: £0.1 million). The increase in the cash balance of £2.0 million is due to the cash inflow before financing of £3.5 million, less repayment of the term loan of £1.0 million and repayment of £0.3 million lease liabilities. A balance of £0.2 million was also transferred to the discontinued PMC operation prior to its sale.

Net cash at 27 September 2025 was £1.8 million (2024: £1.4 million net debt). The decrease in net debt of £3.2 million is primarily due to the £3.5 million cash inflow before financing.

Strategic report (continued)

Markets

UK & overseas defence

What is happening in the market?

Defence spending continues to be driven by the ongoing Russia-Ukraine conflict, increasing instability in the Middle East, and wider geopolitical tension, including the threat to critical subsea assets. Commitments made within NATO to increase defence budgets remain a primary factor behind the market outlook.

The UK government continues to affirm its commitment to its defence budget. UK defence spending reached an estimated 2.32% of GDP in 2024, maintaining the national commitment of at least 2% of GDP and making it the second largest defence budget in NATO. Looking ahead, the government remains committed to increasing the defence budget to 2.5% of GDP by 2030.

Importantly, the government repeatedly states that this investment will deliver a ‘defence dividend’, with an increase in orders for UK manufacturers, enabling greater levels of private investment and job creation across the supply chain.

The SSN-A (AUKUS) submarine programme, the tri-lateral agreement with the United States and Australia to deliver next-generation nuclear-powered attack submarines to replace the Astute-class, remains fundamental to the UK's long-term defence strategy. This programme continues to drive significant investment in skills training and jobs in the UK, building on the initial commitment to the design phase.

Global defence spending saw a sharp increase in 2024 and is projected to continue growing, particularly with a significant number of naval new construction programmes now commencing, and many more in the design and planning stages across major allied nations.

The US, Australia, Canada, and France remain committed to long-term investment programmes. In the US, the Columbia-class (ballistic missile submarine) and Virginia-class (attack submarine) programmes are active, which continues to involve the use of the UK-approved supply chain.

What does this mean for us?

As a world-leading supplier of high-pressure gas storage systems to NATO members and NATO-friendly state navies, CSC has long-term contracts to supply mission-critical products and services for conventional and nuclear submarine and surface ship programmes in the UK and overseas.

CSC is in discussion with navies and their prime contractors for future UK and overseas newbuild contracts which would support manufacturing activity to 2040 and beyond. These programmes including the well-publicised SSN-A (AUKUS), for which CSC expects to commence early design and manufacturing stages from 2027.

Sole supplier to UK Royal Navy newbuild programmes through prime contractors BAE Systems and Babcock, CSC is also a long-term supplier to French shipbuilder Naval Group for domestic and export newbuild programmes.

In January 2025, CSC was awarded a strategically significant contract to supply safety-critical pressure vessels to the US defence prime contractor, General Dynamics Electric Boat (GDEB), the company responsible for the design, construction and lifecycle support of submarines for the US Navy.

The contract award covers supplier qualification and the delivery of pressure vessels to GDEB in early 2027 and provides a foundation for future growth and development in the US naval defence market, where ongoing nuclear submarine new construction programmes are planned to run through to 2043.

Although the phasing of defence project milestones and contract revenues can fluctuate significantly between and within financial years, there is good medium and long-term visibility of vessel construction programmes and planned defence expenditure from navies and their prime contractors.

CSC is the principal supplier of inspection and testing services to the UK MoD for through-life cylinder performance and safety management on various classes of nuclear submarine.

CSC has current opportunities to supply European navies with these inspection and testing services, typically having been the OEM for onboard pressure systems when the submarines or surface ships were built.

Strategic report (continued)

Markets (continued)

Hydrogen energy

What is happening in the market?

The global hydrogen energy market continues to develop, underpinned by its potential to support decarbonisation in transport, power, and industrial applications.

At the start of 2025, the market was characterised by continued growth in investment, albeit with some project delays and a recalibration of initial 2030 targets.

Capital spending globally on low-emissions hydrogen projects reached approximately $4.3 billion in 2024, an 80% increase from 2023. Based on recent Final Investment Decisions (FIDs), this spending is projected to rise by over 80% in 2025 to nearly $8 billion.

While the overall pipeline of announced hydrogen production projects has shrunk due to cancellations and delays, the number of projects reaching FID has grown by almost 20% since late 2023.

The uncertainty about costs, the challenge of matching offtake agreements to production costs, and the need for clear regulatory frameworks remain the primary barriers to faster deployment.

In the UK, the government announced in April 2025 that it had shortlisted 27 projects to receive funding support through its second Hydrogen Allocation Round (HAR), its flagship hydrogen policy and funding mechanism. HAR2 projects are expected to become operational between 2026 and 2029.

The UK government is expected to publish an update to its Hydrogen Strategy at the end of 2025. Key expectations of the update are:

- Increase focus on hydrogen demand, recognising that certainty of offtake is one of the biggest challenges facing developers.
- Drop the 10GW 2030 production target
- Recommit to HAR3 and beyond.

The UK government has indicated that it will take action to increase levels of UK content in HAR projects. A Call for Evidence on “options for the hydrogen supply chain” will soon be published, and the government has stated it will consider expanding the Clean Industry Bonus into the hydrogen sector, which has already been introduced in the offshore wind sector to provide developers with subsidies if they can evidence greater use of UK technology and job creation.

What does this mean for us?

CSC is well positioned to supply products and services to the growing hydrogen market, primarily in the UK.

The development of smaller localised hydrogen refuelling station infrastructure has slowed since 2020, driven by supply chain constraints, a limited supply of green hydrogen and lower than expected demand from the heavy-goods transport sector.

The shift to large-scale hydrogen production projects such as those now supported by the UK’s NZHF Strands 1 and 2 funding from February 2024 and more recent HAR funding programmes will seek to address green hydrogen supply issues in line with national clean energy targets.

Hydrogen production projects will require different types and sizes of pressurised storage and transportation system. CSC is in discussion with UK HAR1 and HAR2 developers where its Type 1 steel cylinders are required for static storage and road trailer applications and remains well positioned to secure projects from Q4 2025 onwards.

The first projects under HAR1 and HAR2 are likely to progress cautiously through 2026 and 2027, as developers take care with the implementation of new technologies, compliance with regulatory regimes and the integration of system components from a wide range of suppliers.

CSC hydrogen revenues hit a record level in FY25 and are expected to grow strongly from FY26 onwards. Once developers have proven concepts under HAR1 and HAR2, UK demand for storage systems and road trailers is expected to grow further from 2027 onwards.

Demand for hydrogen tube trailer periodic inspection, testing and recertification continued steadily during 2025 and is expected to remain an important component of CSC’s lifecycle services revenue over the medium term. CSC continues to expand its customer base of gas majors and independent operators in this market, which has been supported by improved operational efficiencies and margins. CSC is one of very few suppliers of this specialised safety-critical service.

Strategic report (continued)

Markets (continued)

Hydrogen energy (continued)

What is happening in the market?

This aligns with a statement in the HAR2 Due Diligence and Cost Assurance Guidance document, which confirmed that the government is "*exploring options where we could invest further into shorter and more sustainable supply chains through Hydrogen Allocation Round 3 and beyond.*"

In a letter from the Chancellor to CSC, Ms Reeves said: *"The government is progressing multiple aspects of the Hydrogen economy, and places particular strategic importance on developing domestic supply chains from hydrogen production to usage"*. Publicly, the Chancellor has repeatedly stated: *"where things are made, and who they are made by, matters".*

It is important to note that whilst the UK government continues to pursue its clean power mission, and the Prime Minister attended COP30 to reinforce the UK's commitment to the energy transition, the political consensus in Westminster on net zero has broken.

The Conservative Party, who introduced the UK's legal requirement to achieve net zero carbon emissions by 2050, are now in favour of formally scrapping the target. In addition, Reform UK, who have led in opinion polls since Spring 2025, proposed cancelling subsidies for wind and solar projects and favour domestic fossil fuel extraction, off and onshore. Reform UK have, as of November 2025, not said anything formally regarding hydrogen, but they do regularly propose taking action to reindustrialise the UK and build up manufacturing capabilities.

The EU Hydrogen Bank remains the central instrument for scaling hydrogen production, imports, and infrastructure across Europe. Despite progress, industry uncertainty persists due to slow permitting, unclear subsidy design, and missing offtake agreements. For example, seven projects withdrew from the 2nd auction.

The European Parliament plans to cut industrial electricity prices from January 2026. This will improve cost competitiveness for electrolysers, while policy focus is broadening, with hydrogen, SAF, ammonia, and e-methanol now seen as complementary pillars of industrial decarbonisation.

National measures such as Germany's Hydrogen Acceleration Act and industrial power price scheme aim to strengthen investment confidence and accelerate market delivery from 2026.

What does this mean for us?

A major contract was secured in March 2025 to supply bp Aberdeen Hydrogen Energy with large-scale storage systems under UK NZHF Strand 2 funding. A further major contract under HAR1 was delayed from Q1 2025 and is now expected in Q4 2025 or early in Q1 2026.

Over the longer term to 2050 and beyond, large-scale hydrogen transportation is expected to be predominantly by pipeline, and some high-density bulk storage may move to liquefied hydrogen, but demand for pressurised buffer storage and road trailer transportation is expected to remain.

While the demand for new pressurised storage and transportation systems may reduce as pipeline infrastructure expands, there will remain a strong market for CSC in the periodic inspection and testing of the installed fleets of cylinders, generating a repeat high-value revenue stream over the longer-term.

Strategic report (continued)

Markets (continued)

Industrials	
What is happening in the market? The market for bulk gas storage and transportation has a diverse customer base, including industrial gas majors, higher education and scientific research bodies, civil nuclear and conventional power plants and specialised applications, including space programmes.	**What does this mean for us?** Specialised new build opportunities for high-volume industrial gas storage are ad hoc and provide strong margin opportunities, while in-situ and factory inspection, testing and reconditioning services have been identified as a moderate growth area for CSC.

Offshore services	
What is happening in the market? The market for offshore services includes products and services related to oil and gas exploration, production, and support, as well as offshore renewable energy developments like wind farms. The oil and gas market is characterised by deepwater and ultra-deepwater exploration and production, requiring robust and reliable solutions for operations under extreme conditions. The offshore renewables sector, particularly wind energy, is expanding rapidly. Floating wind turbines and wave energy systems, increasingly supporting green hydrogen production, are key growth areas.	**What does this mean for us?** These sectors rely on specialised high-pressure gas storage systems. CSC has traditionally played a role in delivering safety-critical cylinder packages and providing in-situ and factory-based periodic inspection and testing services in this highly regulated market. Applications include: ● Motion compensation systems of offshore installations, including the supply of air pressure vessels for new build projects and the provision of spares and periodic inspection services through life. ● Diving support systems, including the supply of new safety-critical breathing air storage packages and the periodic inspection, testing and upgrading of installed systems. The demand for Integrity Management services is forecast to increase steadily for diving support vessels, offshore installations and floating cranes over the next few years.

Strategic report (continued)

Principal risks

Risk identification and management

The Directors have identified the principal risks and uncertainties that could materially affect the activities, performance and financial position of the Company and its subsidiaries.

Risk management is overseen by the Board, which includes setting the risk appetite based on the nature of each risk and available mitigations.

Effective risk management helps to protect the Company and its stakeholders, while enabling the execution of the strategy and the sustainable delivery of growth targets.

The risk register identifies the key business risks and documents the status and trends, together with the policies and practices in place to support risk mitigations.

The Board considers the risk register and any supplementary sub-registers twice per year through the Audit and Risk Committee.

Principal risks

The principal risks identified by the Directors are summarised in the table below. All risks considered by the Board cover a broader range of areas than the principal risk in this table.

Risk and potential impact	Status and key mitigations
1. Global economic conditions, political uncertainty and market sector volatility	
Economic factors and market sectors Economic and political factors may adversely impact key markets, in particular in the UK and NATO-allied countries, and the activities and decisions of customers and suppliers, which in turn may impact sales and the availability and cost of materials and therefore the financial performance. CSC principally operates in the defence and hydrogen energy market sectors, with some activity in industrial and offshore services markets. A slowdown in either or both of these key markets may adversely impact sales, financial performance and liquidity requirements.	**Status: No change in FY25** Uncertainty in the international trade environment increased, with policy changes and tariffs implemented by the US. Geopolitical factors continued to drive activity in UK and overseas defence markets through commitments to increased spending in Europe and across NATO. The UK government has reinforced its commitment to clean energy, including wind, solar and hydrogen projects. While the defence sector has benefitted from these macro trends, it should be noted that defence spending on naval newbuild programmes is variable over time. Work on current major UK defence programmes passed a peak in early 2024, with the next major UK submarine newbuild programme expected to commence from 2027. CSC is positioned strongly for growth in overseas defence markets and secured orders in 2024 and 2025 that have helped mitigate the reduction in UK programmes and strengthened the overall defence order book. Development and growth in the hydrogen market was slower than expected during 2025, but the outlook remains positive. CSC is positioned strongly in the UK hydrogen market, which is expected to account for an increasing share of revenues from 2026. CSC maintains close contact with its customers, major suppliers and industry associations to ensure the best possible understanding of future project requirements and the availability and cost of materials, given the prevailing macro-economic conditions.

Strategic report (continued)

Risk and potential impact	Status and key mitigations
1. Global economic conditions, political uncertainty and market sector volatility (continued)	
Economic factors and market sectors (continued)	CSC quotes on short-term validity to protect against changes in raw material, energy and component costs and ensures appropriate commercial protections against through-contract escalations, cancellations or delays. CSC is proactively growing its in-factory and in-situ lifecycle services activities, which provide some resilience against the variability, delays and potential downturns in defence and hydrogen newbuild programmes.
Foreign exchange A proportion of the CSC's business is carried out in overseas markets and contracts may adopt currencies other than Sterling, in which CSC and the Company recognise the bulk of their costs. Exposure to exchange rate fluctuations may affect the financial results and cash position.	**Status: No change in FY25** Natural hedges are in place for the main currencies that CSC is exposed to in contracts with customers and suppliers. All foreign currency transactions are completed by treasury function, including the use of forward exchange contracts, when appropriate. CSC typically quotes for business on a short quote expiry and where appropriate will include price escalation clauses to limit exposure to fluctuations in foreign currencies.
2. Governmental policy, regulation, legislation and compliance	
Government policies Revenue generated from defence and hydrogen energy contracts may be impacted by changes to UK government policies which the Company may not be able to influence. Changes in UK government policy may result in amendments to tax and employment policies that could adversely affect the business.	**Status: No change in FY25** The UK government confirmed commitments to steadily increase defence spending through to 2030 and announced major naval newbuild programmes in June 2025. The UK government's stance on hydrogen energy appears to be very supportive, with established HAR funding rounds progressing, although slower than expected. CSC is leading a joint campaign with a group of UK hydrogen technology manufacturers to influence government policy and practices that help maximise UK supplied content in government-funded hydrogen production projects (HAR). Increased Employer's National Insurance costs have adversely impacted costs and constrained recruitment.
Health, Safety & Environment CSC operates a heavy industrial manufacturing facility and has a fundamental duty to protect its people, other stakeholders and the environment from harm whilst conducting its business.	**Status: No change in FY25** CSC is accredited to international ISO standards for HSE and operates with an established management system, which is subject to periodic independent third-party audit. Managers and appointed safety officers have completed recognised HSE training. Senior management monitors HSE performance during weekly and monthly management meetings, taking actions to address trends or key findings. The Directors review HSE performance during Board meetings. Performance improved during FY25, with the overall number of safety incidents falling. All employees have objectives to support the continuous improvement of safety performance.

Strategic report (continued)

Risk and potential impact	Status and key mitigations
3. Contract delivery, commercial relationships and customer concentration	
Contract delivery CSC designs and manufactures products and provides services that are mission critical to its customers and end users. Failure to deliver products and services on time and to the required standard may result in significant financial impact (e.g. warranty claims and liquidated damages), lost future orders and an adverse impact on reputation.	**Status: Reduced risk in FY25** In recent years, the CSC has invested consistently in people, systems and management processes to help drive improvements to on-time delivery and right-first-time product conformity to meet customer expectations. Contract performance is reviewed by senior management against time, cost and quality goals. The Directors review delivery performance against targets in monthly Board meetings.
Commercial relationships Failure to adequately manage contract risk and, as a result, commit to obligations which the Company is unable to meet without incurring significant unplanned costs.	**Status: Reduced risk in FY25** Onerous legacy contracts have either ended or been renegotiated with acceptable commercial terms. Authority for the approval of major contract terms and conditions rests with the senior management team or is delegated according to Company policies. CSC also seeks to minimise the impact of delivery risk through its terms of business, including limiting exposure to claims for liquidated damages and avoiding any exposure to consequential damages. Commercial management skills and processes have been strengthened considerably in recent years.
Customer concentration CSC customer concentration is high. Relationships with key customers could be materially adversely affected by several factors, including: • customer decisions to diversify or change how products are sourced; • failure to agree on mutually acceptable pricing or terms; • failure to meet contractual commitments; • significant or prolonged disputes. If CSC was unable to enter similar relationships with other customers on a timely basis, or at all, the business could be materially adversely impacted.	**Status: No change in FY25** Key customer relationship management is a continued focus for the management team. Recent improvements to operational improvement have increased customer satisfaction and retention. Expansion of the defence customer base to include new overseas prime contractors (e.g. US) will help to reduce dependency on UK defence customers. The growth of the hydrogen energy business will add new customers and help lower customer concentration. Provision of lifecycle services enables the expansion of the customer base to include the periodic inspection and testing of non-CSC supplied products.

Strategic report (continued)

Risk and potential impact	Status and key mitigations
4. Supply chain	
Supplier dependency CSC is dependent on its supply chain for cost, quality and on-time delivery. Failure of individual suppliers or the supply chain may result in significant operational disruption (e.g. raw material delivery and outsourced processes) and delays to contract delivery, leading to potential financial impact and damage to customer relationships.	**Status: No change in FY25** Strengthened supplier management and procurement activities have supported the reduction of supply chain risk and reduced the supplier concentration in key areas. Most of the seamless steel tube used in the manufacturing of ultra-large high-pressure cylinders has historically been sourced from two suppliers in mainland Europe, which reduced to one key supplier from 2024. There are few alternative suppliers globally that can match the cost, quality and lead times of the current European supplier. CSC's established strategic supplier relationship is well supported by long-term supply and cooperation agreements and collaboration on joint product development in defence hydrogen energy markets.
5. Financial	
Funding and liquidity CSC and the Company maintain financial resources sufficient to meet its obligations over the short and longer term, including cash headroom and working capital flexibility to enable operational delivery.	**Status: Reduced risk in FY25** At the end of FY25, the Company had no bank loans, overdrafts or other related financial liabilities. Proceeds from the sale of the PMC division in October 2024 supported a year-end net cash position of £2.1 million, which helped to strengthen the balance sheet and provides future working capital flexibility. Systems for financial planning, management and control include a comprehensive budgeting process, with annual budgets and detailed three-year plans, including market-sensitised scenarios, approved by the Directors. Monthly monitoring of actual results against budget by the Directors is a standard practice, as is the quarterly review of financial forecasts, which consider operational performance, trading conditions and market opportunities. Annual budgets include a consolidated profit and loss, balance sheet and cash flow forecast for the year ahead and the subsequent three-year period, based on the management team's understanding of principal markets, customers, supply chains and operational resources. Increased commercial focus has improved payment terms with customers for long-term contracts. Earnings from continuing operations during FY25 were significantly improved over FY24 and are expected to improve further throughout the forecast period to FY29. Assumptions regarding working capital and capex cash requirements over the forecast period have been incorporated to support growth in defence and hydrogen energy markets.

Strategic report (continued)

Risk and potential impact	Status and key mitigations
6. Availability of key resources	
Leadership As a publicly quoted SME, the Company is dependent on a small senior management team with responsibilities to shareholders and a wide range of stakeholders.	**Status: No change FY25** Given the future strategy, the management team has been strengthened in recent years to provide governance and the strategic, financial, operational and commercial leadership to deliver business performance and meet established targets. Chris Webster, Chief Operating Officer joined the Company in April 2022. Sally Millen was appointed Director of Finance in November 2024. Other key management roles have been strengthened since 2024, underpinning confidence in performance and the delivery of growth plans. The senior management engages proactively with employees, customers, suppliers and other stakeholders.
Retention of key staff in critical roles Failure to evolve organisation structure and culture could prevent the Company from recruiting and retaining the right talent, knowledge and skills to deliver the strategy and targets.	**Status: Reduced in FY25** Recruitment, retention and engagement of employees is a key focus for the Company, recognising the value created by its people. Proactive steps taken by senior management include the continuing investment in training and development, embedded personal development reviews, benchmarked pay and employee profit share scheme, Employee Forum and Town Hall communication channels, succession planning and promotion from within, where possible, investment in apprenticeships and support for continued learning.
Major capital assets CSC relies on large or critical pieces of equipment, some of which are at or approaching their reasonable end-of-life assessment. Major breakdown may affect CSC's ability to maintain delivery performance, meet customer expectations and deliver growth plans.	**Status: No change in FY25** Key assets are subject to ongoing maintenance programmes and strategic spares are held. Significant improvements have been made to the planned maintenance and availability of equipment, despite constrained replacement capex in recent years.
7. Technology & innovation	
Product development The strength of our business is built upon a history of delivering products that advance safety and reliability in demanding environments. Failure to keep abreast of market needs or to innovate solutions risks market share to our competitors and loss of margins from price competition.	**Status: No change in FY25** The hydrogen energy market presents a significant growth opportunity. CSC Type 1 steel products are trusted and well proven in the safety-critical storage and transportation of hydrogen, while advanced light-weight Type 4 composite cylinders enable more efficient transport of hydrogen and are likely to be selected by UK HAR projects for road trailer applications.

Strategic report (continued)

Risk and potential impact	Status and key mitigations
7. Technology & innovation (continued)	
Product development (continued)	CSC will supply Type 4 trailers and Multi-Element Gas Container (MEGC) units to UK customers through an established collaboration agreement with NPROXX, a leading European Type 4 manufacturer. CSC will continue to provide periodic inspection, testing and recertification services to operators of composite Type 3 and Type 4 cylinders. Technical managers and engineers in CSC work with customers and suppliers in the development of progressive gas storage and transportation solutions. Collaborations with major steel tube suppliers are supporting product and service development in CSC. Collaborations with academic and research bodies are supporting the development of new manufacturing and inspection processes.
Disruptive technologies Technological advances in production processes or materials may result in a reduction in demand for CSC's products and services.	**Status: No change in FY25** Note developments related to Type 4 composite cylinders above. The monitoring of evolving technologies that may disrupt the defence and hydrogen markets is ongoing and the Company will look to capitalise on the opportunities they present for CSC and offset any threats.
8. Cyber security	
Cyber crime A cyber-attack or data breach may result in the theft of sensitive information, operational disruption or financial loss. Company exposure includes risks to intellectual property, personal data of customers and employees, quality and manufacturing systems.	**Status: Increased risk in FY25** Threat levels and the cyber environment are constantly changing, with increasingly sophisticated cyber-crime. Several high-profile cyber-attacks, including against Jaguar Land Rover, M&S, Co-op and Harrods, occurred in the UK during 2025. The Company maintains up-to-date security measures including firewalls, network monitoring, and regular vulnerability assessments. The Company uses secure cloud storage with secure data access under the 24/7 control and support of a professional Managed Service Provider. The Company has Cyber Essentials Plus accreditation, which was renewed in September 2025. Server and operating system upgrades were completed during 2024, providing additional cyber resilience. All employees undertake regular mandatory cyber security training.

Strategic report (continued)

People

Steve Hammell, Chief Financial Officer, resigned from the Board and left the Company on 31 October 2024. Sally Millen was appointed Director of Finance in a non-Board position with effect from 1 November 2024. There were no other Board changes during the year.

Appointments were made in CSC during the year to strengthen commercial and project management functions and to increase capacity in Integrity Management services in support of growth plans for UK and overseas deployments.

Training activity during the year focused on manufacturing process and quality inspection skills development to support upcoming UK and overseas defence programmes from FY27. An additional apprentice intake during the year, in cooperation with Sheffield University's Advanced Manufacturing Research Centre, increased the current apprentice cohort to five. Three former apprentices are currently progressing through Mechanical Engineering degree courses at Sheffield University.

Section 172 statement

The Board of Chesterfield Special Cylinders Holdings plc has put in place appropriate measures to enable it to understand and comply with its collective and individual responsibilities under Section 172 of the Companies Act 2016.

Each Director understands their obligation to act individually and together in a way they consider to be in good faith and would be most likely to promote the success of the Company for the benefit of its members as a whole. In making decisions on behalf of the Company, Board members carefully consider:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to proactively foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on local communities and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members and stakeholders of the Company.

The Board recognises that long-term growth and profitability are enhanced when the business acts in a sustainable and responsible manner, with respect for all stakeholders.

Engaging with stakeholders strengthens business relationships and helps to inform better decisions and deliver on commitments. The Board is regularly updated on feedback and insight from wider stakeholder engagement, enabling the Directors to understand any issues and consider any decisions to be made. Details can be found in the Corporate Governance Report, specifically principles three and four regarding stakeholder engagement.

The stakeholders of the Company and its subsidiary include its:

- shareholders;
- customers;
- employees;
- suppliers;
- government, regulators and industry bodies; and
- the communities in which we operate.

Shareholders

The Board aims to behave responsibly towards our shareholders and to treat them equally and fairly. The Company demonstrated resilience during the challenging conditions of recent years, including the Covid-19 pandemic, depressed oil and gas markets, fluctuating defence contract schedules and the impact of the Russia-Ukraine conflict on supply chains. We are in a strong position to execute our value-creation strategy for shareholders.

The Company held an Annual General Meeting in March 2025 to directly engage with all shareholders. In addition, Executive Directors meet periodically with the Company's major shareholders and also engage with smaller shareholders. Harwood Capital LLP, a major shareholder, appointed a representative to the Board in May 2023. Feedback obtained from investor meetings is reviewed by the Board and used in the formulation and execution of strategy. The Executive Director and management team also host and attend events for new and existing private investors, including accommodating investors who wish to visit its manufacturing sites.

Strategic report (continued)

Customers

Our customers are pioneers in what they do. We work in close collaboration with them to develop technical solutions for their engineering needs and produce products that can be trusted to perform in environments where failure would be catastrophic. Customer feedback helps us measure customer satisfaction. Customer satisfaction and loyalty are crucial factors that determine our financial performance and we look to improve this constantly.

Building and nurturing trusted customer relationships and maintaining open channels of communication ensures that customers:

- receive the information they require;
- are consulted on matters relevant to them;
- are heard and their needs actioned; and
- feedback is collected and reviewed in a structured manner.

The Board has regard to this information in making decisions regarding capital investment, workforce size and distribution, production planning and continuous improvement initiatives.

Employees

Committed, well trained, highly skilled and motivated employees are at the heart of our business. We strive to create a working environment where our employees can fulfil their potential by providing clear organisational purpose and objectives, appropriately structured incentive schemes and by providing training and career development opportunities, including a commitment to our apprenticeship programme. We get the best from our people by nurturing our unique culture reflected in our 4 core values:

- We put people first;
- We deliver to the highest standard;
- We work with each other; and
- We innovate and create the future.

It is the policy of the Company to communicate with employees through site-based employee forums and by regular briefing meetings conducted by senior management to promote a long-term perspective of the business. We also undertake periodic employee engagement surveys using a structured questionnaire to gather employee feedback that is used to evolve the culture and practices of the Company.

These communication methods provide a two-way flow of information between senior management and employees, providing valuable insight into the perspective and interests of employees. The Board has regard to this information in making decisions in relation to pay levels for specific employee groups, Company-wide pay reviews, updating of terms and conditions, investment in site facilities and amenities, investment in health & safety and in provision of training and career development opportunities.

The Company operates a number of employee incentive schemes including performance-related bonuses covering all staff grades.

Suppliers

We build and maintain strong, long-term relationships with our suppliers. A robust supply chain is critical to the delivery of our products/services on-time, on-cost and on-quality.

We have continued to focus on strengthening our supplier relationships and performance during the year, with key initiatives including:

- Measurement of supplier quality and on-time delivery performance;
- Proactive engagement led by supplier managers who ensure that any issues are dealt with promptly;
- Regular meetings to review supplier performance and the outlook for demand; and
- Collaboration and long-term supply agreements with key suppliers.

The information gathered from supplier engagement is used by the Board in making decisions in relation to supplier payment policies, capital investment and health & safety policies.

Strategic report (continued)

Government, regulators and industry bodies

As a technical leader in our field, we contribute to the development of technical, safety and operational standards that relate to the products we design and manufacture:

- We engage periodically with local and national government representatives and have encouraged visits to our sites;
- We participate regularly in expert working groups with industry and regulatory bodies; and
- We communicate regularly and openly regarding policies that relate to the sectors we are involved in.

The Board has regard to this information in making decisions in relation to product development, regulatory compliance and health & safety investments.

Communities in which we operate

The Company continues to support local charities and employees who individually raise money or volunteer for local organisations. The objective is to protect and enhance the reputation of the Company in its local community and the markets it chooses to serve.

Environmental responsibility

The Company recognises that its activities have an impact on the environment. Understanding and managing this impact are integral to effective governance and good practice.

The Company has an environmental policy, and the Executive Directors and management team are responsible for maintaining and implementing the policy at the operating site of CSC.

The Company complies with all relevant environmental regulations and is committed to the continuous improvement of its environmental performance and management system. In particular, the Company seeks to reduce waste and energy use and to prevent pollution.

As part of continuous improvement, it is the policy of the Company to establish and document measurable environmental objectives. These objectives are periodically reviewed, and the Company ensures that the resources required to meet them are allocated for this purpose.

Employees are given such information, training and equipment as necessary to enable them to undertake their work with the minimum impact on the environment.

There were no notifiable environmental incidents in 2025 (2024: nil).

Safety

The Board places particular emphasis on health and safety and environmental performance. An experienced safety manager with recognised HSE training covers CSC's operation facility, reporting through senior management to the Chief Executive, ensuring that the Company employs best practice, drives continuous safety improvement and fulfils all statutory requirements.

CSC had one reportable safety incident (RIDDOR) in FY25 (2024: one RIDDOR).

Approval of the strategic report

The strategic report, as set out on pages 6 to 24, has been approved by the Board.

By order of the Board

Signed by:
Chris Walters
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Chris Walters
Chief Executive
17 December 2025

Directors' report

The Directors present their report and the audited financial statements for the year ended 27 September 2025.

Consideration by the Directors of Company and subsidiary performance, likely future developments in the business, market environment and principal risks has been included in the strategic report on pages 6 to 24.

Principal activities

During the period, Chesterfield Special Cylinders Holdings plc (the "Company") was the parent company for the following two operating divisions (together the "Group"):

Chesterfield Special Cylinders

The principal activities of Chesterfield Special Cylinders Limited ("CSC") are the design and manufacture of high-pressure gas storage and transportation systems, used principally in safety-critical defence and hydrogen energy applications. CSC also provides in-factory and in-situ inspection, testing and recertification services throughout the system lifecycle.

CSC operates from a single site in Sheffield, UK and has two non-trading foreign subsidiaries, CSC Deutschland GmbH in Germany and Chesterfield Special Cylinders Inc. in Pittsburgh, USA. Both non-trading foreign subsidiaries are in the process of being wound up, with completion expected by the end of 2026.

Precision Machined Components

The sale of PT Precision Machined Components Limited and its operational subsidiaries Roota Engineering Limited, Martract Limited and Al-Met Limited (together "PMC") to Raghu Vamsi Machine Tools Private Limited completed on 8 October 2024. As such, PT Precision Machined Components Limited was a subsidiary of the Company in FY25 for ten days only.

The principal activities of PMC are the manufacture and finishing of precision-engineered components used in the oil and gas industry.

Going concern

The Directors have continued to adopt the going concern basis in the preparation of these financial statements. Projections for the period to the end of March 2027 demonstrate that the Company, including its subsidiaries, can continue to operate and meet its financial obligations as they fall due for at least twelve months from the date of approval of the accounts. The Directors have not identified any material uncertainties that may cast significant doubt on the ability of the Company to continue to operate as a going concern.

At the end of the reporting period, the Company had no bank loans, overdrafts or other related financial liabilities. Proceeds from the sale of the PMC division in October 2024 supported a year-end net cash position of £2.1 million, which helped to strengthen the balance sheet and provided future working capital flexibility.

Systems for financial planning, management and control include a comprehensive budgeting process, with annual budgets approved by the Directors. Monthly monitoring of actual results against budget by the Directors is a standard practice, as is the quarterly review of financial forecasts, which consider operational performance, trading conditions and market opportunities.

Annual budgets include a consolidated profit and loss, balance sheet and cash flow forecast for the year ahead and the subsequent three-year period, based on the management team's understanding of principal markets, customers, supply chains and operational resources.

The FY26 budget and three-year plan to FY29 recognise that the Company remains dependent on the trading profitability of CSC, which is itself dependent on revenues from major UK and overseas defence contracts, UK hydrogen orders and high-value Integrity Management services.

Due to the significance of revenues from UK hydrogen projects in the FY26 budget and three-year plan and the history of delays in this market, the Directors have considered scenarios that pessimistically account for the loss of all future hydrogen newbuild projects. The Directors have also considered further sensitised scenarios that account for reasonably plausible delays to the placement of UK and overseas defence contracts, in addition to the loss of future hydrogen newbuild projects. The Directors believe that the loss of future hydrogen contracts and material delays to defence contracts would give the Company sufficient time to take mitigating actions and adjust operating costs and capital expenditure plans to maintain liquidity and sufficient cash headroom throughout the forecast period. These mitigations have been included in the sensitised scenarios considered by the Directors in their confirmation of the going concern basis of preparation.

Directors' report (continued)

Results and dividends

In the Consolidated Statement of Comprehensive Income set out on page 43, results represent continuing operations of the Company and its subsidiary, CSC. The adjusted operating profit (defined as operating profit / loss before exceptional costs) for the period ended 27 September 2025 was £43,000 (2024: adjusted operating loss of £1.7 million). Loss before taxation was £0.8 million (2024: loss before taxation of £2.7 million).

No interim dividend was paid in the period (2024: £nil). The Directors do not recommend the payment of a final dividend (2024: £nil).

Substantial shareholdings

As of 27 September 2025, the following held, or were beneficially interested in, 3% or more of the Company's issued ordinary share capital:

	Number of shares	Percentage of issued share capital owned
Harwood Capital LLP	8,033,321	20.78%
Schroder Investment Management	7,542,991	19.51%
Peter Gyllenhammar AB	7,015,495	18.14%
abrdn plc	2,070,742	5.36%
Hargreaves Lansdown	1,619,743	4.19%
James Sharp & Co.	1,562,878	4.04%
Mr Brett S Gordon	1,482,556	3.83%

Harwood Capital LLP, the largest shareholder in the Company as of 27 September 2025, manages funds on behalf of Rockwood Strategic plc, a quoted unit trust.

Directors and their interests

The current Directors of the Company are set out on page 3. During the year the following Directors held office:

- NR Salmon - Chair
- CL Walters - Chief Executive
- TJ Cooper - Non-Executive Director
- MG Butterworth - Non-Executive Director
- RA Staveley - Non-Executive Director
- SJ Hammell - Chief Financial Officer (resigned 31 October 2024)

All Directors were Directors throughout the period and since unless otherwise stated.

The Directors hold the following interests in the share capital of the Company:

Number of ordinary shares	27 September 2025	% share holding	28 September 2024	% share-holding
CL Walters	**118,000**	**0.31%**	118,000	0.31%
MG Butterworth	**114,133**	**0.30%**	114,133	0.30%
NR Salmon	**100,000**	**0.26%**	100,000	0.26%
TJ Cooper	**44,999**	**0.12%**	44,999	0.12%

Whilst RA Staveley does not hold any shares directly in the Company, Harwood Capital LLP held 8,033,321 shares at 27 September 2025 (28 September 2024: 7,750,000 shares), representing 20.78% of the issued share capital.

Share options

No Director has options to acquire ordinary shares in the Company.

Interests in contracts

No Director was materially interested in any CSC contract during the year.

Directors' report (continued)

Directors' indemnities

The Company maintains director and officer liability insurance cover for the benefit of its Directors, which remained in force at the date of this report.

Employee involvement

It is the policy of the Company to communicate with employees by regular briefing meetings conducted by senior management. The Company takes the approach of maximising performance through heightening awareness of corporate objectives and policies.

Disabled persons

The Company gives full and fair consideration to applications for employment from disabled persons, where they have the necessary abilities and skills for that position, and, wherever possible, will retrain employees who become disabled so that they can continue their employment in another position. The Company engages, promotes, and trains staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress.

Corporate governance

The Company's corporate governance statement is set out on pages 29 to 31.

Statement of Directors' responsibilities for the financial statements

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

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors must prepare the financial statements in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006. The Directors have elected to prepare the parent company financial statements in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (September 2024) (FRS 101), under which the level of disclosure is not less than UK accounting standards.

Under company law, the Directors must only approve the financial statements if they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and parent company for that period.

In preparing these financial statements, the Directors are required to:

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

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

The Directors confirm that:

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

Directors’ report (continued)

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

Auditor

In accordance with section 489 of the Companies Act 2006, Cooper Parry Group Limited has confirmed it is willing to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting.

Cautionary statement on forward-looking statements and related information

The Annual Report contains forward-looking statements relating to the Company. The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented. Readers are cautioned not to place undue reliance on these forward-looking statements which are relevant only as at the date of this document.

The Directors’ report was approved by the Board and signed on its behalf by:

Signed by:
Chris Walters
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Chris Walters
Chief Executive
17 December 2025

Governance statement

The Board endorses the highest standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board will comply with, or explain any departure from, the ten principles of the QCA Code and their application.

The responsibility for ensuring compliance and accurate reporting of Corporate Governance resides with the Audit and Risk Committee ("the ARC"). Corporate Governance will be continually monitored and reviewed formally by the ARC annually following publication of the annual report and accounts each year.

The Board's evaluation of compliance with each of the ten principles set out in the latest version of the QCA Code (November 2023) is summarised below:

Principles and Board responses

1. Establish a purpose, strategy and business model which promote long-term value for shareholders

Chesterfield Special Cylinders Holdings plc has an established strategy for growth, which it reports on annually to its shareholders in the Company's Annual Report, indicating how it has delivered on the strategy and how it is managing principal business risks.

The Company's purpose, strategy, vision and targets are set out on pages 6-8 of these financial statements. Principal risks, including the assessment of potential business impact and key mitigations are set out on pages 16-21.

The Board reviews the business strategy, targets and principal risks at least once a year to ensure they remain relevant and sustainable over the longer term.

2. Promote a corporate culture that is based on ethical values and behaviours

Chesterfield Special Cylinders Holdings plc is proud of its reputation for being honest and fair in the way it does business. This reputation has been established over many years through leadership and continuous reinforcement of ethical principles and behaviours by managers and employees, as set out in the Company's core values on page 23.

These values apply to how the Company works with its customers, employees, shareholders and the communities in which it operates. Company values are also set out on the Company's website.

3. Seek to understand and meet shareholder needs and expectations

The Company actively encourages good communication with all shareholders from the largest to the smallest. Presentations to institutional and mid-sized investors are offered at the full-year and half-year and all investor presentations are posted to the Company's website. Feedback is obtained following all investor meetings and this feedback is reviewed by the Board. The Company has always aimed to accommodate investors who wish to visit its manufacturing sites.

The Annual General Meeting presents an opportunity for the Board to meet with private investors.

4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Board fully recognises that long-term growth and profitability are enhanced when businesses behave in a sustainable and responsible manner, having regard to environmental, social and governance matters and all its stakeholders. The Company's stakeholders include employees, customers, regulators, investors, suppliers, advisors and the communities in which the Company's businesses operate.

The Company's approach to sustainable and responsible business is set out on the website.

Governance statement (continued)

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Audit & Risk Committee meets regularly throughout the year to review principal risks and oversees the Company's approach to risk management. The status of principal risks and any emerging risks and the effectiveness of risk management in the Company are reported by the Committee to the Board.

Acknowledging the increasing threat to cyber security, the Company recruited skills and resources to ensure effective risk management, protection and response in this critically important area. The Board reviewed the Company's cyber security roadmap, a rolling action plan of prevention and response initiatives, in March 2024. Updated initiatives reflecting the latest cyber risk environment and learnings from events such as those experienced by Jaguar Land Rover in August 2025 were reviewed by the Board in October 2025. The Company renewed its Cyber Essentials+ accreditation in September 2025.

The risk reporting model, set out on pages 16 to 21 of this Annual Report, presents the principal risks to the Company's strategy, together with the status of current risks and their mitigations and an indication of whether the level of risk has increased, decreased or remained the same.

6. Establish and maintain the board as a well-functioning, balanced team led by the Chair

The Board currently comprises one Executive Director and four Non-Executive Directors ("NEDs").

The Executive Director is Chris Walters (Chief Executive) who joined the Company in September 2018.

The NED's are:

- Nick Salmon (Chair) - joined April 2022;
- Tim Cooper (Senior Independent NED) - joined January 2020;
- Mike Butterworth – (Independent NED) - joined June 2020; and
- Richard Staveley (a representative of Harwood Capital LLP) - joined May 2023.

Biographies of all Board members are published on the Company's website.

The Board structure ensures that no individual or group dominates the decision-making process. The NEDs, with the exception of Richard Staveley, are considered to be independent of management and from any business relationship which could materially interfere with their independent judgement. Richard Staveley is not considered to be independent given that he is a representative of Harwood Capital LLP, a major shareholder in the Company.

The Chair and Senior Independent NED are available to shareholders if they have concerns regarding the functioning of the Board.

The Board operates with three sub-committees that make recommendations to the Board in the following areas:

- Nominations Committee - responsible for monitoring and reviewing the membership and composition of the Board, including the decision to recommend the appointment, or to re-appoint a director.
- Audit & Risk Committee - responsible for regulating the relationship with the Company's auditors, for assessing risks impacting the Company and for monitoring systems of internal control.
- Remuneration Committee - responsible for reviewing the remuneration of Board members and senior management.

The Company's Articles of Association require that at each Annual General Meeting, any director then in office who has held office for three years or more will retire, but may, if eligible, offer themselves for re-election. However, in line with best practice, all directors will retire and stand for re-election at each Annual General Meeting.

The Board meets regularly with no fewer than seven meetings held in each financial year. The Chair ensures timely distribution of information to all directors and that they are properly briefed on issues arising at Board meetings. The Board held 13 meetings during the financial year ended 27 September 2025 and attendance was 100% for all meetings.

Governance statement (continued)

7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The roles of each of the Board Committees are set out in their Terms of Reference, which can be found on the website along with Matters Reserved for the Board. The roles of individual Directors are not formally described, but this will be reviewed and disclosed if relevant. The responsibility for ensuring governance structures is continually reviewed and relevant to the business and its stakeholders falls to the Audit & Risk Committee.

The Board is satisfied that it comprises an effective balance of knowledge, skills, experience and independence. The Board represents relevant industry experience from engineering, operational management, finance and investment. Every member of the Board is there for the benefit of Chesterfield Special Cylinders Holdings plc and each recognises their responsibility to the Company's stakeholders.

The Board regularly reviews its composition to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company. The approach to maintaining relevance and diversity on the Board as well as assigning internal advisory responsibilities, such as those of the Company Secretary and Senior Independent Director, are continuously reviewed by the Nominations Committee.

The skills that each member brings to the Board are clearly set out on the Company's website. The Chief Executive, in conjunction with the executive team, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Company, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisors on various regulatory and corporate governance matters.

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

A Board evaluation was not performed during FY25. Consideration will be given to undertaking a Board evaluation during FY26.

9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Remuneration Committee aims to ensure that the remuneration packages offered are designed to attract, retain and motivate high calibre Directors without paying more than necessary for this purpose. The remuneration policy and packages attempt to align the interests of Executive Directors with those of shareholders.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

In addition to a Directors' report, reports from the Remuneration Committee and the Audit & Risk Committee are included in these financial statements.

The Chair and Chief Executive meet periodically with the Company's larger institutional investors and feedback is always obtained. Chesterfield Special Cylinders Holdings has a reputation amongst its investors for its fair and frank disclosure on the Company's performance. All investor presentations are available on the Company's website.

The voting statistics from AGMs are disclosed in a Regulatory News release on the day of the AGM. If relevant, details of any actions to be taken as a result of resolutions for which votes against had been received from at least 20% of independent shareholders, would also be disclosed.

The Company's website is regularly updated and historic documents dating back to the Company's listing in 2007 are available.

The Annual Report is reviewed against FTSE 350 guidelines, and we endeavour to adopt best practice, where relevant and practical. From time to time the Executives Directors and management team attend private investor events and welcome investors to the manufacturing facilities.

Remuneration Committee report

Terms of reference

The Remuneration Committee comprises at least two Non-Executive Directors and is chaired by Tim Cooper.

The Committee is responsible for determining the remuneration packages of Executive Directors and the Chair. The remuneration of the Non-Executive Directors is set by the Board annually. Directors are not involved in decisions relating to their own remuneration.

The Committee meets when necessary but not less than twice a year in a formal capacity and forms sub-groups to address specific matters as necessary outside of these meetings. All members of the Committee attended the three meetings held during the year.

The Committee receives advice from PwC on market remuneration levels, remuneration policies and practices.

Policy on remuneration of Executive Directors

The committee aims to ensure that the remuneration packages offered are designed to attract, retain and motivate high calibre Directors without paying more than necessary for this purpose. The remuneration policy and packages attempt to align the interests of Executive Directors with those of shareholders by providing:

a) Basic salary and benefits

Executive Directors' basic salaries are reviewed each year, considering the performance of the individual and rates of salary and benefits for similar jobs in companies of comparable size.

Benefits include all assessable tax benefits arising from employment by the Company and relate mainly to the provision of private medical and life assurance cover.

The Company pays a maximum of 9% of basic salary into individual money purchase pension schemes so long as this is matched by a minimum of 7% by the individual through salary sacrifice.

b) Annual cash bonus scheme for financial targets and strategic goals

In order to link executive remuneration to Company performance, Executive Directors participate in an annual cash bonus scheme which, in the event of performance above a given threshold, can pay up to a maximum of 100% of basic salary in each financial year.

Of the maximum bonus award, 50% is based on stretching financial targets and the remaining 50% is based on the achievement of strategic goals.

The Committee has ultimate discretion for setting and agreeing management bonuses based on performance.

c) Long Term Incentive Plan ("LTIP")

The 2021 Value Creation Scheme expired at the end of FY24 on 28 September 2024, with no further awards having been made, and is no longer active.

The Committee will undertake a review of potential new long-term incentive arrangements for management and key employees during FY26.

d) Service Contracts

All Executive Directors have rolling service contracts terminable on no more than twelve months' notice.

Remuneration Committee report (continued)

Directors' remuneration

The FY25 remuneration of Directors who served during the period was as follows:

	Salary and fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	**Total 2025 £'000**	Total 2024 £'000
Executive:						
Chris Walters [1]	221	143	4	21	**389**	242
Steve Hammell [2]	59	103	-	1	**163**	192
Non-Executive:						
Nick Salmon	50	-	-	-	**50**	60
Tim Cooper	30	-	-	-	**30**	40
Mike Butterworth	30	-	-	-	**30**	40
Richard Staveley	30	-	-	-	**30**	40
Total Remuneration	420	246	4	22	**692**	614

Notes:

1) Chris Walters' annual salary was unchanged in the period at £221,450. Total pension includes £1,661 of employer pension contributions and a taxable allowance of £19,532 in lieu of employer pension contributions (FY24: £19,785 direct employer pension contribution only). Total remuneration in FY25 excludes £52,027 (FY24: £50,943) of taxable accommodation and travel expenses.
2) Steve Hammell resigned as a director with effect from 31 October 2024. His annual salary was £175,100 and total salary payment in the year included three months' payment in lieu of notice.

As first disclosed in the FY24 Annual Report & Accounts, bonus payments to Chris Walters and Steve Hammell were made in early FY25 in relation to the sale of PMC that completed on 8 October 2024. No further bonus payments to Directors are expected in relation to the sale of PMC.

The total bonus payment to Chris Walters includes £113,703 in relation to the sale of PMC and £28,700 in relation to FY25 financial performance (13% of his base salary).

Two Directors accrued benefits under money purchase pension arrangements in the period (2024: two directors).

No Directors received dividends during the year (2024: nil).

As first disclosed in the FY24 Annual Report & Accounts, Non-Executive Directors voluntarily agreed to a £10,000 reduction in annual fees from the start of FY25, reflecting the reduction in scale and complexity of the Company following the sale of PMC. The base salary of Chris Walters and the fees of Non-Executive Directors will not be increased during FY26.

The Company believes that the Directors of Chesterfield Special Cylinders Holdings plc, and certain senior managers, are the only key management personnel as defined in IAS 24 'Related Party Disclosures' (Note 31).

Directors' share awards and options

The Directors have no remaining interests in the Company's Save-As-You-Earn scheme. All LTIPs have expired.

On behalf of the Board

Signed by:
Tim Cooper
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Tim Cooper
Chair of the Remuneration Committee
17 December 2025

Audit and Risk Committee report

Terms of reference

The Company's Audit and Risk Committee ("ARC") includes at least two Non-Executive Directors and is chaired by Mike Butterworth.

The ARC's primary responsibilities are to:

- Oversee the relationship with the external auditor and make recommendations to the Board on the appointment and remuneration of the auditor;
- Review the conduct and control of the annual audit and the operation of the internal controls and advise the Board on principal risks and uncertainties;
- Review the adoption of and compliance with the relevant Corporate Governance Code;
- Report on the financial performance and review financial statements prior to publication;
- Review annually the Company's anti-bribery and corruption policy; and
- Review the Company's procedures for handling reports by whistleblowers.

The ARC meets not less than three times a year to consider audit, governance and risk management and forms sub-groups to address specific matters as necessary outside of these meetings. All members attended all three meetings during the year.

Terms of reference for the ARC, which are reviewed annually, can be found on the Company's website.

Corporate governance

The Board endorses the highest standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The responsibility for ensuring compliance and accurate reporting of Corporate Governance resides with the Audit and Risk Committee. Corporate Governance will be continually monitored and reviewed formally by the ARC annually following publication of the annual report and accounts each year.

Re-appointment of auditor

Pursuant to section 491 of the Companies Act 2006, Cooper Parry Company Limited are deemed to be re-appointed as auditor of the Company.

External audit process

The ARC has unrestricted access to the Company's auditor and will ensure that auditor independence has not been compromised.

The ARC formally met with the external auditor three times during the year as follows:

- after the conclusion of the full-year FY24 audit when the audit findings were presented;
- during the review of interim FY25 accounts; and
- to approve the planning memorandum for the FY25 audit.

In order to ensure the independence of the external auditor, the ARC monitors any non-audit services provided by them to the Company.

Market Abuse Regulation and Dealing Code

The ARC periodically reviews the impact of the UK Market Abuse Regulation (UK MAR) on the Company's share Dealing Code.

The Dealing Code applies to Directors and employees of the Company who are considered to handle inside information as defined under UK MAR. The Company maintains a list of such individuals ("Insiders List") and required them to obtain written permission from the Chief Executive Officer prior to undertaking any share dealing activity. In addition, Persons Discharging Managerial Responsibilities are subject to additional internal and external reporting requirements under the Dealing Code.

The ARC also periodically reviews the relationship of the Company with our stockbrokers and analysts.

Audit and Risk Committee Report (continued)

Significant matters addressed during the year

During the year, in carrying out its main responsibilities the Committee has spent its time in the following proportions:

- Governance 15%
- Risk management 15%
- Financial reporting 35%
- Audit 35%

Internal controls

Details of the key risks which the Company faces, the key controls in place to control those risks and the system of risk management adopted by the Company are set out on pages 16 to 21.

The ARC has evaluated the effectiveness of the internal controls and the risk management system operated. The evaluation covered all controls including financial, operational, risk management and compliance. The ARC will continue to review and advise on the design and operation of internal controls as the organisational structure evolves.

The Company does not have a specific internal audit department. The need for an internal audit department is considered from time to time but currently it is regarded that the costs would outweigh the benefits. If required, external specialists are brought in to perform specific reviews of areas considered a risk.

Going concern

These financial statements have been prepared on the going concern basis. A detailed explanation of the adoption of this basis of preparation is included on page 47.

Projections for the period to the end of March 2027 demonstrate that the Company, including its subsidiaries, can continue to operate and meet its financial obligations as they fall due and the Directors have not identified any material uncertainties that may cast significant doubt on the ability of the Company to continue to operate as a going concern.

At the end of the reporting period, the Company had no bank loans, overdrafts or other related financial liabilities. Proceeds from the sale of the PMC division in October 2024 supported a year-end net cash position of £2.1 million, which helped to strengthen the balance sheet and provides future working capital flexibility.

The FY26 budget and three-year plan to FY29 recognise that the Company remains dependent on the trading profitability of CSC, which is itself dependent on revenues from major UK and overseas defence contracts, UK hydrogen orders and high-value Integrity Management services.

Due to the significance of revenues from UK hydrogen projects in the FY26 budget and three-year plan and the history of delays in this market, the Directors have considered scenarios that pessimistically account for the loss of all future hydrogen newbuild projects. The Directors have also considered further sensitised scenarios that account for reasonably plausible delays to the placement of UK and overseas defence contracts, in addition to the loss of future hydrogen newbuild projects. The Directors believe that the loss of future hydrogen contracts and material delays to defence contracts would give the Company sufficient time to take mitigating actions and adjust operating costs and capital expenditure plans to maintain liquidity and sufficient cash headroom throughout the forecast period. These mitigations have been included in the sensitised scenarios considered by the Directors in their confirmation of the going concern basis of preparation.

Based on the above, the ARC concluded that the application of the going concern basis for the preparation of the Annual Report and Financial Statements remained appropriate with no material uncertainty identified.

Audit and Risk Committee Report (continued)

CSC impairment review

The Company tests annually for impairment, in accordance with IAS 36, if there are indicators that intangible or tangible fixed assets might be impaired. In this reporting period, the Directors exercised their judgement on the basis of information available at 27 September 2025.

An impairment trigger has been identified for CSC given that, over the medium term, the business will continue to transition from predominantly serving UK defence programmes (relatively low competition and high margin contracts) towards overseas defence programmes (more competition, greater price sensitivity) and the UK hydrogen market (higher revenue growth potential but more competitive and inherently lower margin). Also, over the medium term, the business will focus on the growth and development of in-factory and in-situ lifecycle inspection, testing and recertification services.

It is also noted that the sale of the PMC division at the start of FY25 has resulted in CSC being the only trading subsidiary of the Company which needs to support in full the ongoing Company central costs in its long-term projections.

As part of this impairment review, management has considered a range of economic conditions for the sectors in which the Company operates that may exist over the next five years. These economic conditions, together with reasonable and supportable assumptions for as far as we have visibility, have been used to estimate the future cash inflows and outflows over the next five years in order to generate a value-in-use calculation. Management has also assessed the impact of reasonably plausible sensitivities to its core assumptions to generate a sensitised value-in-use for the Company.

The value-in-use calculations indicate that no impairment was required in the current year. The ARC considered the value-in-use calculations prepared by management, including the reasonableness of the underlying assumptions and sensitivity analysis, and confirmed the conclusion that no impairment was required.

Carrying value of investments in subsidiary undertakings (company only accounts)

In the company-only accounts of Chesterfield Special Cylinders Holdings plc, the Company's policy on accounting for investments in subsidiary undertakings is set out on page 87. The results of this year's testing indicated that no impairment was required in respect of the Company's investment in Chesterfield Special Cylinders Limited.

As part of the testing, and in reaching these conclusions, the ARC has reviewed the key assumptions behind these valuations, notably the expected development of future cash flows, as well as considering reasonable sensitivities to these estimates.

Asset impairment review (freehold property)

The Company holds a freehold interest in land and buildings at its manufacturing facility at Meadowhall Road, Sheffield.

The Directors obtained an updated valuation of the freehold property in June 2025 which confirmed no material change in the freehold property value during the year. As a result, no impairment of the property asset was required.

The ARC considered the valuation and confirmed that no impairment was required.

Exceptional costs

The classification of exceptional costs was considered by the ARC due to their nature and value.

Exceptional costs related to management bonuses paid on completion of the sale of PMC in October 2024, reorganisation costs and corporate finance services.

The ARC reviewed reports from management outlining the accounting policy on the classification of exceptional costs (see accounting policy 27, page 54) and satisfied itself that it was appropriate to separately identify these items on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Company and its subsidiaries.

Audit and Risk Committee Report (continued)

Other matters

The Company has operated a whistleblowing policy and reporting arrangement for many years so that all employees of the Company are able, via an independent external third party, to confidentially report any malpractice or matters of concern they have regarding the actions of employees, management and Directors and any breaches of the Company's Anti-Bribery and Corruption policy. No matters have been reported to the Chair of the ARC, who is the nominated contact for the third-party provider, in the year.

Approved by the Board and signed on its behalf by:

Signed by:
Mike Butterworth
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Mike Butterworth
Chair of the Audit & Risk Committee
17 December 2025

Independent auditor's report to the members of Chesterfield Special Cylinders Holdings plc

Opinion

We have audited the financial statements of Chesterfield Special Cylinders plc (the 'parent company') and its subsidiaries (the 'Group') for the period ended 27 September 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 27 September 2025 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international reporting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We adopted a risk-based audit approach. The Group audit was scoped by obtaining an understanding of the Group's business, the environment it operates in including the Group's system of internal control and assessing the risk of material misstatement in the financial statements. We also addressed the risk of management override of financial controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In order to assess the risks identified, the engagement team performed an evaluation of the identified risks of the consolidated financial statements and considered the risk of material misstatement at the assertion level of the consolidated financial statements to determine the planned audit responses based on a measure of materiality.

In establishing the overall approach to the Group audit, we assessed each reporting unit by reference to both its financial significance and other indicators of audit risk, such as the complexity and location of operations and the degree of estimation and judgements in the financial results. We identified two individually significant components.

We performed a statutory audit of the financial statements of the parent company, Chesterfield Special Cylinders Holdings plc, and Chesterfield Special Cylinders Limited, applying materiality for each statutory entity, which was less than or equal to the Group materiality. The operations that were subject to full-scope audit procedures made up 100% of consolidated revenues and consolidated net assets.

Independent auditor's report to the members of Chesterfield Special Cylinders Holdings Plc (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Group generates revenue from a number of streams as detailed in note 1. Given the material nature of revenue and the variety of methods and segments it is generated through, the appropriateness of revenue recognition and management's application of the Group's revenue recognition accounting policies and key estimates made represent an area of significant judgement in the financial statements. In particular, we consider that the significant risk of fraud arises on the revenue recognition over time end given the increased judgement surrounding the level of revenue to be recognised within the financial period and therefore there is increased potential for material misstatement due to fraud and error.

Our response to the risk

We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates.

We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions.

We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle.

We reviewed manual journal entries within the revenue nominal accounts and investigated transactions outside of our expectations including obtaining supporting evidence.

We tested products revenue recognised at a point in time to invoice and delivery note or bank receipt to gain assurance over the occurrence and accuracy of reported revenue.

We tested contract revenue recognised over time through the input and output method to gain assurance over the occurrence and accuracy of reported revenue.

We performed cut-off procedures on all revenue streams around the period end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct period, paying particular attention to services which span the financial period end.

Our procedures did not identify any material misstatements in the revenue recognised during the period.

Our application of materiality

The materiality for the Group financial statements as a whole was set at £166,000. Materiality represents 1% of revenue from continuing operations, which we consider to be an appropriate measure for a group of companies such as these. In determining the level of testing to be performed during our audit work, we applied performance materiality of £133,000.

The materiality for the parent company financial statements as a whole was set at £75,000. This has been determined with reference to the parent company's gross assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 2% of gross assets as presented on the face of the parent company's Statement of financial position. In determining the level of testing to be performed during out audit work, we applied performance materiality of £60,000.

Independent auditor's report to the members of Chesterfield Special Cylinders Holdings Plc (continued)

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 entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's cash flow forecasts for a period of 12 months from the date of approval of these financial statements;
- assessing the reasonableness of management's forecasts & assumptions and assessing remaining cash headroom within those forecasts;
- reviewing management's sensitivity analysis and stress tests and assessing the likelihood of assumptions which would mean the going concern basis was not appropriate;
- reviewing results post period end to the date of approval of these financial statements and assessing them against original budgets; and
- reviewing the adequacy of related disclosures within the financial statements.

From our work we noted that the group has positive cash balances, and its forecasts support the directors' assessment that the group will continue to be able to meet its liabilities as they fall due.

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 ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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 included in 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 or a material misstatement of the other information. 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, 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Chesterfield Special Cylinders Holdings Plc (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 27-28, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the Group and parent company have to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, AIM listing rules, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation in the jurisdictions in which the Group operates.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Group and parent company and how the Group and parent company is complying with that framework by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through review of Board minutes for instances of non-compliance;
- obtaining an understanding of the Group and parent company's policies and procedures and how the Group and parent company has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the Group and parent company's risk assessment process, including the risk of fraud;
- assessing matters reported through the Group's whistleblowing programme and results of evaluation of such matters;
- designing our audit procedures to respond to our risk assessment;

Independent auditor's report to the members of Chesterfield Special Cylinders Holdings Plc (continued)

- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness with a focus on manual journals and those posted directly to the consolidation that increased revenue or that reclassified costs from the statement of comprehensive income to the balance sheet, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specifically those in relation impairments; and
- reviewing a sample of contracts, understanding the rationale for the stage of completion and assessing the profit take on them.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Melanie Hopwell
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Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Statutory Auditor
Sky View, Argosy Road, East Midlands Airport, Castle Donington, Derby DE74 2SA

17 December 2025

Consolidated statement of comprehensive income

For the 52-week period ended 27 September 2025

	Notes	52 weeks ended 27 September 2025 £'000	Restated* 52 weeks ended 28 September 2024 £'000
Continuing operations			
Revenue	1	**16,583**	14,827
Cost of sales		**(10,197)**	(9,939)
Gross profit		**6,386**	4,888
Administration expenses		**(6,343)**	(6,560)
Operating profit / (loss) before exceptional costs		**43**	(1,672)
Separately disclosed items of administration expenses:			
Exceptional costs	5	**(790)**	(712)
Total administration expenses		**(7,133)**	(7,272)
Operating loss		**(747)**	(2,384)
Finance costs	3	**(62)**	(277)
Loss before taxation	4	**(809)**	(2,661)
Taxation	9	**192**	316
Loss for the period from continuing operations		**(617)**	(2,345)
Profit / (loss) for the period from discontinued operations	28	**263**	(92)
Loss for the period attributable to the owners of the parent		**(354)**	(2,437)
Other comprehensive income / (expense) to be reclassified to profit or loss in subsequent periods:			
Currency exchange differences on translation of foreign operations		**2**	(11)
Total other comprehensive income / (expense)		**2**	(11)
Total comprehensive expense for the period attributable to the owners of the parent		**(352)**	(2,448)
Basic earnings / (loss) per share			
From continuing operations	10	**(1.6)p**	(6.1)p
From discontinued operations	10	**0.7p**	(0.2)p
From total loss	10	**(0.9)p**	(6.3)p
Diluted earnings / (loss) per share			
From continuing operations	10	**(1.6)p**	(6.1)p
From discontinued operations	10	**0.7p**	(0.2)p
From total loss	10	**(0.9)p**	(6.3)p

* The consolidated statement of comprehensive income for the prior period has been restated (see Note 32) to reflect a re-classification of labour costs from cost of sales to administration expenses. There is no impact on the overall result for the financial period.

The accounting policies on pages 47-55 and the notes on pages 56-84 form part of these financial statements.

Consolidated statement of financial position

As at 27 September 2025

	Notes	**27 September 2025 £'000**	Restated* 28 September 2024 £'000
Non-current assets			
Intangible assets	12	**-**	-
Property, plant and equipment	13	**6,382**	6,822
Contract assets	16	**-**	551
Deferred tax asset	22	**803**	626
		7,185	7,999
Current assets			
Inventories	15	**2,618**	3,020
Trade and other receivables	16	**5,568**	3,977
Cash and cash equivalents	27	**2,130**	116
Assets classified as held for sale	28	**-**	9,313
		10,316	16,426
Total assets		**17,501**	24,425
Current liabilities			
Trade and other payables	17	**(5,492)**	(5,225)
Borrowings	18	**-**	(1,000)
Lease liabilities	19	**(219)**	(245)
Liabilities classified as held for sale	28	**-**	(5,412)
		(5,711)	(11,882)
Non-current liabilities			
Other payables	17	**(274)**	(497)
Lease liabilities	19	**(143)**	(313)
Deferred tax liabilities	22	**(557)**	(572)
		(974)	(1,382)
Total liabilities		**(6,685)**	(13,264)
Net assets		**10,816**	11,161
Equity			
Share capital	23	**1,933**	1,933
Share premium account		**1,699**	1,699
Translation reserve		**(262)**	(264)
Retained earnings		**7,446**	7,793
Total equity		**10,816**	11,161

* The consolidated statement of financial position for the prior period has been restated (see notes 16 and 17) to reflect a re-classification of contract balances, deferred income and accrued income from current to non-current. The restatement has had nil impact on the result for the period and nil impact on net assets at the balance sheet date.

The accounting policies on pages 47-55 and the notes on pages 56-84 form part of these financial statements.

The financial statements were approved by the Board on 17 December 2025 and signed on its behalf by:

Signed by:
Chris Walters
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Chris Walters
Chief Executive Officer
17 December 2025

Consolidated statement of changes in equity

For the 52-week period ended 27 September 2025

	Notes	Share capital £'000	Share premium account £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 September 2023		**1,933**	**1,699**	**(253)**	**10,207**	**13,586**
Share based payments	24					
- continuing operations		-	-	-	14	14
- discontinued operations		-	-	-	9	9
Transactions with owners		-	-	-	23	23
Loss for the period		-	-	-	(2,437)	(2,437)
Other comprehensive expense: Exchange differences on translating foreign operations		-	-	(11)	-	(11)
Total comprehensive expense		-	-	(11)	(2,437)	(2,448)
Balance at 28 September 2024		**1,933**	**1,699**	**(264)**	**7,793**	**11,161**
Share based payments	24					
- continuing operations		-	-	-	7	7
Transactions with owners		-	-	-	7	7
Loss for the period		-	-	-	(354)	(354)
Other comprehensive income: Exchange differences on translating foreign operations		-	-	2	-	2
Total comprehensive income / (expense)		-	-	2	(354)	(539)
Balance at 27 September 2025		**1,933**	**1,699**	**(262)**	**7,446**	**10,816**

The accounting policies on pages 47-55 and the notes on pages 56-84 form part of these financial statements.

Consolidated statement of cash flows

For the 52-week period ended 27 September 2025

	Notes	**52 weeks ended 27 September 2025 £'000**	52 weeks ended 28 September 2024 £'000
Operating activities			
Operating cash flow	25	**266**	2,023
Exceptional costs		**(790)**	(944)
Finance costs paid		**(62)**	(455)
Income tax refunded		**-**	6
Net cash (outflow) / inflow from operating activities		**(586)**	630
Investing activities			
Proceeds from sale of fixed assets		**-**	19
Proceeds from sale of disposal group	28	**4,392**	-
Purchase of property, plant and equipment		**(302)**	(440)
Net cash inflow / (outflow) from investing activities		**4,090**	(421)
Net cash inflow before financing		**3,504**	209
Financing activities			
Repayment of borrowings		**(1,000)**	(1,407)
Repayment of lease liabilities		**(262)**	(777)
New borrowings		**-**	1,500
Net cash outflow from financing activities		**(1,262)**	(684)
Net increase / (decrease) in cash and cash equivalents		**2,242**	(475)
Cash and cash equivalents at beginning of period		**116**	945
Cash and cash equivalents at end of period		**2,358**	470
Cash and cash equivalents transferred to disposal group	28	**(228)**	(354)
Cash and cash equivalents at end of period		**2,130**	116
Borrowings		**-**	(1,000)
Lease liabilities		**(362)**	(558)
Net Cash / (Debt)	26	**1,768**	(1,442)

The cash movements of the discontinued operation (previously a disposal group held for sale) are detailed in Notes 25 and 28.

The accounting policies on pages 47-55 and the notes on pages 56-84 form part of these financial statements.

Accounting policies

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 (FRS 101). These are presented on pages 85 to 97. The financial statements are made up to the Saturday nearest to the period end for each financial period.

Chesterfield Special Cylinders Holdings plc, company number 06135104, is incorporated and domiciled in the United Kingdom. The registered office address is Meadowhall Road, Sheffield, South Yorkshire, S9 1BT.

The Company has applied all accounting standards and interpretations issued relevant to its operations for the period ended 27 September 2025. The consolidated financial statements have been prepared on a going concern basis.

2. Going concern

The financial statements have been prepared on a going concern basis. Projections for the period to the end of March 2027 demonstrate that the Company, including its subsidiaries, can continue to operate and meet its financial obligations as they fall due for at least twelve months from the date of approval of the accounts. The Directors have not identified any material uncertainties that may cast significant doubt on the ability of the Company to continue to operate as a going concern. Factors likely to affect the Company's future development, performance and position are set out in the strategic report, together with principal risks and uncertainties.

At the end of the reporting period, the Company had no bank loans, overdrafts or other related financial liabilities. Proceeds from the sale of the PMC division in October 2024 supported a year-end net cash position of £2.1 million, which helped to strengthen the balance sheet and provides future working capital flexibility.

The Company's systems for financial planning, management and control include a comprehensive budgeting process, with annual budgets approved by the Directors. Monthly monitoring of actual results against budget by the Directors is a standard practice, as is the quarterly review of financial forecasts, which consider operational performance, trading conditions and market opportunities.

Annual budgets include a consolidated profit and loss, balance sheet and cash flow forecast for the year ahead and the subsequent three-year period, based on the management team's understanding of principal markets, customers, supply chains and operational resources.

The FY26 budget and three-year plan to FY29 recognise that the Company remains dependent on the trading profitability of CSC, which is itself dependent on revenues from major UK and overseas defence contracts, UK hydrogen orders and high-value Integrity Management services.

Due to the significance of revenues from UK hydrogen projects in the FY26 budget and three-year plan and the history of delays in this market, the Directors have considered scenarios that pessimistically account for the loss of all future hydrogen newbuild projects. The Directors have also considered further sensitised scenarios that account for reasonably plausible delays to the placement of UK and overseas defence contracts, in addition to the loss of future hydrogen newbuild projects. The Directors believe that the loss of future hydrogen contracts and material delays to defence contracts would give the Company sufficient time to take mitigating actions and adjust operating costs and capital expenditure plans to maintain liquidity and sufficient cash headroom throughout the forecast period. These mitigations have been included in the sensitised scenarios considered by the Directors in their confirmation of the going concern basis of preparation.

3. New standards adopted in 2025

No new standards were applied during the year.

4. Amendments to IFRSs that are mandatorily effective for future years

At the date of the authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of pronouncement. The impact of new standards, amendments and interpretations not adopted in the year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 assumptions that have a material risk to the carrying value of assets and liabilities within the next financial year are discussed below:

Accounting policies (continued)

6. Critical accounting judgements

Stage of completion on contracts

The majority of contracts have payment terms based on contractual milestones, which are not always aligned to when revenue is recognised. The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as a contract liability in the statement of financial position. Similarly, if the Company satisfies or partially satisfies a performance obligation before it hits a contractual billing milestone/raises an invoice, then it will recognise either a contract asset or a receivable in its statement of financial position. See Note 20.

Impairment reviews – freehold land and buildings

The Company holds a freehold interest in land and buildings at its manufacturing facility at Meadowhall Road, Sheffield.

The Directors obtained an updated valuation of the freehold property in June 2025 which confirmed no material change in the freehold property value during the year. As a result, no impairment of the property asset was required, see Note 13.

7. Key sources of estimation uncertainty

Inventory provisions

The Directors have reviewed the level of inventory provisions carried against inventory in the light of outstanding current and anticipated customer orders. The future realisation of carrying amounts is affected by whether the anticipated level of orders is achieved. The level of inventory provisions is disclosed in Note 15 to the financial statements.

Stage of completion on contracts

Revenue recognised from manufacturing contracts reflects management's best estimate about each contract's outcome and stage of progress but is subject to estimation uncertainty. For more complex contracts in particular, costs to complete and contract profitability are subject to more significant estimation uncertainty (see Note 20).

Deferred tax

The carrying value of the deferred tax asset is dependent on the extent to which losses carried forward in the Company are recoverable against future profits. Management estimates are based on a three-year profit forecast. Any such forecast is subject to significant estimation uncertainty, particularly in projected revenues from the hydrogen and defence markets.

8. Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 27 September 2025 (2024: to 28 September 2024). Subsidiaries are all entities which the Company has the power to control.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

9. Revenue

Revenue recognition

Revenue arises mainly from the design and manufacture of high-pressure gas storage and transportation systems, used in safety-critical applications across defence, hydrogen energy and industrial markets. Revenue also arises from the periodic inspection, testing and recertification of pressure systems.

Accounting policies (continued)

Under IFRS 15, to determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining a transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

Revenue is recognised over time when the Company has an enforceable right to payment for performance completed to date, being the recovery of costs incurred in satisfying the performance obligations plus a reasonable profit margin, and the products are bespoke and do not have an alternative use to the Company.

The revenue is measured at the fixed transaction price agreed under the contract. If the contract includes an hourly fee for services, revenue is recognised in the amount the Company has a right to invoice.

The Company adopts both the input method and output method across its contract base. The output method is typically used when the contract includes definitive and evidenced milestones that are generally subject to certification procedures.

The period between recognition of revenue and the recovery or fulfilment of customer cash payments in some cases may be greater than 12 months. Accordingly, these balances are split between current and non-current assets and liabilities (Note 20).

Key judgements:

The Company applies judgement when determining if a contract meets the criteria for recognition over time and the proportion of revenue to recognise as products are being manufactured. Judgement is also applied in determining how many performance obligations there are within each contract and whether the development phase represents a separate obligation. The stage of completion of a contract is dependent upon the nature of the underlying contract and is determined by reference to:

- the costs that have been incurred as a proportion of the total costs of the forecasted contract (Input Method); or
- the physical work completed against evidenced milestones and / or certification procedures agreed with the customer (Output Method).

Key estimates:

The design, manufacture and certification procedures within customer contracts requires cost estimates to determine the total forecasted costs to completion. In relation to contracts where the input method is adopted, where actual costs incurred differ to forecast costs, or where forecast cost estimates change, the assessment of the percentage of completion will be affected and therefore revenue and profits or losses recognised will also be affected. Forecast Costs to Complete (FCC) are closely monitored with monthly project review meetings. The amounts recognised as contract assets and liabilities are disclosed in Note 20.

Revenue that does not meet the criteria for recognition over time is recognised at a point in time on notification that the product is ready for collection, despatch or delivery dependent on terms of sale.

10. Profit or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group constituting the discontinued operation (see also 30 below under Accounting policies and Note 28 to the consolidated financial statements).

11. Share based employee remuneration

From time to time, the Company operates equity settled share-based remuneration plans for some of its employees. The Company's plans do not feature any options for a cash settlement.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the share options or awards granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability, EPS and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to the profit and loss reserve.

Accounting policies (continued)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options or awards expected to vest. Non-market vesting conditions are included in assumptions about the number of options or awards that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options or awards expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

No adjustment is made to any expense recognised in prior periods if share options or awards ultimately exercised are different to those estimated on vesting. Upon exercise of share options or awards, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as additional paid-in capital.

The cancellation of equity settled share-based payments is accounted for as an acceleration of vesting.

12. Dividends

Interim dividends are charged in the period in which they are paid. Final dividends are only provided for when approved by the Board.

13. Property, plant and equipment

Plant and equipment are stated at cost, net of depreciation and any provision for impairment. Property, plant and equipment is held at historical cost with the exception of assets acquired on business combinations. These are added at their fair value and depreciated accordingly. Land is not depreciated. Assets under construction are recognised when costs are incurred in the construction of an asset and are not depreciated until the asset is ready for use. Depreciation on other assets is applied on a straight-line basis so as to reduce the assets to their residual values over their estimated useful lives. The rates of depreciation used are:

Buildings	50 years
Plant and machinery	3 - 15 years

The estimates used for residual values and useful lives are reviewed as required, but at least annually. The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

14. Intangible assets

Development costs

Development costs are recognised at cost, net of amortisation or provision for impairment, where the recognition requirements under IAS 38 ‘Intangible Assets’ are met. These are:

- it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the projects;
- the Company has the ability to use or sell the asset; and
- the cost of the asset can be measured reliably.

These costs are capitalised up to the point development is complete and the asset is then amortised over the period in which the asset is expected to generate income. If at any point the development costs fail to meet the recognition requirements of IAS 38, the costs are expensed through the consolidated statement of comprehensive income.

Amortisation of intangible assets is charged in cost of sales, with the exception of that on intangible assets acquired on business combinations, which is disclosed separately in the consolidated statement of comprehensive income.

Such intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

● IT systems & software licenses	3-5 years
● Development expenditure	5 - 15 years

15. Impairment testing of non-current assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Accounting policies (continued)

16. Leased assets

The Company as a lessee

For any new contracts entered into, the Company considers whether a contract is or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company’s incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included as a separate line item, ‘Lease liabilities’.

17. Sale and leaseback

The treatment of sale and leaseback transactions depends on whether the transfer of the asset in question meets the criteria of ‘IFRS 15 Revenue from Contracts with Customers’ for recognition as a sale.

A sale and leaseback arrangement qualifies as a sale if the buyer/lessor obtains control of the underlying asset. The seller/lessee measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain (or loss) that the seller/lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer/lessor.

18. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes raw materials and other bought-in components and resource. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

19. Income taxes

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the tax currently payable based on taxable profit for the year.

Accounting policies (continued)

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to their respective periods of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

20. Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables and contract assets which are presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost: Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds.

Financial assets at fair value through profit or loss (FVTPL): Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Accounting policies (continued)

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI): The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

21. Impairment of financial assets

IFRS 9’s impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

Financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

Accounting policies (continued)

22. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, where they form an integral part of the Company's cash management.

23. Equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Share premium represents premiums received on issuing of share capital. Retained earnings include all current and prior year results as disclosed in the consolidated statement of comprehensive income.

The translation reserve is used to record foreign exchange translation differences that occur as a result of the translation of overseas subsidiary undertakings' financial statements into the presentation currency of the consolidated financial statements.

Management have made the judgement that the issue of warrants constitutes an equity instrument given its fixed for fixed conditions. Equity instruments are recognised at the proceeds received, net of direct issue costs.

24. Foreign currency translation

Foreign currency transactions are translated into the functional currency (being the currency of the primary economic environment in which the entity operates) of the respective Company entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary balance sheet items at year-end exchange rates are recognised in the consolidated statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The consolidated financial statements are presented in Pounds Sterling, which is also the functional currency of the parent company.

The results of overseas subsidiary undertakings are translated at the average exchange rate (being an approximation to the rate at the date of transactions throughout the year) and the balance sheets of such undertakings are translated at the year-end exchange rates. Exchange differences arising on the retranslation of opening net assets of overseas subsidiary undertakings are charged/credited to other comprehensive income and recognised in the translation reserve in equity. On disposal of a foreign operation the cumulative translation differences are transferred to profit or loss as part of the gain or loss on disposal.

25. Grants

Grants are recognised where there is reasonable assurance that the entity complies with the conditions attached to them. Grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned. Other grants are credited to profit or loss in the same period as the related expenditure is incurred.

26. Pensions

The Company operates defined contribution pension schemes with the cost of employer contributions charged to the consolidated statement of comprehensive income in the period to which they relate.

27. Exceptional costs

One off, non-trading items with a material effect on results are disclosed separately on the face of the consolidated statement of comprehensive income. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature, should be classified as exceptional items. The Directors consider that separate disclosure of these items is relevant to an understanding of the Company's financial performance.

28. Operating profit or loss

Operating profit or loss is stated before finance costs, finance income and taxation. Adjusted operating loss is stated after adding back amortisation, impairments and other exceptional costs. This alternative performance measure is used in discussions with the Board, management and investors to aid the understanding of the performance of the Company.

The Company considers that the presentation of this alternative performance measure allows for improved insight to the trading performance of the Company. The Company considers that the term 'Adjusted' together with an adjusting items category, best reflects the trading performance of the Company.

Accounting policies (continued)

29. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation with an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where a liability is contingent on the occurrence or non-occurrence of uncertain future events or circumstances it is only recognised if a reliable estimate can be made of the amount of obligation.

30. Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations (see 10 above).

Notes to the consolidated financial statements

1. Segment analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports prepared to measure the performance of operating units of the Group.

During the period, the Group comprised the following operating segments:

- **Chesterfield Special Cylinders Holdings plc (“Central”):** this segment comprises the publicly listed parent entity and its attributable costs.
- **Chesterfield Special Cylinders Limited (“CSC”):** design and manufacture of high-pressure gas storage and transportation systems, used principally in safety-critical defence and hydrogen energy applications. Inspection, testing and recertification services throughout the system lifecycle.
- **Precision Machined Components (“PMC”):** manufacture and finishing of precision-engineered components used in the oil and gas industry.

CSC and Central segments represent continuing operations as disclosed in the statement of comprehensive income.

The disposal of PMC completed on 8 October 2024 and was part of the Group in FY25 for ten days only. PMC represents discontinued operations and the asset held for sale, in Note 28 of these financial statements.

For the 52-week period ended 27 September 2025

	CSC £'000	**Central £'000**	**Group £'000**
Revenue from external customers	**16,583**	**-**	**16,583**
Gross profit	**6,386**	**-**	**6,386**
Adjusted EBITDA	**1,623**	**(772)**	**851**
Depreciation	(724)	(84)	**(808)**
Operating profit / (loss) before exceptional costs	**899**	**(856)**	**43**
Exceptional costs	(68)	(722)	**(790)**
Operating profit / (loss)	**831**	**(1,578)**	**(747)**
Net finance costs	(28)	(34)	**(62)**
Profit / (loss) before tax	**803**	**(1,612)**	**(809)**
Segmental net assets*	10,666	150	**10,816**
Other segment information:			
Taxation credit	36	156	**192**
Capital expenditure - property, plant and equipment	354	14	**368**

* Segmental net assets comprise the net assets of each division adjusted to reflect the elimination of the cost of investment in subsidiaries.

Notes to the consolidated financial statements (continued)

1. Segment analysis (continued)

For the 52-week period ended 28 September 2024

	CSC £'000	Central £'000	Group £'000
Revenue from external customers*	**14,827**	**-**	**14,827**
Gross profit**	**4,888**	**-**	**4,888**
Adjusted EBITDA	**758**	**(1,678)**	**(920)**
Depreciation	(660)	(92)	**(752)**
Operating profit / (loss) before exceptional costs	**98**	**(1,770)**	**(1,672)**
Exceptional costs	(53)	(659)	**(712)**
Operating profit / (loss)	**45**	**(2,429)**	**(2,384)**
Net finance costs	(53)	(224)	**(277)**
Profit / (loss) before tax	**(8)**	**(2,653)**	**(2,661)**
Segmental net assets / (liabilities)***	10,651	(1,376)	**9,275**
Other segment information:			
Taxation credit	178	138	**316**
Capital expenditure - property, plant and equipment	381	154	**535**

* Revenue from external customers is stated after deducting inter-segment revenue of £130,000 for PMC. There is no impact on the overall result for the financial period.
** Gross profit for the prior period has been restated (see note 32) to reflect a re-classification of labour costs in CSC from cost of sales to administration expenses.
*** Segmental net assets comprise the net assets of each division adjusted to reflect the elimination of the cost of investment in subsidiaries.

Notes to the consolidated financial statements (continued)

1. Segment analysis (continued)

Revenue disaggregated by primary geographical markets is as follows:

Revenue	**2025**	2024
	£'000	£'000
United Kingdom	**11,058**	11,486
Canada	**1,987**	-
Germany	**804**	399
Australia	**738**	1,239
France	**642**	1,118
Spain	**569**	199
USA	**311**	16
Norway	**174**	7
Italy	**3**	3
Rest of Europe	**89**	106
Rest of World	**208**	254
	16,583	14,827

During the year, there were three customers that each contributed over 10% of revenue. The revenue from these three customers was £8.7 million, or 52.4% of total revenue (2024: two customers contributed £4.7 million or 31.8% of revenue).

The following tables provide an analysis of revenue by market.

Revenue	**2025**	2024
	£'000	£'000
Defence	**12,761**	11,080
Hydrogen Energy	**2,608**	1,738
Industrial	**485**	1,559
Offshore services	**729**	450
	16,583	14,827

Notes to the consolidated financial statements (continued)

1. Segment analysis (continued)

Revenue disaggregated by pattern of revenue recognition and category is as follows:

Revenue

	2025	2024
	£'000	£'000
Sale of goods transferred at a point in time	**4,513**	6,744
Sale of goods transferred over time	**7,227**	5,731
Rendering of services	**4,843**	2,352
	16,583	14,827

The following aggregated amounts of transaction values relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 27 September 2025:

Revenue expected in future periods

	£'000
Sale of goods - CSC	7,793

The asset and liability balances in relation to existing contracts as at 27 September 2025 are disclosed in Note 20.

2. Impairment Review

The Company tests annually for impairment, in accordance with IAS 36, if there are indicators that intangible or tangible fixed assets might be impaired. In this reporting period, the Directors exercised their judgement on the basis of information available at 27 September 2025.

The impairment methodology considers relevant Cash Generating Units ("CGU's") within the continuing operations of the Company.

Each relevant CGU is assessed for potential indicators of impairment, including internal or external factors or events that could reduce the recoverable value of the fixed assets of the Company. If indicators of impairment are identified, a full impairment review is undertaken to determine the recoverable amount of the CGU.

The Directors exercise their judgement in determining the recoverable amount of a CGU, involving the use of estimates in relation to the future prospects of the CGU, in this case the CSC continuing operations of the Company.

The recoverable amount of a CGU is determined using a discounted cashflow model that is based upon a five-year forecast period. The forecast takes into account the firm order book, sales pipeline and market opportunities of the CGU, together with expected gross margin performance and consideration of the cost base, planned capital expenditure and estimated working capital needs of the CGU. A long-term growth assumption is applied beyond the five-year forecast period. The future cashflows are then discounted to a present, recoverable value by applying a risk-adjusted pre-tax discount rate. If the recoverable value of a CGU is less than the carrying value of its balance sheet, then an impairment charge may be required. The carrying value of the balance sheet is determined by application of the accounting policies of the Company.

Notes to the consolidated financial statements (continued)

2. Impairment Review (continued)

An impairment trigger has been identified for CSC given that, over the medium term, the business will continue to transition from predominantly serving UK defence programmes (relatively low competition and high margin contracts) towards overseas defence programmes (more competition, greater price sensitivity) and the UK hydrogen market (higher revenue growth potential but more competitive and inherently lower margin). Also, over the medium term, the business will focus on the growth and development of in-factory and in-situ lifecycle inspection, testing and recertification services.

It is also noted that the sale of the PMC division at the start of FY25 has resulted in CSC being the only trading subsidiary of the Company which needs to support in full the ongoing Company central costs in its long-term projections.

The future cashflows of CSC have been extrapolated from FY29 in perpetuity at a growth rate of 2% and applying a risk-adjusted pre-tax discount rate of 16%. On this basis, the recoverable value of CSC is estimated to be £17.1 million. The carrying value of the net assets of CSC at 27 September 2025, adjusting for cash, inter-company and deferred tax balances, was £8.8 million. On this basis, an impairment charge is not required.

Potential delays to UK and overseas defence programmes and risks in the development of the UK hydrogen market also present impairment triggers for the assessment of sensitised cases, where revenue and earnings may be lower over the medium term.

In the sensitised cases, cashflows are reduced in the period FY26-FY29 and into perpetuity. The resulting recoverable value of CSC is £8.8 million, equal to the carrying value of the net assets at 27 September 2025. Therefore, an impairment charge is not required for this sensitised case.

3. Finance costs

	2025 **£'000**	2024 £'000
Interest payable on bank loans and overdrafts	**-**	10
Interest payable on term loan	**4**	170
Interest payable on lease liabilities	**33**	15
Other interest payable	**25**	82
	62	277

Notes to the consolidated financial statements (continued)

4. Loss before taxation

Loss before taxation is stated after charging:

	2025	2024
	£'000	£'000
Depreciation of property, plant and equipment - owned assets	**632**	574
Depreciation of property, plant and equipment - leased assets	**176**	205
Loss on disposal of fixed assets	**-**	22
Staff costs - excluding share-based payments (see Note 7)	**7,425**	6,904
Cost of inventories recognised as an expense	**5,307**	4,945
Share-based payments (see Note 24)	**7**	14

5. Exceptional costs

	2025	2024
	£'000	£'000
Costs in relation to the sale of PMC*	**593**	627
Costs in relation to the sale of PMC, recharged to discontinued operation	**-**	(131)
Other corporate finance services	**48**	-
Arrangement of term loan	**10**	111
Reorganisation costs	**95**	17
Debt advisory services on behalf of Lloyds Banking Company	**-**	15
Write-down of historical fixed assets	**-**	33
Other plc costs	**44**	40
	790	712

*Exceptional costs in relation to the sale of PMC including transaction advisor fees, legal costs and management incentives (see Remuneration Committee report on pages 32 to 33).

Notes to the consolidated financial statements (continued)

6. Auditor's remuneration

	2025	2024
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company and the consolidated financial statements	**76**	60
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**82**	120
Other non-audit services	**8**	-

7. Employee costs

Particulars of employees, including Executive Directors:

	2025	2024
	£'000	£'000
Wages and salaries	**6,378**	5,951
Social security costs	**748**	614
Pension costs	**299**	339
Share based payments (see Note 24)	**7**	14
	7,432	6,918

Notes to the consolidated financial statements (continued)

7. Employee costs (continued)

The average monthly number of employees (including Executive Directors) during the period was as follows:

	2025	2024
	No.	No.
Production	**57**	61
Selling and distribution	**8**	7
Administration	**47**	55
	112	123

8. Directors' remuneration

Particulars of Directors' remuneration are as follows:

	2025	2024
	£'000	£'000
Emoluments	**722**	629
Pension costs	**22**	36
	744	665

Please see the Report of the Remuneration Committee on pages 32-33 for full details of Directors' emoluments.

Emoluments include £52,000 (2024: £51,000) of taxable accommodation and travel expenses and £19,500 (2024: £nil) of taxable allowance in lieu of employer pension contributions for Chris Walters (Chief Executive).

No Directors exercised any share options in the period. During the year retirement benefits were accruing to two (2024: two) Directors in respect of defined contribution schemes.

The highest paid Director received total emoluments of £420,000, including a completion bonus of £114,000 in relation to the sale of PMC and £28,700 in relation to FY25 financial performance, and pension contributions of £21,000, including the taxable allowance in lieu (2024: total emoluments of £273,000 and pension contributions of £20,000).

Notes to the consolidated financial statements (continued)

9. Taxation

	2025 £'000	2024 £'000
Current tax (charge)		
(Under) provision in respect of prior years	**-**	(52)
	-	(52)
Deferred tax credit / (charge)		
Origination and reversal of temporary differences	**232**	53
(Under) provision in respect of prior years	**(40)**	(147)
	192	(94)
Total taxation credit / (charge)	**192**	(146)

	2025 £'000	2024 £'000
Total taxation credit / (charge) is attributable to:		
Loss from continuing operations	**192**	316
Loss from discontinued operations	**-**	(462)
Total taxation credit / (charge)	**192**	(146)

Corporation tax is calculated at 25% (2024: 25%) of the estimated assessable loss for the period. Deferred tax is calculated at the rate applicable when the temporary differences are expected to unwind, being 25% for both periods.

The credit / (charge) for the period can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2025 £'000	2024 £'000
Loss before taxation: continuing operations	**(421)**	(2,661)
(Loss) / profit before taxation: discontinued operations	**(125)**	370
Total loss before taxation	**(546)**	(2,291)
Theoretical tax credit at UK corporation tax rate 25% (2024: 25%)	**136**	572
Effect of (charges) / credits:		
- non-deductible expenses	**(1)**	(19)
- non-deductible exceptional items	**(25)**	(225)
- adjustments in respect of prior years	**(40)**	(199)
- unrealised profit on sale of discontinued operation	**97**	-
- unrealised pre-sale loss in discontinued operation	**(31)**	-
- unrealised loss in overseas entities	**(11)**	(4)
- recognition and utilisation of losses brought forward	**67**	(271)
Total taxation credit / (charge)	**192**	(146)

As the most significant timing differences are not expected to unwind until 2026 or later, the deferred tax rate was maintained at 25% in the period.

Notes to the consolidated financial statements (continued)

10. Loss per ordinary share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted loss per share is based on basic loss per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive share options. As the Company made a loss after taxation for the financial year there is no dilution to take place.

Adjusted loss per share shows loss per share after adjusting for the impact of amortisation charges and any other exceptional items, and for the estimated tax impact, if any, of those costs. Adjusted loss per share is based on the loss as adjusted divided by the weighted average number of shares in issue.

For the 52-week period ended 27 September 2025

	£'000
Loss after tax from continuing operations	**(617)**
Profit after tax from discontinued operations	**263**
Total loss after tax	**(354)**

	Number of shares ('000)
Weighted average number of shares - basic	**38,667**
Dilutive effect of share options - SAYE	63
Dilutive effect of share options - Warrants	1,933
Weighted average number of shares - diluted	**40,663**
Loss per share from continuing operations - basic	**(1.6)p**
Earnings per share from discontinued operations – basic	**0.7p**
Total loss per share – basic	**(0.9)p**
Loss per share from continuing operations - diluted	**(1.6)p**
Earnings per share from discontinued operations - diluted	**0.7p**
Total loss per share - diluted	**(0.9)p**

The effect of anti-dilutive potential shares is not disclosed in accordance with IAS 33.

Adjusted loss per share is calculated as follows:	**£'000**
Loss after tax from continuing operations	**(617)**
Profit after tax from discontinued operations	**263**
Exceptional costs: continuing operations (see Notes 5 and 28)	**790**
Profit on disposal of PMC: discontinued operations (see Notes 5 and 28)	**(388)**
Tax effect of the above adjustments: continuing operations	**(198)**
Tax effect of the above adjustments: discontinued operations	**97**
Adjusted loss	**(53)**
Adjusted loss per share: continuing operations	**(0.0)p**
Adjusted loss per share: discontinued operations	**(0.1)p**
Total adjusted loss per share	**(0.1)p**

The tax effect is based on applying a 25% tax rate to the adjustment for exceptional costs.

Notes to the consolidated financial statements (continued)

10. Loss per ordinary share (continued)

For the 52-week period ended 28 September 2024

	£'000
Loss after tax from continuing operations	**(2,345)**
Loss after tax from discontinued operations	**(92)**
Total loss after tax	**(2,437)**

	Number of shares ('000)
Weighted average number of shares - basic	**38,667**
Dilutive effect of share options - SAYE	193
Dilutive effect of share options - Warrants	1,933
Weighted average number of shares - diluted	**40,793**
Loss per share from continuing operations - basic and diluted	**(6.1)p**
Loss per share from discontinued operations – basic and diluted	**(0.2)p**
Total loss per share – basic and diluted	**(6.3)p**

The effect of anti-dilutive potential shares is not disclosed in accordance with IAS 33.

Adjusted loss per share is calculated as follows:

Loss after tax from continuing operations	**(2,345)**
Loss after tax from discontinued operations	**(92)**
Exceptional costs: continuing operations (see Notes 5 and 28)	712
Exceptional costs: discontinued operations (see Notes 5 and 28)	232
Tax effect of the above adjustments: continuing operations	(178)
Tax effect of the above adjustments: discontinued operations	(58)
Adjusted loss	**(1,729)**
Adjusted loss per share: continuing operations	**(4.7)p**
Adjusted earnings per share: discontinued operations	**0.2p**
Total adjusted loss per share	**(4.5)p**

The tax effect is based on applying a 25% tax rate to the adjustment for exceptional costs.

11. Dividends

No dividends have been declared or proposed for the 52-week period ended 27 September 2025 (52-week period ended 28 September 2024: no dividends declared or proposed).

Notes to the consolidated financial statements (continued)

12. Intangible assets

	Intellectual Property	IT systems & Software Licenses	Development expenditure	Non-contractual customer relationships	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 30 September 2023	**2,796**	**684**	**175**	**11,880**	**15,535**
Transfers to disposal group	(2,796)	(273)	-	(11,880)	(14,949)
At 28 September 2024 and 27 September 2025	**-**	**411**	**175**	**-**	**586**
Amortisation					
At 30 September 2023	2,796	684	175	11,880	15,535
Transfers to disposal group	(2,796)	(273)	-	(11,880)	(14,949)
At 28 September 2024 and 27 September 2025	**-**	**411**	**175**	**-**	**586**
Net book value					
At 28 September 2024 and 27 September 2025	**-**	**-**	**-**	**-**	**-**

Notes to the consolidated financial statements (continued)

13. Property, plant and equipment

	Assets under construction £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 30 September 2023	847	4,225	16,818	21,890
Additions - Owned assets	210	-	221	431
Additions - Leased assets	-	-	704	704
Disposals	-	-	(2,150)	(2,150)
Transfers within continuing operation	(202)	-	202	-
Transfers to disposal group	-	(830)	(8,233)	(9,063)
At 28 September 2024	**855**	**3,395**	**7,562**	**11,812**
Additions - Owned assets	266	-	36	302
Additions - Leased assets	-	-	66	66
Disposals	-	-	(352)	(352)
Transfers within continuing operation	(250)	-	250	-
At 27 September 2025	**871**	**3,395**	**7,562**	**11,828**
Depreciation and impairment				
At 30 September 2023	829	1,069	9,705	11,603
Charge for the period - Owned assets	-	10	974	984
Charge for the period - Leased assets	-	98	408	506
Disposals	-	-	(2,042)	(2,042)
Transfers to disposal group	-	(407)	(5,654)	(6,061)
At 28 September 2024	**829**	**770**	**3,391**	**4,990**
Charge for the period - Owned assets	-	10	622	632
Charge for period - Leased assets	-	-	176	176
Disposals	-	-	(352)	(352)
At 27 September 2025	**829**	**780**	**3,837**	**5,446**
Net book value				
At 27 September 2025	**42**	**2,615**	**3,725**	**6,382**
At 28 September 2024	26	2,625	4,171	6,822
Leased assets – continuing operations				
Carrying value at 27 September 2025	**-**	**-**	**661**	**661**
Carrying value at 28 September 2024	-	-	772	772

Details of leased assets in the disposal group held for sale are shown in Note 28 to the financial statements.

Notes to the consolidated financial statements (continued)

13. Property, plant and equipment (continued)

Land and buildings include the CSC manufacturing facility at Meadowhall Road, Sheffield.

The Directors obtained an updated valuation of the freehold property in June 2025 from independent chartered surveyors Knight Frank, which confirmed no material change in the freehold property value during the year.

14. Subsidiaries

A list of investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in Note 4 to the parent company's separate financial statements on page 92.

15. Inventories

	2025 £'000	2024 £'000
Raw materials and consumables	**2,134**	2,351
Work in progress	**484**	669
	2,618	3,020

Inventories are stated net of provisions of £231,000 (2024: £62,000).

16. Trade and other receivables

	2025 £'000	Restated 2024 £'000
Amounts due within 12 months		
Trade receivables	**3,821**	2,455
Contract assets (Note 20)	**1,199**	1,035
Other receivables	**54**	28
Prepayments and accrued income	**494**	459
Total due within 12 months	**5,568**	3,977

	2025 £'000	Restated 2024 £'000
Amounts due after 12 months		
Contract assets (Note 20)	**-**	551
Total due after 12 months	**-**	551

With the exception of a portion of contract assets, all amounts are receivable over the short-term. The net carrying value of trade receivables is considered a reasonable approximation to fair value.

During the year the directors have reviewed the timing of future cashflows in relation to contract assets and concluded that there is the potential in some cases for a proportion of the contract asset to be recovered in greater than 12 months. Accordingly, amounts expected to be recovered in greater than 12 months have been restated in the FY24 figures disclosed above, resulting in a £551,000 reduction in current contract assets and a £551,000 increase in non-current contract assets. This has had nil impact on the result for the period and on net assets as at the Balance Sheet date.

Notes to the consolidated financial statements (continued)

17. Trade and other payables

	2025 £'000	Restated 2024 £'000
Amounts due within 12 months		
Trade payables	**2,734**	2,508
Contract liabilities (Note 20)	**427**	48
Other tax and social security	**244**	693
Accruals and other payables	**1,145**	1,470
Deferred income	**942**	506
Total due within 12 months	**5,492**	5,225

	2025 £'000	Restated 2024 £'000
Amounts due after 12 months		
Contract liabilities (Note 20)	**274**	233
Deferred income	**-**	264
Total due after 12 months	**274**	497

With the exception of a portion of contract liabilities and deferred tax, all amounts are payable over the short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation to fair value.

During the year the directors have reviewed the timing of contract completion in relation to contract liabilities and concluded that in some cases a proportion of the obligation is likely to be fulfilled in greater than 12 months. Accordingly, amounts expected to be fulfilled in greater than 12 months have been restated in the FY24 figures disclosed above, resulting in a £233,000 reduction in current contract liabilities and a £233,000 increase in non-current contract liabilities. In addition, the directors also reviewed future delivery timing on other deferred income balances and also restated the FY24 comparatives for items within deferred income where the obligation would be fulfilled in greater than 12 months, resulting in a £264,000 decrease in current deferred income and a £264,000 increase in non-current deferred income. These restatements have had nil impact on the result for the period and on net assets as at the Balance Sheet date.

18. Borrowings

	2025 £'000	2024 £'000
Current		
Term loan	**-**	1,000

On 14 November 2023, a new £1.5 million term loan facility was agreed with two of the major shareholders of Chesterfield Special Cylinders Holdings plc.

The interest rate on the term loan was 14.25% per quarter, and total interest payments of £4,000 were made in the year (2024: £170,000). The loan was fully repaid in October 2024 following the sale of PMC.

In conjunction with the provision of the term loan, the two major shareholders were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

Notes to the consolidated financial statements (continued)

18. Borrowings (continued)

Obligations under finance leases are secured on the plant and machinery assets to which they relate.

The carrying amount of other borrowings is considered to be a reasonable approximation of fair value. The carrying amounts of the Company's borrowings are all denominated in GBP.

19. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2025	2024
	£'000	£'000
Current		
Asset finance lease liabilities	**149**	116
Right of use asset lease liabilities	**70**	129
	219	245
Non-current		
Asset finance lease liabilities	**30**	125
Right of use asset lease liabilities	**113**	188
	143	313

Leases are held for several items of plant, office equipment and motor vehicles.

For right of use assets, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Right-of-use assets are classified in a consistent manner to its property, plant and equipment (see Note 13). Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Notes to the consolidated financial statements (continued)

19. Lease liabilities (continued)

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 27 September 2025 were as follows:

	Within one year £'000	**Over one to five years £'000**	**Total £'000**
27 September 2025			
Lease payments	247	152	399
Finance costs	(28)	(9)	(37)
Net present value	**219**	**143**	**362**

	Within one year £'000	Over one to five years £'000	Total £'000
28 September 2024			
Lease payments	275	346	621
Finance costs	(30)	(33)	(63)
Net present value	245	313	558

Lease payments not recognised as a liability

Liabilities for short-term leases are not recognised (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

20. Contract balances

	2025		2024 (restated)	
	Current £'000	**Non-current £'000**	Current £'000	Non-current £'000
Contract assets (Note 16)	**1,199**	**-**	1,035	551
Contract liabilities (Note 17)	**(427)**	**(274)**	(48)	(233)
Net balance sheet position for ongoing contracts	**772**	**(274)**	987	318

The contract position will change according to the number or size of contracts in progress at the year-end as well as the status of payment milestones towards those contracts.

The Company will continue to structure payment milestones in order to cover the up-front costs of materials for cash flow purposes. The variance between these and the performance obligations for revenue recognition under IFRS 15 (typically acceptance of the product by the customer for all standard products), will cause increasing values to remain in deferred income for longer.

During the year the directors have reviewed the timing of future cashflows in relation to contract assets and concluded that there is the potential in some cases for a proportion of the contract asset to be recovered in greater than 12 months. Accordingly, amounts expected to be recovered in greater than 12 months have been restated in the 2024 figures disclosed above, resulting in a £551,000 reduction in current contract assets and a £551,000 increase in non-current contract assets. During the year the directors have also reviewed the timing of contract completion in relation to contract liabilities and concluded that in some cases a proportion of the obligation is likely to be fulfilled in greater than 12 months. Accordingly, amounts expected to be fulfilled in greater than 12 months have been restated in the 2024 figures disclosed above, resulting in a £233,000 reduction in current contract liabilities and a £233,000 increase in non-current contract liabilities. These restatements have had nil impact on the result for the period and on net assets as at the Balance Sheet date.

Notes to the consolidated financial statements (continued)

20. Contract balances (continued)

	2025 £'000	2024 £'000
Release of contract liabilities and deferred income		
Contract revenue recognised through release of contract liabilities and deferred income	**42**	34

21. Financial instruments

Financial assets and liabilities recorded or disclosed at fair value in the consolidated statements of financial position are categorised based on the level of judgement associated with inputs used to measure the fair value.

The following fair value hierarchy reflects the significance of inputs of valuation techniques used in making fair value measurements and/or disclosures:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to one fair value measurement. No transfers in either direction have been made between the levels of fair value hierarchy during the period to 27 September 2025.

The following categories of financial instruments were held:

	2025 Total £'000	2024 Total £'000
Financial assets - amortised cost		
- Trade receivables	**3,821**	2,455
- Other receivables	**277**	272
- Cash and cash equivalents	**2,130**	116
	6,228	2,843

Notes to the consolidated financial statements (continued)

21. Financial instruments (continued)

	2025 Total £'000	2024 Total £'000
Financial liabilities - amortised cost		
- Trade payables	**2,734**	2,508
- Accruals and other payables	**1,145**	1,470
- Borrowings	**-**	1,000
- Lease liabilities	**362**	558
	4,241	5,536

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is also based on the earliest date on which the Company may be required to pay.

	Current within 6 months £'000	**Current 6 to 12 months £'000**	**Non-current 1 to 5 years £'000**	**Total net payable £'000**
2025				
Trade and other payables	**3,879**	**-**	**-**	**3,879**
Amounts due under lease liabilities	**122**	**125**	**152**	**399**
	4,001	**125**	**152**	**4,278**

	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Total net payable £'000
2024				
Trade and other payables	3,975	-	-	3,975
Borrowings	1,036	-	-	1,036
Amounts due under lease liabilities	141	134	346	621
	5,152	134	346	5,632

Financial risk management objectives

Management monitor and manage the financial risks relating to the operations of the Company through regular reports to the Board. These risks include currency risk, interest rate risk, price risk, credit risk and liquidity risk.

Foreign currency risk management
Principal raw materials are purchased in US Dollars, Euros and Pounds Sterling and receives payment for its products in US Dollars, Euros and Pounds Sterling. After netting off foreign currency receipts and payments, there is a net exposure to the risk of currency movements in US Dollars and Euros.

Notes to the consolidated financial statements (continued)

21. Financial instruments (continued)

The carrying amounts of the Company's foreign currency denominated monetary financial assets and monetary financial liabilities at the reporting date are as follows:

	Financial assets		Financial liabilities	
	2025	2024	**2025**	2024
	£'000	£'000	**£'000**	£'000
Euro	**703**	473	**1,687**	1,241
US Dollar	**430**	73	**43**	41
	1,133	546	**1,730**	1,282

Foreign currency sensitivity analysis
Exposure to a 10% exchange rate movement on foreign currency denominated financial assets and financial liabilities is as follows:

	Euro currency impact		US Dollar currency impact	
	2025	2024	**2025**	2024
	£'000	£'000	**£'000**	£'000
(Charge) / income exposure	**(90)**	(70)	**35**	3

The use of a 10% movement in exchange rates is considered appropriate given recent rate movements.

A substantial amount of the Company's sales and purchases are made in foreign currencies. The exposure to foreign exchange rates varies throughout the year depending on the volume and timing of transactions in foreign currencies.

Interest rate risk management
If interest rates had been 0.5% higher/lower and all other variables were held constant, the impact on the results in the consolidated statement of comprehensive income and equity would be a decrease/increase of £2,000 (2024: £10,000).

The use of a 0.5% movement in interest rates is considered appropriate given recent rate movements.

Price risk management
Where possible the Company enters into contracts incorporating price escalation clauses to mitigate any significant exposure to material price risk.

Credit risk management
Credit risk is primarily attributable to trade receivables. At 27 September 2025 the largest customer within trade receivables accounted for 23% (2024: 17%) of debtors. Management continually monitors this dependence on the largest customers and are continuing to seek new customers and enter new markets to reduce this dependence. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer. Management estimates the level of allowances required for doubtful debts based on prior experience and their assessment of the current economic environment. The maximum exposure to credit risk is limited to the carrying value of financial assets recognised at the period end. The credit risk on liquid funds is minimised by using counterparty banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management
The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Details of the Company's banking facilities are disclosed in Note 18.

Capital risk management
Chesterfield Special Cylinders Holdings plc's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders through the payment of dividends.

Notes to the consolidated financial statements (continued)

21. Financial instruments (continued)

The capital structure of the Company comprises debt, cash and equity. On the 27 September 2025, the Company had no overdrafts, bank loans or other related financial liabilities as disclosed in Note 18. Lease liabilities are disclosed in Note 19 and cash and cash equivalents in Note 27. Equity attributable to equity holders of the Company comprises issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

	2025	2024
	£'000	£'000
Cash and cash equivalents	**2,130**	116
Debt - Term loan	**-**	(1,000)
Debt - Asset finance leases	**(179)**	(241)
Debt - Right of use asset leases	**(183)**	(317)
Net cash / (debt)	**1,768**	(1,442)
Equity	**10,816**	11,161

Debt is defined as long and short-term borrowings, as detailed in Notes 18 and 19. Net debt is debt less cash and cash equivalents, as detailed in Note 26. Equity includes all capital and reserves of the attributable to equity holders of the parent.

The Company is not subject to externally imposed capital requirements, other than the minimum capital requirements and duties regarding a serious reduction of capital, as imposed by the Companies Act 2006 on all public limited companies.

Notes to the consolidated financial statements (continued)

22. Deferred tax

The following are the major deferred tax assets / (liabilities) recognised by the Group and movements thereof during the current and prior reporting period:

	Accelerated tax depreciation £'000	Short-term temporary differences £'000	Share option costs £'000	Unused losses £'000	Total £'000
At 30 September 2023	(712)	24	-	676	(12)
Adjustments in respect of prior periods	(147)	-	-	-	(147)
Credit / (charge) to income	117	(2)	-	(62)	53
At 28 September 2024, including disposal group	(742)	22	-	614	(106)
Transfers to disposal group held for sale	170	(10)	-	-	160
At 28 September 2024, continuing operations	(572)	12	-	614	54
Adjustments in respect of prior periods	(40)	-	-	-	(40)
Credit to income	55	-	-	177	232
At 27 September 2025, continuing operations	**(557)**	**12**	**-**	**791**	**246**

The net deferred tax balance has been analysed as follows in the consolidated balance sheet:

	2025 £'000	2024 £'000
Non-current asset		
Deferred tax asset	**803**	626
Non-current liabilities		
Deferred tax liabilities	**(557)**	(572)
	246	54

The deferred tax assets are expected to be recoverable against future profits.

Unused tax losses were £8,955,000 (2024: £7,912,000) at year-end. The unrecognised deferred tax asset at year-end was £2,239,000 (2024: £1,978,000). None of these losses were in the disposal group held for sale at the end of either period.

Notes to the consolidated financial statements (continued)

23. Called up share capital

	2025	2024	**2025**	2024
	No.	No.	**£'000**	£'000
Allotted, issued and fully paid				
Ordinary shares of 5p each	**38,667,163**	38,667,163	**1,933**	1,933

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

In conjunction with the provision of the £1.5 million term loan issued in November 2023 and repaid in full in October 2024, Rockwood Strategic plc and Peter Gyllenhammar AB, two of the principal shareholders of Chesterfield Special Cylinders Holdings plc, were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the new facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

24. Share-based payments

Save-As-You-Earn ("SAYE") scheme

Chesterfield Special Cylinders Holdings plc introduced a share option scheme for all employees of the Company in November 2007. The most recent grant of options was made in August 2022.

The scheme rules were reviewed and updated in 2017 as required by HMRC. If the options remain unexercised after a period of 3 years and 6 months from the date of the grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest and are treated as cancelled if the employee chooses to stop contributing. Members of the scheme are required to remain employees of the Company and make regular contributions.

The cancellation of equity settled share-based payments is accounted for as an acceleration of vesting and is therefore recognised immediately in the statement of comprehensive income.

Details of the movement of share options outstanding during the period are as follows:

	2025 No.	**Weighted average exercise price**	2024 No.	Weighted average exercise price
Outstanding at the beginning of the period	**99,807**	**62.2p**	349,233	63.9p
Forfeited during the period	**(2,980)**	**60.4p**	(10,132)	60.4p
Cancelled during the period	**(38,743)**	**60.4p**	(83,030)	62.3p
Expired during the period	**(11,604)**	**76.0p**	(156,264)	66.0p
Outstanding at the end of the period	**46,480**	**60.4p**	99,807	62.2p

46,480 (2024: 11,604) of the outstanding options as at 27 September 2025 were exercisable at the end of the period. The options outstanding at 27 September 2025 had a weighted average remaining contractual life of nil years (2024: 0.8 years). This is because the last contract vested in August 2025, though the options remain exercisable for a further six months until February 2026.

Notes to the consolidated financial statements (continued)

24. Share based payments (continued)

The terms of these options are as follows:

Date of grant	Options outstanding at 27 September 2025	Vesting period	Market value at date of grant (p)	Exercise price (p)	Exercise period
29 August 2022	46,480	3 years	73.0	60.4	6 months
Total options outstanding at 27 September 2025	**46,480**				

There are no performance conditions that apply to these options other than continued employment.

SAYE Valuation Model

The SAYE options were valued using the Black-Scholes model at the date of grant. The inputs into the Black-Scholes model for the most recent grant are as follows:

Date granted	29 August 2022
Share price at date of offer	73.0p
Exercise price	60.4p
Expected volatility	44%
Expected life	3 years
Risk free rate	2.7%
Expected dividend yield	0.0%
Fair value	£81,703

Expected volatility was determined by calculating the historical volatility of the Company's share price over the three-year period to the grant date. The expected option value used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was based on the Company’s dividend pay-out pattern at the date of issue of the options.

In line with HMRC approved schemes, share options under the SAYE scheme may be exercisable at a discount of up to 20% of the market value of the shares at the time of issue.

The total charge to the consolidated statement of comprehensive income in the period in respect of share-based payments was £7,000 (2024: £23,000, including £9,000 for discontinued operations). The charge is calculated in accordance with IFRS2, ‘Share Based Payments’.

A deferred tax charge of £nil (2024: charge of £nil) was recognised in the consolidated statement of comprehensive income during the period in respect of share-based payments.

Long-Term Incentive Plan (LTIP) - 2021 Value Creation Scheme (VCS)

The 2021 VCS expired at the end of FY24 on 28 September 2024, with no further awards having been made, and is no longer active.

Notes to the consolidated financial statements (continued)

25. Reconciliation of operating profit / (loss) to operating cash flow

	2025 £'000	2024 £'000
Adjusted Operating profit / (loss) from continuing operations	**43**	(1,672)
Adjustments for:		
Depreciation of property, plant and equipment	**808**	752
Share option costs	**7**	14
Write-off of older assets	**-**	54
Movement in translation reserve	**2**	(11)
Changes in working capital:		
Decrease / (increase) in inventories	**402**	(362)
(Increase) / decrease in trade and other receivables	**(1,040)**	1,153
Increase in trade and other payables	**44**	1,073
Operating cash flow from continuing operations	**266**	1,001
Adjusted Operating (loss) / profit from PMC discontinued operations	**(125)**	780
Adjustments for:		
Depreciation of property, plant and equipment	**13**	710
Share option costs	**-**	9
Release of grants	**-**	(20)
Profit on disposal of property, plant and equipment	**-**	(19)
Write-off of older assets	**-**	54
Changes in working capital:		
Decrease in inventories	**11**	1,625
Decrease / (increase) in trade and other receivables	**103**	(955)
Decrease in trade and other payables	**(100)**	(1,162)
Operating cash flow from PMC discontinued operations	**(98)**	1,022
Total operating cash flow	**168**	2,023

Operating cash flow from continuing operations is presented in the primary statement.

Operating cash flow from discontinued operations is presented in Note 28.

Notes to the consolidated financial statements (continued)

26. Net debt reconciliation

	Cash £'000	Borrowings £'000	Leases £'000	Total £'000
At 30 September 2023	945	(907)	(2,401)	(2,363)
Cash flows	(475)	-	-	(475)
Repayments	-	1,407	777	2,184
New facilities – term loan	-	(1,500)	-	(1,500)
New facilities - asset finance leases	-	-	(408)	(408)
New facilities - right of use asset leases	-	-	(251)	(251)
At 28 September 2024, including disposal group	**470**	**(1,000)**	**(2,283)**	**(2,813)**
Transfers to disposal group held for sale	(354)	-	1,725	1,371
At 28 September 2024	**116**	**(1,000)**	**(558)**	**(1,442)**
Cash flows	2,242	-	-	2,242
Repayments	-	1,000	262	1,262
New facilities - asset finance leases	-	-	(66)	(66)
Transfers to disposal group prior to sale	(228)	-	-	(228)
At 27 September 2025	**2,130**	**-**	**(362)**	**1,768**

27. Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	**2,130**	116

Notes to the consolidated financial statements (continued)

28. Discontinued operations (previously disposal group held for sale)
The sale of the Precision Machined Components (PMC) division to Raghu Vamsi Machine Tools Private Limited, a manufacturer of specialised precision engineered components based in India, completed on 8 October 2024. As such, PMC was part of the Group's discontinued operations in FY25 for ten days only.

The assets and liabilities of PMC were classified as a disposal group held for sale as at 28 September 2024. Revenue and expenses, gains and losses relating to the discontinuation of this division have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of comprehensive income.

Operating (loss) / profit of PMC in the period and the profit or loss from the disposal group held for sale are summarised as follows:

	52 weeks ended 27 September 2025 £'000	52 weeks ended 28 September 2024 £'000
Revenue	**50**	17,095
Cost of sales	**(103)**	(13,367)
Gross (loss) / profit	**(53)**	3,728
Administration expenses	**(71)**	(2,948)
Operating (loss) / profit	**(124)**	780
Exceptional costs	**-**	(232)
Finance costs	**(1)**	(178)
(Loss) / profit from discontinued operations before tax	**(125)**	370
Tax charge	**-**	(462)
Loss from discontinued operations after tax	**(125)**	(92)

There is no tax charge or credit attributed to the discontinued operation. Its loss in the ten days between the FY24 year-end and completion of the sale is treated as unrealised.

The profit on disposal of the PMC division, recognised in the 52 weeks ended 27 September 2025, is as follows:

	£'000
Proceeds from sale of disposal group	**4,392**
Less:	
Non-current assets: property, plant and equipment	2,989
Deferred tax assets	10
Current assets: inventories	1,276
Current assets: trade and other receivables	4,321
Current assets: cash and cash equivalents	484
Current liabilities: trade and other payables	(3,179)
Lease liabilities	(1,727)
Deferred tax liabilities	(170)
Net assets sold	**4,004**
Profit on disposal of the PMC division	**388**
Loss from discontinued operations after tax	(125)
Profit for period from discontinued operations	**263**

Notes to the consolidated financial statements (continued)

28. Disposal group classified as held for sale and discontinued operations (continued)

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	27 September 2025 £'000	28 September 2024 £'000
Non-current assets		
Property, plant and equipment	-	3,002
Deferred tax assets	-	10
	-	3,012
Current assets		
Inventories	-	1,287
Trade and other receivables	-	4,660
Cash and cash equivalents	-	354
	-	6,301
Assets classified as held for sale	-	9,313
Current liabilities		
Trade and other payables	-	(3,517)
Lease liabilities	-	(308)
	-	(3,825)
Non-current liabilities		
Other payables	-	-
Lease liabilities	-	(1,417)
Deferred tax liabilities	-	(170)
	-	(1,587)
Liabilities classified as held for sale	-	(5,412)
Net assets classified as held for sale	-	3,901

The prior year figures above are stated before net amounts of £2,015,000 owed by PMC to the continuing operations of the Group at the balance sheet date.

As at 28 September 2024, property, plant and equipment included £1,787,000 of assets held under finance and right of use leases. Of this £423,000 related to land and buildings and £1,364,000 to plant and machinery.

Cash flows generated by PMC for the reporting periods under review (which exclude the transfers from continuing operations as presented in the primary statement) are as follows:

	52 weeks ended 27 September 2025 £'000	52 weeks ended 28 September 2024 £'000
Operating cash flow (Note 25)	**(98)**	1,022
Exceptional costs	-	(232)
Finance costs	-	(178)
Income tax refunds	-	6
Net cash (outflow) / inflow from operating activities	**(98)**	618
Net cash outflow from Investing activities	-	(92)
Net cash outflow from financing activities	-	(419)
Cash (outflow) / inflow from discontinued operations	**(98)**	107

Notes to the consolidated financial statements (continued)

29. Financial commitments

Pension commitments

As at 27 September 2025, pension contributions of £45,000 (2024: £76,000) due in respect of the current year had not been paid over to the scheme. These were paid over in the following month and within statutory deadlines.

Of these amounts, £45,000 (2024: £47,000) related to continuing operations and £nil (2024: £29,000) to discontinued operations.

30. Contingent liabilities

At the year-end there were no contingent liabilities (FY24: £579,000 related to bonus awards upon the completion of the sale of PMC which were paid in the first quarter of FY25).

31. Related party transactions

Key management personnel, as defined under "IAS 24 - Related Party Disclosures" includes the Executive and Non-Executive Directors of the Company and other relevant senior management within the operating subsidiaries. Total remuneration for all key management personnel was £1,139,000 (2024: £982,000), which includes £310,000 of bonus payments in relation to the sale of the PMC division and £60,000 in relation to FY25 financial performance.

Details of the remuneration of the Executive and Non-Executive Directors of the Company is set out in the Remuneration Committee Report on pages 32-33 and in Note 8.

On 14 November 2023 a £1.5 million term loan facility was agreed with Rockwood Strategic plc and Peter Gyllenhammar AB, two of its major shareholders. The loan was fully repaid in October 2024 following the sale of PMC.

In conjunction with the provision of the term loan, Rockwood and Gyllenhammar were issued with 1,933,358 warrants in aggregate (representing 5% of the issued share capital) to subscribe for ordinary shares in the Company at a price of 32 pence per share, representing a 20% premium to the closing share price on 23 October 2023 (being the day prior to the announcement of the new facility). The warrants may be exercised at any time in the 5 years following drawdown of the new facility and continue to be exercisable notwithstanding that the facility was repaid in October 2024 before its final expiry.

Rockwood Strategic plc is a quoted unit trust whose funds are managed by Harwood Capital LLP, thereby placing it under the control of Richard Staveley, a Non-Executive Director of the Company. Rockwood Strategic plc is therefore considered to be a related party under "IAS24 - Related Party Disclosures".

Total fees paid to Rockwood Strategic plc in the year were £nil (2024: £23,000), and total interest payments to Rockwood Strategic plc were £4,000 (2024: £85,000).

32. Prior period restatement: reclassification of labour costs

During the period, the Directors reviewed the treatment of labour costs in the financial statements of CSC. The Directors noted that since FY22, a proportion of labour cost has been charged to cost of sales which should more appropriately have been allocated to administrative expenses.

As a result, a prior period restatement has been made to the Statement of Comprehensive Income. This affects the classification of labour costs only and there is no impact on the reported loss for the period. There is no impact on either the Statement of Financial Position, the Statement of Changes in Equity, or the Statement of Cash Flows.

For the year ended 28 September 2024, the impact of the restatement was as follows:

	2024 Presented £'000	2024 Adjustment £'000	**2024** **Restated** **£'000**
Items in the Statement of Comprehensive Income:			
Cost of sales	(11,095)	1,156	**9,939**
Gross profit	3,732	1,156	**4,888**
Administration expenses	(5,404)	(1,156)	**(6,560)**
Total administration expenses (including exceptional costs)	(6,116)	(1,156)	**(7,272)**
Operating loss	(2,384)	-	**(2,384)**
Loss for the period from continuing operations	(2,345)	-	**(2,345)**

Company statement of financial position

As at 27 September 2025

	Notes	**27 September 2025 £'000**	28 September 2024 £'000
Non-current assets			
Investments	4	**623**	623
Property, plant and equipment	5	**2,686**	2,757
Deferred tax asset	12	**591**	435
		3,900	3,815
Current assets			
Investments	4	**-**	2,149
Receivables	6	**45**	3,630
Cash at bank and in hand		**15**	2
		60	5,781
Creditors: amounts falling due within one year			
Trade and other payables	7	**(3,075)**	(7,077)
Borrowings	8	**-**	(1,000)
Lease liabilities	9	**(6)**	(10)
Net current liabilities		**(3,081)**	(2,306)
Creditors: amounts falling due after more than one year			
Lease liabilities	9	**-**	(6)
Net assets		**879**	1,503
Capital and reserves			
Called up share capital	11	**1,933**	1,933
Share premium account	11	**1,699**	1,699
Profit and loss account	16	**(2,753)**	(2,129)
Equity shareholders' funds		**879**	1,503

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company reported a loss after tax for the 52-week period ended 27 September 2025 of £624,000 (2024: loss after tax of £4,734,000).

The accounting policies and notes on pages 87-97 form part of these financial statements.

Approved by the Board on 17 December 2025 and signed on its behalf by:

Signed by:
Chris Walters
2B301F4439A941A...

Chris Walters
Director
17 December 2025

Company statement of changes in equity

For the 52-week period ended 27 September 2025

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 30 September 2023	1,933	1,699	2,602	6,234
Share based payments	-	-	3	3
Transactions with owners	-	-	3	3
Loss for the period	-	-	(4,734)	(4,734)
Balance at 28 September 2024	**1,933**	**1,699**	**(2,129)**	**1,503**
Loss for the period	-	-	(624)	(624)
Balance at 27 September 2025	**1,933**	**1,699**	**(2,753)**	**879**

The accounting policies and notes on pages 87-97 form part of these financial statements.

Notes to the Company financial statements

1. Accounting policies

Statement of compliance

The financial statements of Chesterfield Special Cylinders Holdings plc ("the Company"), the parent company of the Group, have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the financial year dealt within the financial statements of the Company was £624,000 (2024: £4,734,000 loss) after applying a tax credit (Note 10) of £156,000 (2024: £197,000 credit) to the loss before tax of £780,000 (2024: £4,931,000 loss).

Going concern

The Directors note that the Company has net assets of £0.9 million at 27 September 2025, and net current liabilities of £3.1 million (of which £2.8 million is due to its trading subsidiary). The going concern status of the Company is inextricably linked to the CSC, and the Company is reliant on the same assurances and projections discussed on page 47 of the consolidated financial statements.

As explained in the accounting policies section to the consolidated financial statements (see page 47), the Directors have concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis. This conclusion also applies to the preparation of the Company's financial statements for the reasons set out in that section.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Capital management disclosures
- The effect of future accounting standards not adopted
- Certain share-based payment disclosures
- Certain financial instruments disclosures

New standards adopted in 2025

No new standards were applied during the year.

Investments

Investments in subsidiary undertakings are stated at cost less any applicable provision for impairment. Contingent consideration classified as an asset or liability is subsequently re-measured through profit or loss.

Property, plant and equipment

Property, plant and equipment (PPE) is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management.

PPE is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis (unless otherwise stated) to write down the cost less estimated residual value of PPE.

Notes to the Company financial statements (continued)

1. Accounting policies (continued)

The following useful lives are applied:

- Plant and machinery 3-15 years
- Buildings 50 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Financial assets

The Company classifies its financial assets at amortised cost.

Financial liabilities

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs involved. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

Leased assets

The Company as a lessee
For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Notes to the Company financial statements (continued)

1. Accounting policies (continued)

Leased assets (continued)

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in as a separate line item, 'Lease liabilities'.

Post-employment benefit plans

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset. Unpaid contributions are reflected as a liability.

Share-based payments

Where equity settled share options are awarded to employees of the Company the fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in the profit and loss account. The fair value of awards made with market performance conditions has been measured by a Black-Scholes model.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Notes to the Company financial statements (continued)

1. Accounting policies (continued)

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Calculation of deferred tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period that are expected to apply when the asset is realised or the liability is settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover the related asset or settle the related obligation.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are not discounted.

Deferred tax liabilities are generally recognised in full with the exception of:

- on the initial recognition of a transaction that is not a business combination and at the time of the transaction affects neither the accounting nor taxable profit.

Deferred tax liabilities are not discounted.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation with an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where a liability is contingent on the occurrence or non-occurrence of uncertain future events or circumstances it is only recognised if a reliable estimate can be made of the amount of obligation.

Critical accounting judgements

Impairment reviews – Freehold land and buildings

Land and buildings include the CSC manufacturing facility at Meadowhall Road, Sheffield.

The Directors obtained an updated valuation of the freehold property in June 2025 from independent chartered surveyors Knight Frank, which confirmed no material change in the freehold property value during the year.

The Directors are satisfied the carrying value of the Meadowhall Road site is materially comparable with market value (see Note 5).

Impairment reviews – Investment in subsidiaries

The Company has acquired, through business combinations and through other acquisitions, subsidiary companies and therefore holds investments in subsidiaries. At each reporting period date, the Directors review the likelihood of indefinite life assets generating income, the period over which this is likely to be achieved and the potential income that can be generated. Where it is probable the future recoverable amount will be in excess of capitalised costs the assets are held within the balance sheet at cost. Where this is not the case, an impairment charge will be recorded to adjust the investment held value to its recoverable amount (see Note 4).

Deferred tax

The carrying value of the deferred tax asset is dependent the extent to which losses carried forward in the Company are recoverable against future profits. Management estimates are based on a three-year profit forecast. Any such forecast is subject to significant estimation uncertainty, particularly in projected revenues from the hydrogen and defence markets, as future profits in CSC will affect the extent to which Company losses can be recognised.

Notes to the Company financial statements (continued)

2. Employees

Average weekly number of employees, including Executive Directors:

	2025 Number	2024 Number
Administration	**7**	14

Staff costs, including Directors:

	2025 £'000	2024 £'000
Wages and salaries	**826**	992
Social security costs	**115**	129
Other pension costs	**31**	134
Share based payments	**-**	3
	972	1,258

Further details of Directors' remuneration are provided in the Report of the Remuneration Committee and Note 8 to the consolidated financial statements.

3. Operating loss

The auditor's remuneration for audit and other services is disclosed in Note 6 to the consolidated financial statements. Of the total audit fee for the period, £64,000 was allocated to the Company.

4. Investments in subsidiary companies

	Investment in subsidiaries
Cost	**£'000**
At 28 September 2024	32,200
Additions	425
Disposal of discontinued operation	(32,002)
At 27 September 2025	**623**
Impairment	
At 28 September 2024	29,428
Disposal of discontinued operation	(29,428)
At 27 September 2025	**-**
Net book value	
At 27 September 2025	**623**
At 28 September 2024	2,772

Notes to the Company financial statements (continued)

4. Investments in subsidiary companies (continued)

The Company tests annually for impairment, or more frequently if there are indicators that the carrying value of investment in subsidiary companies might be impaired. The impairment review is described in Note 2 on pages 59-60 of the consolidated financial statements.

This review indicated that:

- No impairment was required in respect of the Company's investment in Chesterfield Special Cylinders Limited that includes the operations of CSC.
- No impairment was required in Chesterfield Special Cylinders Limited in respect of its subsidiary undertakings.

The directly held subsidiaries of the Company as at the balance sheet date, which are all 100% owned, are:

Name	**Country of incorporation**	**Principal activity**
Chesterfield Special Cylinders Limited	England & Wales	Manufacturing
Chesterfield Cylinders Limited	England & Wales	Dormant
Chesterfield Pressure Systems Company Limited	England & Wales	Dormant
Chesterfield Tube Company Limited	England & Wales	Dormant
Precision Machined Components Limited	England & Wales	Dormant

The directly held subsidiaries of Chesterfield Special Cylinders Limited as at the balance sheet date, which are all 100% owned, are:

Name	**Country of incorporation**	**Principal activity**
CSC Deutschland GmbH	Germany	Technical sales support
Chesterfield Special Cylinders Inc (formerly Hydratron Inc)	USA	Non-trading

All UK based subsidiaries have as their registered office the following address: Meadowhall Road, Sheffield, S9 1BT.

Notes to the Company financial statements (continued)

5. Property, plant and equipment

	Land and Buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 28 September 2024	3,370	470	3,840
Additions - Owned assets	-	14	14
Disposals - Leased assets	-	(49)	(49)
At 27 September 2025	**3,370**	**435**	**3,805**
Depreciation			
At 28 September 2024	768	315	1,083
Charge for the period - Owned assets	10	64	74
Charge for the period - Leased assets	-	11	11
Disposals - Leased assets	-	(49)	(49)
At 27 September 2025	**778**	**341**	**1,119**
Net book value			
At 27 September 2025	**2,592**	**94**	**2,686**
At 28 September 2024	2,602	155	2,757
Leased assets			
Carrying value at 27 September 2025	**-**	**5**	**5**
Carrying value at 28 September 2024	-	16	16

The original cost of the land and buildings was £3.4 million, which is currently held at a carrying value of £2.6 million following an impairment charge of £0.7 million made in the period to 2 October 2021. The carrying value is supported by the recent market valuation completed by Knight Frank in June 2025.

Notes to the Company financial statements (continued)

6. Receivables

	2025	2024
	£'000	£'000
Trade receivables	**32**	-
Other receivables	**13**	-
Prepayments	**-**	17
Amounts owed by Group undertakings	**-**	3,613
	45	3,630

Amounts owed by Group undertakings are charged at nil interest and are repayable on demand.

7. Trade and other payables

	2025	2024
	£'000	£'000
Trade creditors	**120**	139
Other tax and social security	**20**	186
Accruals	**99**	605
Amounts owed to Group undertakings	**2,836**	6,147
	3,075	7,077

Amounts owed to Group undertakings are charged at nil interest and are repayable on demand.

8. Borrowings

	2025	2024
	£'000	£'000
Amounts: falling due within one year		
Term loan	**-**	1,000

Details of borrowings are set out in Note 18 to the consolidated financial statements.

Notes to the Company financial statements (continued)

9. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2025 £'000	2024 £'000
Current		
Right of use asset lease liabilities	**6**	10
	6	10
Non-current		
Right of use asset lease liabilities	**-**	6
	-	6

For right of use assets, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 5). Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 27 September 2025 were as follows:

	Within one year £'000	**Over one to five years £'000**	**Total £'000**
27 September 2025			
Lease payments	**6**	**-**	**6**
Finance costs	**-**	**-**	**-**
Net present value	**6**	**-**	**6**

	Within one year £'000	Over one to five years £'000	Total £'000
28 September 2024			
Lease payments	11	6	17
Finance costs	(1)	-	(1)
Net present value	10	6	16

Notes to the Company financial statements (continued)

10. Taxation

	2025 £'000	2024 £'000
Deferred tax credit		
Origination and reversal of temporary differences	**183**	314
Under provision in respect of prior years	**(27)**	(117)
	156	197
Total taxation credit	**156**	197

As the most significant timing differences are not expected to unwind until 2025 or later, the deferred tax rate was maintained at 25% in the period.

11. Share capital

Details of the Company's authorised and issued share capital and of movements in the year are given in Note 23 to the consolidated financial statements.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

12. Deferred tax

	2025 £'000	2024 £'000
Opening deferred tax asset	**435**	238
Credit for the period	**156**	197
Closing deferred tax asset	**591**	435

The deferred tax asset is made up as follows:

	2025 £'000	2024 £'000
Accelerated capital allowances	**(47)**	(29)
Unutilised losses recognised	**638**	461
Other temporary differences	**-**	3
	591	435

13. Contingent liabilities

At the year-end there were no contingent liabilities (FY24: £579,000 related to bonus awards upon the completion of the sale of PMC which were paid in the first quarter of FY25).

14. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Chesterfield Special Cylinders Holdings plc have not been disclosed.

For details on other related party transactions, see Note 31 in the consolidated financial statements.

Notes to the Company financial statements (continued)

15. Ultimate controlling party

The Directors consider that the Company has no ultimate controlling party.

16**. Reserves**
The profit and loss account includes retained profits and losses for all current and prior periods.

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