AIREA plc

ANNUAL REPORT
& ACCOUNTS 2024

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About Us

AIREA plc is a UK design-led specialist flooring company listed on the AIM market of the London Stock Exchange, supplying both UK and international markets. Since 2007, the Group has been focused solely on floor coverings and enjoys a strong and growing brand position within the commercial flooring market.

OUR BRANDS

AIREA's core brand Burmatex® is one of the UK's leading designers and manufacturers of commercial carpet tiles and planks.

Burmatex® focuses on the design and creation of sustainable innovative flooring solutions to meet the needs of architects, specifiers and contractors with a continuously developing range to suit the education, leisure, commercial, hospitality and public sectors.

The brand was acquired by AIREA in 1984.

OUR GROWTH

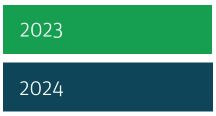
We have an established brand in a stable marketplace with high barriers to entry, and our in-house manufacture, low-cost base and service proposition provide opportunities for growth.

Financial Summary

Group revenue

£21.2m

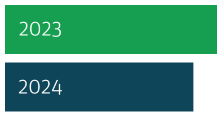
(2023: £21.1m)



Underlying operating profit

£1.6m

(2023: £1.8m)



Cash and cash Equivalents

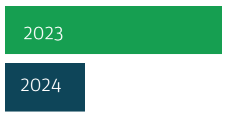
£2.1m

(2023:£5.8m)

Operating profit

£0.7m

(2023: £1.9m)



Dividend

0.60p

(2023: 0.55p)

Our Values

Principles: The Group is committed to success with integrity by building and strengthening its reputation through earning our stakeholders' trust. We commit to the principles of being honest, transparent and accountable for the impact that it has.

Agility: The Group strives for continuous improvement, prioritising what matters and making considered decisions in an efficient and timely manner. There is a constant pursuit of innovation and an innate emphasis to connect new ideas with business realities.

Collaboration: The Group wishes colleagues and stakeholders to understand our origins, current position, and future focus and will work together with purpose and pace to achieve the key objectives. Through empowerment, mentorship and encouragement, these goals will be a tangible reality.

Excellence: The Group is passionate about its people, its products and continually improving the quality and service delivered to its customers. The ambition is to continuously develop ourselves and help each other to do the same. The Group seeks to maximise the potential of our people through their talent, passion and hard work.

Case Study – British Airways Holidays

Office Changes, the office fit-out, design and refurbishment specialists, have been promoting Burmatex® products for a number of years. Burmatex® was the obvious choice of partner to provide carpet tiles for the new, prestigious British Airways Holidays office.

"Burmatex®'s engagement and service levels are impeccable from start to finish, and their products are very well made, stylish and absolutely on trend. The client was also very pleased with their ambition of being a carbon-neutral business."

Office Changes have successfully completed projects for British Airways Holidays over a number of years. In spring 2024, Office Changes were approached by British Airways Holidays as a trusted and reliable partner to assist them in relocating their operations to the prestigious top floor of The Create Building.

Office Changes worked closely with British Airways Holidays to ensure the office was modern and sleek in design, suitable for flexible working arrangements and encouraged staff to want to be at the office.

This installation used arctic® carpet tiles in glacial grey, norse grey and blue water for the 1,400m² area.

Burmatex®'s arctic® carpet tiles, made from Universal Fibers® Thrive® matter yarn, the world's first carbon negative recycled yarn, which is C2C Certified Material Health Certificate™ Silver and Burmatex®'s BioBase® recycled backing, arctic® is carbon neutral.

Strategic Report – Chairman's Statement

"The second half saw a strong recovery with the UK and ROI delivering 4.5% growth and international markets growing by 11.8%."

Overview

The year started well, with strong demand for our carbon-neutral and low-carbon product ranges in the first quarter. The Group then experienced an unforeseen slowdown in the second quarter, with international sales impacted by the ongoing economic and geopolitical turbulence. The second half saw a strong recovery with the UK and ROI delivering 4.5% growth and international markets growing by 11.8%.

Our focus on innovation and sustainability increased in the year, reflected in the successful launch of several carbon-neutral products. The Group also refreshed and relaunched several popular low-carbon ranges.

Results

Following the positive momentum in the second half of the year, the Group delivered year on year sales growth of 0.6%. As expected, the continued investment in the Group resulted in a lower operating profit of £0.7m. Profitability was impacted by certain non-recurring costs associated with the manufacturing facility and ongoing investment in people and other resources to support future profitable growth. Further commentary on these items is included in the Chief Financial Officer's review.

Significant progress was made in the review and successful implementation of the Group's stockholding policy, with inventory levels at the end of the year £2.8m below half year-end and £0.9m lower for the year overall. This was delivered without impacting customer service and testament to the decisive action taken by management.

Dividends

The Group prioritised cash management in the year to assist with the funding of its strategic investment. We continue to believe in rewarding our loyal shareholder base and therefore propose a final dividend of £0.2m or 0.60p per share for the year (2023: £0.2m or 0.55p per share), which is the total dividend for the year as no interim dividend was paid. This is a fourth consecutive year of dividend growth and is aligned with the Group's progressive dividend policy. The final dividend will be paid on 21 May 2025 to shareholders on the register on 22 April 2025. This proposal is subject to shareholder approval at the Group's Annual General Meeting to be held on 7 May 2025.

Sustainability

Sustainability is central to our strategy and fundamental to delivering future commercial success for the Group. We continue to believe that what we do matters. Our sustainability principles, eco$_2$matters®, now fully embedded across the Group, remain key to how we manage all aspects of our business. We are focused on driving commercial value from our position as a leader of providing sustainable products to the markets we serve. Our portfolio of products is supported by product specific Environmental Product Declarations (EPDs) that are verified by an independent third party. This enables our customers to quantify the positive impact our products have on the carbon footprint of their projects.

The solar panels installed on the roof of the Group's manufacturing facility are helping to mitigate against energy price volatility, whilst contributing to our sustainability goals.

Our Board

With the successful appointments over the last few years, the Board has the experience to provide effective oversight and guidance as AIREA continues its transformation. The Board remains committed to creating value for shareholders.

Our People

People are another key element to our strategy. We again recognise the role our people play in helping the Group achieve its success. Throughout 2024, with the ongoing disruption of transforming the business, our team again demonstrated its resilience, adaptability and commitment, and I would like to share my thanks and appreciation with them all.

The Board recognises the need for continued investment in the training and development of our people. This is aligned with our commitment to embedding our values throughout the Group. In 2022, the long-term share incentive scheme was relaunched to a wider employee pool as the Board recognised the need to retain and reward members of staff for long-term performance. The scheme incentivises employees through nil cost share awards. Awards will vest with beneficiaries over a three-year period ending 31 December 2025 subject to the achievement of both Group and individual performance conditions.

Summary and Outlook

The Group was pleased with the positive momentum in the second half of the year. This encouraging performance was delivered despite the ongoing global economic and geopolitical challenges.

We made further progress in expanding our sustainable portfolio with the launch of several carbon-neutral products both in the UK and in our key target overseas markets.

The opening of the Group's new showroom in Dubai in January 2025 is another example of our investment for future growth. This will operate as a strategic hub to drive sales across the GCC, MEA regions and India.

The investment in our manufacturing facility is nearing completion and along with the ongoing transformation of the business, the Group is well placed for profitable future growth.

These are exciting times for the Group and the Board remains confident in delivering long-term value for our shareholders.

MARTIN TOOGOOD
Chairman
26 March 2025

Strategic Report – Chief Executive Officer’s Statement

“We are excited and optimistic about the opportunities that the strategic investment in our manufacturing facility will generate.”

Introduction
The business transformation gained momentum as the year progressed. We continued to invest for future growth and successfully managed the strategic investment at our manufacturing facility whilst delivering both sales value and volume growth against a challenging economic and geopolitical backdrop.

The Group experienced strong growth in the second half of the year with sales 6.0% above the prior year, resulting in the full year being 0.6% ahead of prior year at £21.2m (2023: £21.1m). The UK and ROI delivered 4.5% sales growth in the second half, finishing the full year 2.4% above the prior year, compared to a deficit of 0.3% at the half year.

Sales in our international markets grew by 11.8% in the second half, finishing the full year 5.7% below the prior year, a large improvement on the shortfall of 21.9% at the half year.

In May 2024, the Group exhibited at the renowned Clerkenwell Design Week. This was another opportunity to showcase its new innovative and sustainable product ranges, further strengthen the Burmatex® brand in the market and engage with our existing and potential new customers. The Group also selectively promoted its new ranges at overseas exhibitions dedicated to architects, specifiers and interior designers.

Strong sustainability fundamentals
Over the last few years we have developed our sustainability credentials, driven by our ecomatters® principles.

The renewed focus on design and quality has resulted in a step change in our product portfolio. The Group’s range of carbon-neutral and low-carbon products has expanded to meet the growing demand from our customers as they quantify the positive impact these products have on the carbon footprint of their projects.

In 2024, both snowfall® and standing stones® were launched and balance collection® refreshed within the carbon-neutral range. In addition, alaska®, academy® and tivoli® were all refreshed and relaunched in the low-carbon range.

Sustainability is a key pillar of our strategy and is at the heart of the Group’s growth agenda. We will continue to focus on providing more sustainable and innovative products to meet our customers’ needs.

People
We rely on the commitment, expertise and creativity of our people. Our values are now firmly embedded across the organisation and are the catalyst for working as OneTeam. 2024 saw the introduction of a newly revamped formal performance appraisal process with annual personal objectives that align with our values and financial targets.

The Group recognises that the key to future success lies in the skills and abilities of its people. The continuous development and training of our people is key to meeting the future demands of our customers, especially in relation to creativity, innovation and sustainability.

I would like to take this opportunity to thank all of our people for their continued contribution to the ongoing business transformation and continued future success of the Group.

Summary and Outlook
Following an unforeseen slowdown in the second quarter, sales recovered strongly in the second half in both the UK and overseas markets. The Group has a well-established business model in the UK and is now developing its routes to market in certain key overseas territories, including Eastern Europe and the GCC.

As expected, operating profit was lower than the prior year due to the level of investment in resources to deliver future growth and the impact of non-recurring costs associated with the transformation. We are excited and optimistic about the opportunities that the strategic investment in our manufacturing facility will generate. The new investment will drive production efficiencies and contribute to future profitable growth.

MÉDÉRIC PAYNE
CHIEF EXECUTIVE OFFICER
26 MARCH 2025

Strategic Report – Chief Financial Officer's Review

Group Results

One of our main objectives at the beginning of the year was to strengthen the balance sheet. In this regard, several key initiatives were successfully executed in the second half of the year. Inventory levels were reduced by £2.8m to end the year £0.9m lower than December 2023. The outstanding balance on the Coronavirus Business Interruption Loan of £0.9m was fully settled in December 2024 and the investment property with a carrying value of £4.1m is currently being marketed for sale.

Revenue increased 0.6% to £21.2m (2023: £21.1m). There was another strong performance in the UK and ROI with sales 2.4% ahead of prior year. Following a disappointing first half, international sales recovered strongly in the second half and ended the year 5.7% down on the prior year. Demand for our carbon-neutral and low-carbon products was again strong.

Operating profit before property valuation gain decreased to £0.7m (2023: £1.8m) due to the impact of certain non-recurring costs and the ongoing cost of investing for future growth. Excluding these costs, underlying profit was £1.6m. There was also the impact of product mix on margin as the Group looks to increase volume by selectively targeting routes to new markets.

The non-recurring costs of £0.9m included:

- an increase in labour and production overheads of £0.6m following the strategic review and successful implementation of the Group's stockholding policy;
- investment in the new tiling line which resulted in the temporary use of third-party storage at a cost of £0.1m;
- legal expenses of £0.1m in defending a trademark challenge; and
- professional costs of £0.1m associated with investment in intellectual property.

Additional costs included the investment in a new sales showroom in Dubai, United Arab Emirates at a cost of £0.2m. In the UK, the sales team was expanded with a greater focus on architect and design specification projects at a cost of £0.1m. Investment in other areas included £0.1m in supply chain and quality which contributed to achieving ISO14001 and ISO9001 accreditation. This programme of investment in the business will support the Group's long-term future profitable growth.

A decision was taken to extend the depreciation period for certain plant and equipment from ten to fifteen years, which had a £0.4m positive impact on profit. The new investment will be depreciated over this more appropriate period of fifteen years. This item has been adjusted for in the calculation of underlying operating profit.

Net finance costs of £0.6m (2023: £0.5m) increased on the prior year due to higher costs relating to the pension scheme. The additional costs related to administration expenses incurred in completing work on the triennial valuation and subsequent recovery plan, and interest on the net defined benefit liability.

Taxation decreased to £0.3m (2023: £0.6m) due to a reduction in taxable profits and deferred taxation. The R&D tax credit claim of £0.1m was in line with prior year.

The loss attributable to shareholders of the Group for the year was £0.3m (2023: £0.8m profit). Earnings per share were (0.73p) (2023: 2.0p).

Operating cash flows before movements in working capital and other payables were £1.2m (2023: £2.6m). Working capital increased by £1.0m (2023: £0.2m increase) following an increase in trade and other receivables which included £1.0m in relation to deposits paid to suppliers of key components for the new manufacturing facility. The strategic review and implementation of the Group's stockholding policy delivered an inventory reduction of £0.9m on the prior year. Capital expenditure of £2.2m (2023: £1.2m) predominantly related to the Group's strategic investment in its manufacturing facility.

The Group had £2.1m of cash on hand as of 31 December 2024 (2023: £5.8m). In 2020, the Group borrowed £2.75m under the government Coronavirus Business Interruption Loan Scheme. The outstanding balance of £0.9m was settled in full in December 2024.

In November 2024, the Group secured short-term funding in the form of a trade finance facility to the value of £3.2m. This funding had not been utilised as at 31 December 2024. Interest is payable at 2.1% above the Bank of England base rate. The Group has access to further liquidity of £1.0m via our unutilised banking facility (2023: £1.0m).

The Group took the decision to divest its investment property, which has a current carrying value of £4.1m. The property is currently being marketed for sale.

The deficit on the defined benefit pension scheme reduced by £1.0m to £4.0m. Following the triennial valuation of the scheme as at 1 July 2023, the Group and the scheme's trustees agreed a reasonable and affordable recovery plan to address the scheme's deficit. This was submitted to The Pensions Regulator in September 2024. The plan included an initial contribution of £0.3m from the Group to the scheme and this was paid in July 2024. An experienced professional independent trustee was appointed in July 2024 to assist in managing the scheme. The trustees are currently in the process of updating the scheme's investment strategy to further mitigate its long-term risk profile as much as possible.

Key Performance Indicators

As part of its internal financial control procedures, the Board monitors the key financial metrics of revenue, underlying operating profit, gross margin, working capital (debtor and creditor days), inventory turns and cash.

These KPIs are reviewed in comparison to the previous year and the budget and analysis undertaken to establish trends and variances. For the year ended 31 December 2024, underlying operating profit return on sales was 7.4% (2023: 8.5%), return on net operating assets was 3.1% (2023: 8.5%) and working capital to sales percentage was 28.8% (2023: 24.2%).

Section 172

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to(f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006.

Stakeholder Engagement

Investors

The major interests in our shares are set out on page 10 of our Directors' Report. Key metrics for our shareholders are the share price, earnings per share and the total dividends paid. Through the publication of our half year and full year financial reports and engagement with shareholders, we look to provide insight, where possible, into the Group strategy. We aim to deliver strong returns to shareholders through a balance of both earnings and dividend growth.

Investor engagement includes the AGM, one on one investor meetings with the Board of Directors, site visits and ad-hoc meetings. Topics include strategy, governance, performance and sustainability commitments. Specific matters that were discussed during the year included sales and profit performance, cash preservation, cost management and the ongoing business transformation including the strategic investment in the Group's manufacturing facility.

Suppliers

We have a select Group of international suppliers and, at a local level, we partner with smaller businesses. These suppliers are key to the availability and quality of our products and they assist us in ensuring we achieve the highest standards. Our procurement team regularly engages with our suppliers to discuss supply performance, price and how we can improve our supply chain. Key topics of engagement for the year were availability, reliability of supply, sustainability, price and logistics.

Employees

Employees are those individuals who are contracted to work for the Company both full and part- time. The Group's success is reliant on the commitment of all employees to the Group's values and strategy. The Group aims to continuously improve the quality and safety of the working environment for all employees and promote health and wellbeing initiatives. Regular training is also provided for the development of employees.

Principal Decisions

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. For detail as to how we established and defined our key stakeholder Groups see page 6. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

Principal Decision 1

Cash and liquidity preservation

Focus on maintaining cash reserves and finance facilities to provide stability through uncertainty and provide the ability to finance capital requirements needed to invest in the future.

The Board recognised the need to carefully manage cash reserves and ensure adequate facilities were available during the year to fund the strategic investment in the manufacturing facility. A strategic review and successful implementation of the Group's stockholding policy resulted in inventory levels decreasing by £2.8m in the second half of the year. The actions taken by the Board will contribute to ensuring the continued long-term stability of the Group and to position it to take advantage of future profitable growth and investment opportunities.

In order to provide additional finance facilities, in November 2024 the Group secured short-term funding with its banking partner in the form of a trade finance facility to the value of £3.2m. In December 2024, the Group settled in full the UK government-backed Coronavirus Business Interruption Loan Scheme it took advantage of in 2020.

Principal Decision 2

Managing inventory levels to safeguard against supply chain and production risks

Disruption to global supply chains continued to ease during 2024 despite the ongoing Ukraine conflict and the continued unrest in the Middle East.

The Board agreed that it was essential to have sufficient raw materials available for production to meet the level of demand from customers. As part of the strategic review of the Group's stockholding policy, it was decided that a higher level of raw materials would be held to provide the Group with greater manufacturing flexibility. Management worked closely with key suppliers to continue to secure supply and successfully reduce lead times. These actions enabled the Group to maintain excellent service to customers and reduce the high level of finished goods inventory.

Principal Decision 3

Rising raw material, labour and energy prices

The increases in raw material cost pressure eased in 2024, but ongoing geopolitical and macroeconomic issues continued to impact energy costs. There was also the labour inflation pressures in UK following the general election.

With such ongoing cost pressures the Board agreed that certain measures taken in prior years should be maintained. The use of the newly installed solar panels at our manufacturing site mitigated some risk. There was also capital investment to improve heat retention in all buildings across the site. The Board also took advantage of competitively priced energy contracts and agreed to a fixed term.

The Streamlined Energy & Carbon Reporting (SECR) requirements came into effect for large companies and Groups from 1st April 2020. The Group does not have any large companies that meet the required thresholds and as such no further disclosure is required in line with the SECR requirements.

Other Risks

The global nature of the Group's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions, the most significant being the euro. In order to protect itself against currency fluctuations the Group has taken advantage of the opportunity to naturally hedge euro revenue with euro payments utilising foreign currency bank accounts. No transactions of a speculative nature are undertaken. Other risks include the availability of necessary materials, business interruption and the duty of care to our employees, customers and the wider public. These risks are managed through the combination of quality assurance and health and safety procedures and insurance cover.

The strategic report has been approved by the Board of Directors and signed on behalf of them by:

Conleth Campbell

CONLETH CAMPBELL
CHIEF FINANCIAL OFFICER
AND COMPANY SECRETARY
26 March 2025

Board of Directors

MARTIN TOOGOOD
INDEPENDENT NON-EXECUTIVE CHAIRMAN

Martin Toogood joined the Group as an Independent Non-Executive Director on 1 April 2009, and was appointed Independent Non-Executive Chairman on 6 November in the same year. Martin has considerable experience at Executive and Non-Executive level, most recently with ILVA in Scandinavia and the UK, B&Q in the UK, Carpetright in the UK and Europe and Habitat in the UK and internationally.

MÉDÉRIC PAYNE
CHIEF EXECUTIVE OFFICER

Médéric Payne joined the Group on the 25th August 2022 as Chief Executive Officer from Al-Futtaim Group based in the Middle East. He has held a number of key international Executive roles, notably within Landmark Group as CEO for Homecentre and at Kingfisher plc as CEO for Castorama RU. In his recent role as CEO, his main focus has been the growth, turnaround and digital transformation of a number of well-known brands within his retail portfolio in MENA. Médéric has considerable experience in supply chain, sales and innovation in both mature and developing markets.

CONLETH CAMPBELL
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Conleth Campbell joined the Group on the 2nd October 2023 as Chief Financial Officer & Company Secretary, with more than 25 years of experience in public Company environments. He has developed and led finance teams, with strong expertise in Capital Markets including M&A and Investor Relations. He was previously Group Financial Controller of Genuit Group plc. He has also held the position of Head of Capital Markets (Investor Relations and Treasury) for Croda International plc. He is a Chartered Accountant (ICAEW) and began his career at Mazars.

TANYA ASHTON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tanya Ashton joined the Group on the 10th May 2023 as an independent Non-Executive Director, with over 20 years' experience in strategic marketing and brand development roles.

Tanya currently acts as Head of Sustainability at Walgreens Boots Alliance Global Sourcing, Europe. She also holds a Non-Executive Director position and acts as a sustainability subject matter expert at AIM-listed M.P. Evans Group plc, and is a Board member and Director of The Sustainability Consortium.

Directors' Report

The Directors present their report for the year ended 31st December 2024.

Dividends

The Directors recommend a final dividend of £0.2m or 0.6p per share, also representing the total dividend for the year as no interim dividend was paid (2023: £0.2m or 0.55p per share). The final dividend will be paid on 21 May 2025 to shareholders on the register on 22 April 2025. This proposal is subject to shareholder approval at the Group's Annual General Meeting to be held on 7 May 2025. This continues the Group's policy of progressive dividends and sharing the success of the business with shareholders whilst maintaining adequate cash to complete the strategic investment at the Group's manufacturing facility before considering future investment opportunities.

Directors

The Directors for the year are detailed below:
Martin Toogood
Médéric Payne
Conleth Campbell
Tanya Ashton

A third party indemnity insurance policy is in place for the benefit of the Directors.

Directors who held office on 31st December 2024 had the following interests in the Ordinary Shares of the Company:

	2024	2023
Martin Toogood	2,100,361	2,100,361
Mederic Payne	78,000	-
Conleth Campbell	60,000	-

There were no other changes in Directors' interests between 1 January 2025 and 26 March 2025. None of the Directors have an interest in the share capital of subsidiary companies other than as a nominee of the Company.

Details of dividends paid to Directors in respect of their shareholdings dealings are set out in note 25.

Details of share awards granted to Directors as part of the 2022 LTIP are set out in note 21.

Risks considered by Directors are discussed and disclosed within the strategic report on page 7.

Share Capital

Details of the share capital of the Company are set out in note 20 to the financial statements of the Group.

Substantial Shareholdings

At 31 December 2024, in addition to the interests of Martin Toogood amounting to 5.08% noted above, the Company had been notified of the following interests representing 3.00% or more of the Company's Ordinary Share capital:

	Number held	%
Mr. & Mrs. D. Newlands	5,132,500	12.41
Lowland Investment Trust	4,125,000	9.97
Mrs. C. J. Tobin	4,104,687	9.93
AIREA Employee Benefit Trust	2,777,600	6.72
Mr. M. H. Yeadon	1,978,862	4.79
Mr. & Mrs. G. A. Upsdell	1,758,618	4.25
Mr. & Mrs. R Morris	1,245,000	3.01

Corporate Governance Chairman's Statement

The Directors of AIREA plc are committed to developing and applying high standards of corporate governance appropriate to the Group's size and stage of development, and therefore, have elected to adopt the QCA Corporate Governance Code which was published on 25th April 2018. A full version of which is available at the QCA website www.theqca.com.

The QCA Code is constructed around ten broad principles which focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the Company was created. Full details of the ten principles and the Company's application of the principles including areas where the Company differ from the expectations of the code can be viewed on the AIREA plc website www.AIREAplc.com.

Values and Behaviours

The Board recognises the value of the Code and good governance and as far as is practicable and appropriate for a public Company of the size and nature of AIREA plc, adheres to it. In this regard, the Board remains focused on the need for a system of corporate governance which delivers compliance with regulation whilst enhancing the performance of the Group. This includes recognising the need to manage and mitigate the risks faced by the business across all of its activities as noted in the strategic report.

The Board demonstrates and promotes the values of the Group being principles, agility, collaboration and excellence. These values are shared with the employees and have been communicated both formally and informally due to the regular contact between the Directors, management and employees on a day-to-day basis. Meetings take place within departments to discuss both team and personal performance and progress against the values and objectives.

The Group sets clear policy and objectives on its expectations on wider stakeholder and social responsibilities from the Board, to the top of the management team and throughout the organisation. We are proud of our culture, where all staff feel responsible for making a difference in delivering high standards within the organisation and to our customers, stakeholders and local communities. We recognise the need for continual development and improvement in all our standards and measure performance year-on-year.

The Board and its Committees

The Group is led by a Board comprising of two Non-Executive Directors, including the Chairman and two Executive Directors. Amongst other things it is the Chairman's responsibility to deliver the Group's corporate governance model and to display a clear vision on strategy and values. The time commitment from the Chairman, Non-Executive Director and Executive Directors is noted in the Directors' report.

The appointed Company Secretary is one of the Executive Directors who possesses the relevant skills and experience to perform the function whilst providing the lead in both legal and regulatory compliance and ensuring strong corporate governance.

The Board composition is regularly reviewed to ensure it is an appropriate size for the Group and has the effective and appropriate balance of skills and experience to ensure the business operates efficiently and is able to react quickly to any issues that may arise. Day to day operating decisions are made by the Executive Directors, supported by the senior leadership team.

Each Board member keeps their skills up-to-date through a combination of courses, continuing professional development through professional bodies, reading and on the job experience.

Following the appointment of a second Non-Executive Director in 2023, the Board now complies with the requirements for a minimum of two independent Non-Executive Directors under the QCA Corporate Governance Code, being the corporate governance code that the Company has chosen to apply. The Board continues to review its structure periodically as the needs of the business change.

Group Board Meetings
During the year the PLC Board was chaired by the Chairman accompanied by the second Non-Executive Director and two Executive Directors. The Board does not have a schedule of matters specifically reserved to it for decision-making but its responsibilities include matters such as:
- Strategy;
- Financial issues and trading;
- Risk identification and assessment;
- Health and safety;
- Corporate Governance; and
- Approving statutory accounts and announcements.

The Board met ten times during the year with full attendance by all the members. The Board's performance is assessed in terms of the Group's objectives which are to develop products that sell and exploit the strength in our operating model to deliver robust cashflows and shareholder returns. No formal assessment of the Board's performance was undertaken during the year, but the performance is discussed informally in terms of the Group's performance.

Audit Committee
The audit committee is chaired by Martin Toogood and there are no other members. This committee met twice during the financial year and was attended by all the Directors of the Company at the invitation of the Chairman. It provides a forum through which external auditors report to the Board, and assists the Board in ensuring that appropriate policies, internal controls and compliance procedures are in place. There is no report available to be shared in these accounts.

Remuneration Committee
The remuneration committee is chaired by Martin Toogood and there are no other members. This committee met twice during the financial year and was attended by all the Directors of the Company at the invitation of the Chairman. It provides a forum through which Directors' remuneration and employee incentives can be formally reviewed and approved as appropriate. There is no report available to be shared in these accounts.

Internal Control
The Directors acknowledge their responsibility for the Group's systems of internal control. The Group maintains systems of internal controls, including suitable monitoring procedures, to provide reasonable, but not absolute, assurance of the maintenance of proper accounting records and the consequent reliability of the financial information used within the business to identify and deal with any problems on a timely basis. The monitoring and control procedures include the specification of defined lines of responsibility and authorisation limits, the delegation of authority, the identification of risks and the continual process of the preparation of, and reporting against, annual budgets, forecasts and strategic plans.

Employees in the United Kingdom
The policy of the Group for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position having regard to the maintenance of a safe working environment and with regard to their particular aptitudes and abilities. The Group also tries, where practical, to provide support and retraining in cases where disability is incurred during employment with the Group.

The Group continues its practice of keeping all employees informed on the performance of the Group and other matters affecting them through regular meetings as well as through informal briefings.

The Board is committed to the achievement of high standards of health and safety.

Investor Relations
The Group holds an AGM to which all members are invited. The AGM is the main forum for dialogue between the shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The Chairman of the Board and the other Directors attend the AGM.

The Board is always welcoming to investors and shareholders and believes in maintaining good communication with all stakeholders including institutional and private shareholders. This includes making the Executive Directors available to meet with institutional shareholders and analysts following the announcement of interim and final results. The Board receives feedback from these meetings and uses this to refine its approach to investor relations.

Charitable and Political Contributions
Charitable donations of £4,000 were made during the year (2023: £nil). There were no political contributions made during the year (2023: £nil).

Going Concern
As part of its ongoing responsibilities the Board regularly reviews the cash flow projections of the business for the current and following financial year along with the key sensitivities and uncertainties that might affect the achievement of the projections. In summary, the Group continues to be subject to the uncertainties in the current economic environment particularly in respect of market demand, however, the Group's financial headroom (reviewed whilst stress testing the forecasts for worst case scenarios and the impact this would have on the Group's ability to operate) means that it is well placed to manage its business risks successfully. The Directors can reasonably expect that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis remains appropriate in preparing the annual report and accounts.

Future Developments
Details of future developments in the business are included in the strategic report.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law (Section 393, Companies Act 2006) the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of

Directors' Report (continued)

affairs of the Group and the Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on A.I.M.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Adopted International Accounting Standards, 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 requirements of 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 of the Directors is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor
Crowe U.K. LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

CONLETH CAMPBELL
CHIEF FINANCIAL OFFICER
AND COMPANY SECRETARY

Victoria Mills,
The Green
Ossett, WF5 0AN

26 March 2025

Independent Auditor's Report to the Members of AIREA plc

Opinion

We have audited the financial statements of Airea Plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024, which comprise:

- the Consolidated income statement for the year ended 31 December 2024;
- the Consolidated statement of comprehensive income for the year ended 31 December 2024;
- the Consolidated and Company balance sheets as at 31 December 2024;
- the Consolidated statement of cash flow for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended;
- the Consolidated and Company statements of cash flows for the year then ended; and
- the notes to the financial statements, including accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 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 accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewed the group cash flow forecasts provided by management and challenged the key assumptions used in the forecasts, including downside sensitivities of reduced sales volumes and increased costs;
- Checking the numerical accuracy of management's cash flow forecasts;
- Reviewed the availability of facilities and cash reserves in the context of both the financial projections and downside scenarios;
- Procedures to review and evaluate the accuracy of management's past projections;
- Reviewing the disclosures made in the financial statements relating to going concern and agreeing it is consistent with management's assessment;

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 or Company'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.

Independent Auditor's Report to the Members of AIREA plc

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £165,000, based on approximately 0.75% of revenue for 31 December 2024. Materiality for the Company financial statements as a whole was set at £160,000 based on 0.5% of the total assets for 31 December 2024.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £115,500 for the group and £112,000 for the Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £8,250 for the Group and £8,000 for the Company. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The group and its subsidiaries are accounted for at one location, being the parent company's registered office. We performed full scope audits of the complete financial information of Airea plc and the three components, Burmatex Limited, Fope Limited and Airea Floor Coverings Limited. The work was performed directly by the group audit team. The operations that were subject to full-scope audit procedures made up 100% of the consolidated revenues, total profit before tax on continuing operations and total assets and liabilities.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of defined benefit pension scheme (note 19)	
The group operates a defined benefit pension scheme that provides benefits to a number of current and former employees. At 31 December 2024, the defined benefit pension schemes' net liabilities were £4,0 million. The gross value of pension scheme assets amounted to £31.5 million, with gross liabilities £35.5 million. The valuation of the defined benefit pension scheme net liabilities in accordance with IAS 19 'Employee Benefits' involves significant judgement and is subject to complex actuarial assumptions. Small variations in those actuarial assumptions can lead to a materially different defined benefit pension scheme asset or liability being recognised within the group financial statements. Therefore, we identified the valuation of the defined benefit pension scheme as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work in this area included the following: • Documenting our understanding of management's processes for evaluating the defined benefit scheme and assessing the design effectiveness of related key controls; • Evaluating the independence and competence of management's actuary; • Benchmarked the key assumptions used by management in the group's valuation using an independent auditor expert actuary, comparing the data used to external market data; • Testing a sample of the pension scheme assets to underlying documentation to confirm ownership and valuation at the reporting date; and • Assessing disclosures made in the financial statements to determine compliance with IAS 19.

Independent Auditor's Report to the Members of AIREA plc
(continued)

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 the directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on pages 11-12, 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 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 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.

Independent Auditor's Report to the Members of Airea plc
(continued)

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:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK, being the principal jurisdiction in which the Group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities, used data analytics techniques to identify any unusual transactions and reviewing accounting estimates for biases where significant judgements are involved.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us. We performed testing on journal entries and used computer aided tools to assist this testing to address the risk of fraud through management override of controls.

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

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

Daniel Town (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

26 March 2025

Consolidated Income Statement
for the year ended 31st December 2024

	Note	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Continuing Operations			
Revenue	**2**	**21,234**	**21,102**
Operating costs	3	(20,025)	(19,788)
Other operating income		355	490
Underlying operating profit before valuation gain		1,564	1,804
Non-recurring items	27	(911)	–
Operating profit before valuation gain		653	1,804
Unrealised valuation gain	11	40	60
Operating profit		**693**	**1,864**
Finance income	5a	69	72
Finance costs	5b	(699)	(523)
Profit before taxation		**63**	**1,413**
Taxation	6	(345)	(644)
(Loss)/profit attributable to shareholders of the Group		**(282)**	**769**
Basic and diluted earnings per share for the Group	7	(0.73p)	1.99p

Consolidated Statement of Comprehensive Income
for the year ended 31st December 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
(Loss)/profit attributable to shareholders of the Group			(282)		769
Items that will not be classified to profit or loss					
Remeasurement of the net defined benefit liability	19	1,215		(3,281)	
Related deferred taxation	12a	(378)		820	
Revaluation of property	9	108		315	
Related deferred taxation	12b	(27)		(79)	
Total other comprehensive income/(loss)			918		(2,225)
Total comprehensive income/(loss) attributable to shareholders of the Group			636		(1,456)

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Balance Sheet

as at 31st December 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Non-current assets					
Property, plant and equipment	9		8,346		6,379
Intangible assets	10		46		65
Investment property	11		–		4,060
Deferred tax asset	12a		1,557		1,413
Right-of-use-asset	13		1,013		895
			10,962		12,812
Current assets					
Investment property held for sale	11	4,100		-	
Inventories	14	4,855		5,753	
Trade and other receivables	15	4,335		3,156	
Cash and cash equivalents	16	2,063		5,758	
			15,353		14,667
Total assets			**26,315**		**27,479**
Current liabilities					
Trade and other payables	17	(3,111)		(3,795)	
Lease liabilities	13	(179)		(183)	
Loans and borrowings	18	(404)		(739)	
			(3,694)		(4,717)
Non-current liabilities					
Deferred tax	12b	(2,334)		(1,439)	
Pension deficit	19	(4,007)		(4,972)	
Lease liabilities	13	(244)		(287)	
Loans and borrowings	18	(500)		(1,119)	
			(7,085)		(7,817)
Total liabilities			**(10,779)**		**(12,534)**
Net assets			**15,536**		**14,945**
Equity					
Called up share capital	20		10,339		10,339
Share premium account			504		504
Own Shares			(1,217)		(1,636)
Share-based payment reserve			317		150
Capital redemption reserve			3,617		3,617
Revaluation reserve			3,448		3,376
Retained earnings			(1,472)		(1,405)
Total equity			**15,536**		**14,945**

The financial statements on pages 17 to 44 were approved by the Board of Directors on 26th March 2025 and signed on its behalf by:

Martin Conleth Campbell
Chief Financial Officer
Company number 00526657

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31st December 2024

	Note	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Cash flows from operating activities			
(Loss)/profit for the year		(282)	769
Depreciation	9	345	374
Depreciation of right-of-use assets	13	44	279
Amortisation	10	33	33
Movement in provisions		–	(77)
Share-based payment expense		167	150
Net finance costs	5	630	451
Tax charge	6	345	644
Unrealised valuation gain	11	(40)	(60)
Profit on disposal of tangible fixed asset		(6)	–
Operating cash flows before movements in working capital		**1,236**	**2,563**
Decrease in inventories		898	142
Increase in trade and other receivables		(1,179)	(807)
(Decrease)/increase in trade and other payables		(683)	479
Cash generated from operations		**272**	**2,377**
Contributions to defined benefit pension scheme		(300)	–
Net cash (used)/generated from operating activities		**(28)**	**2,377**
Cash flows from investing activities			
Payments to acquire intangible fixed assets		(14)	(27)
Payments to acquire tangible fixed assets		(2,204)	(1,166)
Receipt from the sale of tangible fixed assets		6	–
Interested received		69	72
Net cash used in investing activities		**(2,143)**	**(1,121)**
Cash flows from financing activities			
Interest paid on lease liabilities		(28)	(17)
Interest paid on borrowings		(121)	(160)
Proceeds from asset financing		661	–
Principal paid on lease liabilities	13	(209)	(156)
Equity dividend paid		(212)	(193)
Repayment of loans		(1,615)	(734)
Net cash used in financing activities		**(1,524)**	**(1,260)**
Net (decrease)/increase in cash and cash equivalents		**(3,695)**	**(4)**
Cash and cash equivalents at start of the year		**5,758**	**5,762**
Cash and cash equivalents at end of the year		**2,063**	**5,758**

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Changes in Equity
as at 31st December 2024

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Capital redemption reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
As 1st January 2023	**10,339**	**504**	**(2,000)**	–	**3,617**	**3,096**	**888**	**16,444**
Comprehensive income for the year								
Profit for the year	–	–	–	–	–	–	769	769
Remeasurement of the net defined benefit liability	–	–	–	–	–	–	(2,461)	(2,461)
Revaluation of property	–	–	–	–	–	315	(79)	236
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**315**	**(1,771)**	**(1,456)**
Contributions by and distributions to owners								
Dividend paid	–	–	–	–	–	–	(193)	(193)
Share-based payment	–	–	–	150	–	–	–	150
Own Share Transfer	–	–	364	–	–	–	(364)	–
Revaluation Reserve Transfer	–	–	–	–	–	(35)	35	–
Total contributions by and distributions to owners	–	**–**	**364**	**150**	**–**	**(35)**	**(522)**	**(43)**
At 31st December 2023								
And 1st January 2024	**10,339**	**504**	**(1,636)**	**150**	**3,617**	**3,376**	**(1,405)**	**14,945**
Comprehensive income for the year								
Loss for the year	–	–	–	–	–	–	(282)	(282)
Remeasurement of the net defined benefit liability	–	–	–	–	–	–	837	837
Revaluation of property	–	–	–	–	–	108	(27)	81
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**108**	**528**	**636**
Contributions by and distributions to owners								
Dividend paid	–	–	–	–	–	–	(212)	(212)
Share-based payment	–	–	–	167	–	–	–	167
Own Share Transfer	–	–	419	–	–	–	(419)	–
Revaluation Reserve Transfer	–	–	–	–	–	(36)	36	–
Total contributions by and distributions to owners	**–**	**–**	**419**	**167**	**–**	**(36)**	**(595)**	**(45)**
At 31st December 2024	**10,339**	**504**	**(1,217)**	**317**	**3,617**	**3.448**	**(1,472)**	**15,536**

The shortfall in the balance between the exercise price of the share options granted and the outstanding loan to the EBT is transferred from own shares to retained earnings over the vesting period (note 24).

The notes on pages 21 to 44 form part of these financial statements.

Notes to the Financial Statements of the Group

1. ACCOUNTING POLICIES OF THE GROUP

The principal Accounting Policies adopted in the preparation of the Group's IFRS Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Company is a specialist flooring Company and a public limited Company, listed on the AIM section of London Stock Exchange, incorporated and domiciled in the England and Wales. The address of its registered office is Victoria Mills, The Green, Ossett, West Yorkshire WF5 0AN.

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis in accordance with applicable law and UK adopted International Accounting Standards. The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31st December 2024 remain unchanged from the previous year and are set out below. The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and note 4 to the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of AIREA plc and its subsidiaries. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of an investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date at which control is obtained. They are deconsolidated from the date at which control ceases.

Going Concern

As part of their normal year end process the Board have reviewed commercial plans and budgets for the new financial year, together with assessing the principal identified risks and uncertainties for the Group. Detailed cashflow projections have been prepared and considered against available funding sources, which at the year-end included net cash of £2.06m, plus £1.0m of unused overdraft facilities alongside a trade finance facility of £3.2m. The Group has also modelled stress test scenarios which assume 10% reductions in revenue alongside a 10% increase in costs, with no cost reduction or cash conservation measures. Under the lowest point in these stress tested scenarios, the Group retains adequate headroom against its total banking facilities.

The Directors have therefore concluded that they have reasonable expectations that the Group has adequate financial resources to support the operational requirements of the business for the foreseeable future, and that it is appropriate to continue adopting the going concern concept in the preparation of financial statements. In conclusion, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of goods in accordance with the Group's primary revenue stream as set out below. Revenue is shown net of Value Added Tax.

Sales of floor coverings

Goods are recognised at the point of acceptance by the customer reflecting fulfilment of the sole performance obligation to the customer.

Contracts with customers are typically fixed price based on agreed amounts and invoiced upon despatch of the goods in line with the standard terms and conditions of the Group. The Group's standard payment terms are 20th of the month following the date of the invoice. There are no long-term contract or financing arrangements in place across the Group.

The Group is assessed operationally and financially under one revenue stream. The Directors do not therefore consider there to be a lower relevant level of revenue disaggregation than that disclosed in note 2, Operating Segments. There are no material concentrations of revenue by customers.

Notes to the Financial Statements of the Group
(continued)

1. ACCOUNTING POLICIES OF THE GROUP (continued)

Other operating income
Other operating income comprises of rent receivable on an investment property that is let outside of the Group. Income on such rent is recognised evenly throughout the year for the period in which it relates.

Interest payable and receivable
Interest payable and receivable is accounted for on an effective interest method.

Dividends payable
Dividends payable are recognised when the shareholders' right to receive payment is established and are only included in liabilities if approved in a general meeting prior to the balance sheet date.

Property
Freehold land and buildings are carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on the revalued freehold building, over the amount that would have been charged on the historical cost basis (which will continue to be expensed to the income statement) is transferred from the revaluation reserve to retained earnings in line with the historical cost depreciation.

Freehold land is not depreciated. Depreciation is provided on all other items of property so as to write off their carrying value over their useful economic lives. It is provided at the following rate:

Buildings	2% – 10%

Plant and equipment
Plant and equipment are held at cost less accumulated depreciation and impairment charges. Depreciation on assets under the course of construction does not commence until they are completely available for use. Depreciation is provided on all other items of plant and equipment to write off the cost less the estimated residual value, which is reviewed annually, by equal instalments over their estimated useful economic lives as follows:

Plant and equipment	6.66% – 33%

Investment property held for sale
Investment properties are initially measured at cost, including transaction costs, and subsequently carried at fair value, with changes recognised in profit or loss. When classified as held for sale under IFRS 5, the property must be available for immediate sale, with management committed to a plan to sell within 12 months. Investment properties held for sale continue to be measured at fair value under IAS 40, with gains or losses recognised in the income statement. Upon disposal or when no longer meeting the held-for-sale criteria, the property is derecognised, and any resulting gain or loss is recorded in the income statement.

Fair value
Fair value estimation under IFRS 13 requires the Group to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its assets. The fair value hierarchy has the following levels:

- 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 (prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data. Their fair value of assets and investment property are determined using valuation techniques (notes 9 and 11).

Impairment testing of property, plant and equipment
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. All 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 assets 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. Impairment loss is charged pro-rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Notes to the Financial Statements of the Group
(continued)

1. ACCOUNTING POLICIES OF THE GROUP (continued)

Intangible assets
Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure as set out in IAS 38 'Intangible Assets'. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria, necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Development expenditure is identified as being capital in nature if the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure not meeting these criteria is recognised in profit or loss as incurred. Once the asset is ready for use, the capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Intangible assets not yet ready for use are tested for impairment annually. Amortisation is provided to write off the cost by equal instalments through operating costs in the income statement over their estimated useful economic lives as follows:

Intangible assets 20 – 33%

Inventories
Inventories are stated at the lower of cost (on a first in, first out basis) and net realisable value. Cost includes materials, direct labour and works overhead based on a normal level of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow moving or defective items where appropriate.

Foreign currency
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise.

Financial assets
Financial assets that are held to collect are categorised as amortised cost under IFRS 9. This includes the Group's trade receivables, and cash and cash equivalents. Financial assets are assigned to this category on initial recognition, depending on the characteristics of the instrument and the corresponding business model (generate cash via sale of manufactured flooring). A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognised in profit or loss or other comprehensive income.

Financial assets comprise trade receivables and cash and cash equivalents. Financial assets are recognised in the Group's Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are measured at initial recognition at fair value and subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement using the expected credit loss model.

The Group recognises all financial assets when the Group becomes party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus transaction costs, and subsequently at amortised cost using the effective interest method, less any allowance for impairment. Financial assets are reviewed for impairment under the simplified approach to the expected credit loss model under IFRS 9. This is calculated through the use of a provision matrix by considering default rates by receivable age. A historic 2 year actual impairment loss on receivables, adjusted for management's expectation of future market conditions is utilised within this matrix. The movement in allowances for receivables is charged or credited through the income statement. Discounting of long-term receivables is omitted where the effect is immaterial.

Financial liabilities
The Group's financial liabilities include trade payables, lease liabilities, accruals and other creditors and are all categorised under amortised cost in accordance with IFRS 9. Trade payables are not interest bearing and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the statement of comprehensive income under 'finance charges'.

Leases
Where a contract meets IFRS 16's definition of a lease, lease agreements give rise to the recognition of a non-current asset representing the right to use the leased item, and a loan obligation for future lease payables. Lease costs are recognised in the form of depreciation of the right to use asset and interest on the lease liability.

Notes to the Financial Statements of the Group
(continued)

1. ACCOUNTING POLICIES OF THE GROUP (continued)

Taxation
Current tax payable is provided on taxable profits at prevailing rates for the year.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements, at rates expected to apply when they reverse, based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred income tax assets are recognised to the extent that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised or other future taxable profits. Deferred tax assets and liabilities are not discounted. Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed. No material uncertain tax positions exist as at 31 December 2024.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and on short-term deposit.

Pensions
The current service cost of providing retirement pensions and related benefits under the Group defined benefit scheme along with the interest on the net pension deficit is included in other finance costs. Actuarial gains and losses, net of the related deferred taxation, are recognised in other comprehensive income. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. The surplus or deficit as calculated by the scheme's actuary is presented separately on the balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

Amounts paid to defined contribution schemes are charged against operating profit as part of operating costs as incurred.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation arising from past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions that are payable over a number of years are discounted to net present value at the balance sheet date using a discount rate appropriate to the particular provision concerned.

Employee Benefits Trust (EBT)
As the Company is deemed to have control of its EBT trust, it is treated as a subsidiary and consolidated for the purpose of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in Company's shares is deducted from equity in the consolidated statement of financial position referred to as 'Own Shares'.

Non-recurring Expense Items
Non-recurring items are item that the Board believe are material and one-off or non-operating in nature and are better disclosed separately in the income statement. Events which may give rise to non-recurring item include, but are not limited to, gains or losses on the disposal of subsidiaries/businesses, gain or losses on the disposal or properties, gains or losses from the reassessment of useful life on asset classes and the restructuring of the business.

Equity
Equity is broken down into the elements listed below:
- **Share capital** representing the nominal value of equity shares;
- **Share premium** representing the excess over nominal value of the fair value of consideration received for equity shares;
- **Own Shares** representing the weighted average cost of own shares held by the employee benefit trust;
- **Share-based payment reserve** represents the movement in cost of equity settled transactions in relation to long-term incentive plan;
- **Capital redemption reserve** representing the nominal value of the Company's own shares purchased by the Company and cancelled;
- **Revaluation reserve** representing the above cost of assets held at fair value; and
- **Retained earnings** representing amounts retained from earnings.

Notes to the Financial Statements of the Group
(continued)

1. ACCOUNTING POLICIES OF THE GROUP (continued)

Software-as-a-Service (SaaS) arrangements

SaaS arrangement are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. The following new standards, amendments and interpretations are effective for the period beginning on or after 1 January 2024 and have been adopted for the Group Financial Statements where appropriate with no material impact on the disclosures and results made by the Group:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Amendments to IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors', distinguishing changes in accounting estimates from changes in accounting policies;
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2; and
- Initial Application of IFRS 17 and IFRS 9 - Comparative Information

There has been no material impact on the Group's Consolidated Financial Statements from any new standards, amendments or interpretations effective during the year.

Accounting standards or interpretations issued but not yet effective

Apart from IFRS 18 'Presentation and Disclosure in Financial Statements', there were no accounting standards or interpretations issued which have an effective date after the date of these Group Consolidated Financial Statements that management reasonably expects to have an impact on disclosures, financial position or performance

2. OPERATING SEGMENTS

The Group presents its results in accordance with internal management reporting information which means that the Group is reported as only one segment. The performance of the Group is monitored and measured and strategic decisions made by the Chief Operating Decision Maker, which is deemed to be the Board, on the basis of the Group's results. The Group's results include all items presented under IFRS. This management information therefore accords with Group financial information presented in the consolidated income statement and consolidated balance sheet.

Revenue is reported by geographical location of customers.

All revenue is generated by operations within the United Kingdom and all assets are located in the United Kingdom.

Analysis of revenue by destination

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
United Kingdom	16,398	16,227
Rest of the World	4,836	4,875
	21,234	21,102

Notes to the Financial Statements of the Group
(continued)

3. OPERATING COSTS

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Changes in stocks of finished goods and work in progress	428	189
Raw materials and consumables	8,064	8,280
Other external charges	4,571	4,633
Staff costs (note 21)	6,158	6,002
Depreciation	457	374
Depreciation of right-of-use asset	321	279
Amortisation	33	33
Profit on disposal of fixed asset	(6)	–
Foreign exchange differences	(1)	(2)
	20,025	19,788

Other external charges include the following amounts payable to the Company's auditor.

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Fees payable to the Company's auditor for the audit of the Group's financial statements	44	51
Audit of the financial statements of the Company's subsidiaries		
Pursuant to legislation	22	22
	66	73

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, appropriate key judgements and estimates have been made in a number of areas and the actual outcome may vary from the position described in the consolidated balance sheet at 31st December 2024.

Key Judgements
Deferred tax assets – £1,557,000 (2023: £1,413,000)
Deferred tax assets are recognised at the balance sheet date based on the assumption that there is a high expectation that the assets will be realised in due course. This assumption is dependent upon the Group having losses that are available for offset and the ability to generate sufficient future taxable profits. Details of the deferred tax asset are given in note 12.

Accounting estimates
The key sources of estimation uncertainty that may give rise to a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

Inventories – £4,855,000 (2023: £5,753,000)
The inventory is carried at the lower of cost and net realisable value. Certain items of inventory are not expected to sell at prices which cover cost, either because they are remnants, come from discontinued ranges or are below the required quality standard. Any items with a cost in excess of the net realisable value are provided against, this provision is based on the market price less cost to sell. Development of new product lines is managed carefully to minimise the level of obsolescence of products to avoid the requirement for provision. If the provision were to increase by 10% the value of inventories would decrease by £18,000.

Credit loss provision – £115,000 (2023: £60,000)
Certain debts carry the potential to become uncollectable and the Group calculates a provision for credit losses using a model of expected loss rates detailed in note 15. The provision has increased within the year to reflect the decline in general economic conditions.

Notes to the Financial Statements of the Group
(continued)

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Investment property held for sale – £4,100,000 (2023: £4,060,000)
The Investment property is held on the balance sheet at fair value, this is subject to a number of assumptions regarding market conditions, comparable transactions, rental yields and future cash flows. Judgement is exercised in assessing whether the property meets the held-for-sale criteria, including the likelihood of completing the sale within 12 months. Any revision to these assumptions and judgements could impact the valuation and/or classification. Details of the investment property are given in note 11.

Pension deficit – £4,007,000 (2023: £4,972,000)
The calculation of the pension deficit is subject to a number of assumptions as detailed in note 19. Any difference between actual events and those assumed at the balance sheet date could result in a change in the pension deficit.

5. FINANCE INCOME AND COSTS

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
(a) Finance income		
Other Interest	69	72

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
(b) Finance costs		
Finance costs relating to lease (note 13)	28	17
Finance costs relating to borrowings (note 18)	121	160
Finance costs relating to the pension scheme (note 19)	550	346
	699	523

6. TAXATION

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Based on the profit for the year at 25% (2023: 25.00%)		
Corporation tax		
– Current year	–	–
– Prior year	–	–
Total current tax		
Deferred tax		
– Current year	483	731
– Relating to pension deficit	(138)	(87)
Total deferred tax (note 12)	345	644
Total tax charge for the year	345	644

Notes to the Financial Statements of the Group
(continued)

6. TAXATION (continued)
The tax charge for the year can be reconciled to the profit per the consolidated income statement at the standard rate of corporation tax in the United Kingdom of 25% (2023: 25%) as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Profit on ordinary activities before tax	63	1,413
Profit on ordinary activities before tax multiplied by standard rate of corporation tax of 25% (2023: 25.00%)	16	353
Effects of:		
Disallowed expenditure	230	249
Capital allowance	(132)	(122)
R&D claim	(95)	(90)
Deferred tax on accounting policy alignment on consolidation	–	254
Other	326	–
Total tax charge for the year	345	644

Other items include £753,000 relating to incomplete investment in PPE that are not yet eligible for capital allowances, £97,000 relating to the reassessment of the useful life of an asset class, (£344,000) from losses recognised within group entities, (£138,000) from related taxation on pension costs included within finance costs and (£42,000) from the underlying remeasurement of the share based payment reserve.

7. EARNINGS PER SHARE
The calculation of basic and earnings per share is based on the following data:

Number of shares	Year ended 31st December 2024	Year ended 31st December 2023
Weighted average number of Ordinary Shares used in basic and diluted EPS	38,576,753	38,576,753

Earnings	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Earnings used in basic and diluted EPS	(282)	769

Group earnings per share	Year ended 31st December 2024 pence	Year ended 31st December 2023 pence
Basic and diluted earnings per share for the Group	(0.73p)	1.99p

Notes to the Financial Statements of the Group
(continued)

8. NET (CASH)/DEBT

	Cash and cash equivalents £000	Lease Liabilities £000	Loans and borrowings £000	Total £000
At 1st January 2023	(5,762)	333	2,592	(2,837)
Cash flow	4	(156)	(734)	(886)
New finance leases in the year	–	293	–	293
At 1st January 2024	(5,758)	470	1,858	(3,430)
Cash flow	3,695	(209)	(1,615)	1,871
New asset finance in the year	–	–	661	661
New finance leases in the year	–	162	–	162
At 31st December 2024	(2,063)	423	904	(736)
Balance comprises:				
Current assets	(2,063)	–	–	(2,063)
Current liabilities	–	179	404	583
Non-current liabilities	–	244	500	744
	(2,063)	423	904	(736)

9. PROPERTY, PLANT AND EQUIPMENT

	Property £000	Plant and equipment £000	Total £000
Cost or valuation			
At 1st January 2023	3,718	10,208	13,926
Additions	831	335	1,166
Disposals	–	–	–
At 31st December 2023	4,549	10,543	15,092
Additions	182	2,022	2,204
Disposals	-	(144)	(144)
At 31st December 2024	4,731	12,421	17,152
Depreciation			
At 1st January 2023	198	8,456	8,654
Charge for year	131	243	374
Disposals	–	–	–
Revaluation	(315)	–	(315)
At 31st December 2023	14	8,699	8,713
Charge for year	205	140	345
Disposals	–	(144)	(144)
Revaluation	(108)	–	(108)
At 31st December 2024	111	8,695	8,806
Net book value			
At 31st December 2023	4,535	1,844	6,379
At 31st December 2024	4,620	3,726	8,346

Notes to the Financial Statements of the Group
(continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)
The property, plant and equipment have been pledged as security for the Group's bank facilities by way of a fixed charge over property and a fixed and floating charge over the rest of the assets.

The Group has assets under construction of £1,993,000 (2023: £235,000) included within plant and equipment.

The Group has contracts placed for future capital expenditure of £3,501,000 (2023: £478,000) related to property, plant and equipment. The operating property was valued at 31st December 2024. The valuation was prepared in accordance with the RICS Valuation – Global Standards, January 2025, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book") and the IVSC International Valuation Standards by external independent qualified valuers with recent experience valuing operating properties in the location held by the Group.

The property measured at fair value is categorised as level 3 in the fair value hierarchy as defined by IFRS 13 as one or more of the inputs to the valuation are partly based on unobservable market data. In arriving at their valuation, the independent valuers have formed an opinion as to the unobservable input being the rent per square foot which a potential purchaser would apply in arriving at the market value. This input is arrived at using market comparables for the type, location and condition of the property. The capital rate used for valuation is £23.95 per sq ft. The effect of a £5 change in the capital rate per square foot would be a £965,000 movement in the valuation.

Fair value measurement is based on the above items highest and best use which does not differ from their actual use.

During the year management reassessed the useful life of an asset class from 10 to 15 years. Management deem that all other asset classes to remain the same.

10. INTANGIBLE ASSETS

	£000
Cost	
At 1st January 2023	344
Additions	27
At 31st December 2023	371
Additions	14
At 31st December 2024	385
Amortisation	
At 1st January 2023	273
Charge for the year	33
At 31st December 2023	306
Charge for the year	33
At 31st December 2024	339
Net book value	
At 31st December 2023	65
At 31st December 2024	46

The expenditure relates to the introduction of new technology and related products.

11. INVESTMENT PROPERTY HELD FOR SALE

	£000
Valuation at 31st December 2023	4,060
Unrealised Valuation Gain	40
Valuation at 31st December 2024	4,100

Notes to the Financial Statements of the Group
(continued)

11. INVESTMENT PROPERTY HELD FOR SALE (continued)

The investment property was valued at 31st December 2024. The valuation was prepared in accordance with the RICS Valuation – Global Standards, January 2025 Global and UK edition, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book") and the IVSC International Valuation Standards by external independent qualified valuers with recent experience valuing investment properties in the location held by the Group.

The property measured at fair value is categorised as level 3 in the fair value hierarchy as defined by IFRS 13 as one or more of the inputs to the valuation are partly based on unobservable market data. In arriving at their valuation, the independent valuers have formed an opinion as to the unobservable input being the yield which a potential purchaser would apply in arriving at the market value. This input is arrived at using market comparables for the type, location and condition of the property. The yield used for valuation is 8.50%. The effect of a 1% increase in the yield would be a £435,000 movement in the valuation and a 1% decrease in yield would be a £553,000 movement in valuation.

Fair value measurement is based on the above items highest and best use which does not differ from their actual use.

During the year Management took the decision to start the process to divest the investment property, with it being actively marketed at the year end. For that reason, the property has been reclassified in current assets at the balance sheet date.

12. DEFERRED TAXATION

	Pension deficit £000	Share Scheme £000	Tax losses £000	Total £000
(a) Deferred tax non-current asset				
Balance at 1st January 2023	336	–	581	917
Movement during the year:				
Profit or loss	87	37	(448)	(324)
Other comprehensive income	820	–	–	820
Balance at 31st December 2023	1,243	37	133	1,413
Movement during the year:				
Profit or loss	138	42	343	523
Other comprehensive income	(379)	–	–	(379)
Balance at 31st December 2024	1,002	79	476	1,557

	2024 £000	2023 £000
(b) Deferred tax liability		
Balance brought forward	1,439	1,040
Movement during the year: Income statement	868	320
Consolidated statement of comprehensive income	27	79
Balance at 31st December	2,334	1,439
An analysis of the deferred tax liability is as follows: Property, plant and equipment	2,126	1,241
Investment property	208	198
	2,334	1,439

Notes to the Financial Statements of the Group
(continued)

13. LEASES

The Group principally has two types of lease, vehicle leases and the lease of plant and equipment. As at 31st December 2024 the Group held 29 vehicle leases and 1 plant and machinery lease. All leases are of a fixed nature in relation to the payments made and any future outflows, therefore there is no impact in relation to any percentage movement in interest rate or asset value.

The below includes the balance and any movement through the year.

Right of Use Assets	Vehicles £000	Plant and Equipment £000	Total £000
At 1st January 2023	327	552	879
Additions	295	–	295
Disposal	–	–	–
Depreciation	(160)	(119)	(279)
At 1st January 2024	462	433	895
Additions	162	–	162
Disposal	–	–	–
Depreciation	(215)	171	(44)
At 31st December 2024	409	604	1,013

Lease Liabilities	Vehicles £000	Plant and Equipment £000	Total £000
At 1st January 2023	333	–	333
Additions	293	–	293
Disposal	–	–	–
Payment	(173)	–	(173)
Interest Expense	17	–	17
At 1st January 2024	470	–	470
Additions	162	–	162
Disposal	–	–	–
Payments	(237)	–	(237)
Interest Expense	28	–	28
At 31st December 2024	423	–	423

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Current liabilities	179	183
Long-term liabilities	244	287
	423	470

Below are the future gross outflows related to Group leases.

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Within one year	199	204
In the second to fifth years inclusive	260	308
After five years	–	–
	459	512

Notes to the Financial Statements of the Group
(continued)

13. LEASES (continued)

Receipts	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Lease receipts under operating leases credited to other operating income	355	490

At the balance sheet date the Group had outstanding commitments for future minimum lease receipts under non-cancellable operating leases which fall due as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Within one year	345	345
In the second to fifth years inclusive	1,380	415
	1,725	760

Operating lease receipts represent rentals receivable by the Group from lease of its investment property.

14. INVENTORIES

	2024 £000	2023 £000
Raw materials and consumables	998	928
Work in progress	202	84
Finished goods	3,655	4,741
	4,855	5,753

The consolidated income statement includes £9,053,000 (2023: £8,469,000) as an expense for inventories. The provision at 31st December 2024 was £176,000 (2023: £147,000).

15. TRADE AND OTHER RECEIVABLES

	2024 £000	2023 £000
Trade receivables	2,849	2,607
Prepayments and accrued income	1,486	549
	4,335	3,156

The carrying value of trade receivables is considered a reasonable approximation of fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using expected loss rates. The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers such as GDP or unemployment rates. There is no set time as to when a debt would be written off. Management would make the decision on a debt-by-debt basis and write it off against the credit loss provision when it is no longer deemed as collectable.

Notes to the Financial Statements of the Group
(continued)

15. TRADE AND OTHER RECEIVABLES (continued)

A reconciliation of the movement in the impairment allowance for receivables under the expected credit loss model is shown below.

	2024 £000	2023 £000
Provision for bad and doubtful debts as at 1st January	60	76
Amount Charges	74	44
Amount Released	(19)	(60)
Expected credit loss provision as at 31st December	115	60

£'000	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Specific	Total
Expected credit loss rate	1.46%	1.70%	4.89%	21.29%	100%	33.68%	
Total gross carrying amount	1,662	999	106	2	5	190	2,964
Lifetime expected credit losses	(24)	(17)	(5)	(0)	(5)	(64)	(115)
Net carrying amount							2,849

16. CASH AND CASH EQUIVALENTS

	2024 £000	2023 £000
Cash at bank and in hand	2,063	5,758

17. TRADE AND OTHER PAYABLES

	2024 £000	2023 £000
Trade payables	1,945	2,535
Social security and other taxes	419	466
Accruals and other creditors	747	794
	3,111	3,795

Notes to the Financial Statements of the Group
(continued)

18. BORROWING
The cash flows relating to borrowing are as follows:

	£000
As at 31st December 2023	1,858
Payments	(1,736)
Additions	661
Interest charge	121
As at 31st December 2024	904

Below are the future economic outflows related to Company borrowing.

	2024 £000	2023 £000
Within one year	459	855
In the second to fifth years inclusive	507	1,186
Net cash outflow	966	2,041

During 2024, a loan of £661,000 was taken against the purchase of new machinery, which is repayable in 36 equal monthly instalments with an interest rate of 6.10%. Within the above outstanding commitments £54,000 relates to interest that will be payable under the agreement.

During 2021, a loan of £934,000 was taken against the purchase of new machinery, which is repayable in 60 equal monthly instalments with an interest rate of 2.84%. Within the above outstanding commitments £7,000 relates to interest that will be payable under the agreement.

During 2020, a Coronavirus Business Interruption Loan ("CBILS") of £2.75m was secured with no fees or interest payable for the initial 12 month period. After the initial 12 month period the loan is repayable in 60 equal monthly instalments with an interest rate of 3.99% above the Bank of England Base rate. The outstanding balance of £0.9m was settled in December 2024.

At the balance sheet date the Group recognise the following liabilities.

	2024 £000	2023 £000
Current liabilities – due within one year	404	739
Non-current liabilities – not due within one year	500	1,119
	904	1,858

19. PENSION COMMITMENTS

AIREA PLC and Burmatex Ltd sponsor the Sirdar PLC Retirement Benefits Plan (1974), a funded defined benefit pension scheme in the UK. The Plan is administered within a trust which is legally separate from the Companies. Trustees are appointed by both the Companies and the Plan's membership and act in the interest of the Plan and all relevant stakeholders, including the members and the Companies. The Trustees are also responsible for the investment of the Plan's assets.

Responsibility for making good any deficit within the Plan lies with the Companies and this introduces a number of risks. The major risks are: interest rate risk; inflation risk; investment risk and longevity risk. The Companies and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal controls policies, including a risk register.

Notes to the Financial Statements of the Group
(continued)

19. PENSION COMMITMENTS (continued)

The Plan is subject to regular actuarial valuations, which are usually carried out every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using assumptions set in line with accounting standards.

A formal actuarial valuation is currently being carried out as at 1st July 2023. The preliminary results of that valuation have been projected to 31st December 2024 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The amounts recognised in the statement of financial position are as follows:

	31st December 2024 £000	31st December 2023 £000
Present value of scheme liabilities	(35,474)	(39,530)
Fair value of scheme assets	31,467	34,558
Funded status	(4,007)	(4,972)
Net amount recognised at year end (before any adjustment for deferred tax)	(4,007)	(4,972)

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

The Group is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation.

There remains significant uncertainty as to whether the judgments will result in additional liabilities for UK pension schemes and it is possible that the Department of Work & Pensions will introduce legislation to allow changes to be certified retrospectively.

The Trustees have no reason to believe that any changes to the Scheme did not have the correct actuarial confirmation but a detailed review has not been carried out. As a result, the Company has not reflected any potential additional liabilities in its pensions disclosures.

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Service cost:		
Administration expenses	323	273
Net interest expense	227	73
Charge recognised in profit or loss within finance costs	550	346
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in interest expense)	1,106	(1,384)
Loss /(gain)arising from changes in financial assumptions	(2,404)	1,099
Loss arising from changes in demographic assumptions	83	766
Experience Loss	–	2,800
Charge recorded in other comprehensive income	(1,215)	3,281
Total defined benefit (credit)/cost	(665)	3,627

Notes to the Financial Statements of the Group
(continued)

19. PENSION COMMITMENTS (continued)

The principal actuarial assumptions used were:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Liabilities discount rate	5.45%	4.55%
Inflation assumption – RPI	3.25%	3.15%
Inflation assumption – CPI	2.65%	2.45%
Revaluation of deferred pensions		
– benefits accrued prior to 06/04/1997	2.65%	2.45%
– benefits accrued after 06/04/1997	2.65%	2.45%
Rate of increase to pensions in payment		
– benefits accrued prior to 06/04/1997	2.65%	2.45%
– benefits accrued after 06/04/1997	2.65%	2.45%
Proportion of employees opting for early retirement	Nil	Nil
Proportion of employees commuting pension for cash	100%	100%
Proportion of non-pensioners taking PIE at retirement	50%	50%
Mortality assumption – pre-retirement	As post-retirement	As post-retirement
Mortality assumption – male post-retirement	107% SAPS S3PMA CMI 2023 M 1.55% IA – 0.1% W2023 = 35%	107% SAPS S3PMA CMI 2022 M 1.55% IA – 0.1% W2023 = 35%
Mortality assumption – female post-retirement	109% SAPS S3PFA CMI 2023 F 1.25% IA – 0.1% W2023 = 35%	109% SAPS S3PFA CMI 2022 F 1.55% IA – 0.1% W2023 = 35%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	86.0	86.1
Female pensioner at age 65:	88.3	88.3
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end:	87.6	87.7
Female aged 45 at year end:	89.7	89.7

Notes to the Financial Statements of the Group
(continued)

19. PENSION COMMITMENTS (continued)

Changes in the present value of assets over the year:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Fair value of assets at start of period	34,558	34,927
Interest income	1,493	1,645
Return on assets (excluding amount included in net interest expense)	(1,106)	1,384
Contributions from the employer	300	–
Benefits paid	(3,455)	(3,125)
Administration expenses	(323)	(273)
Fair value of assets at end of period	31,467	34,558
Actual return on assets over the period	387	3,029

Changes in the present value of liabilities over the year:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Liabilities at start of period	39,530	36,272
Interest cost	1,720	1,718
Remeasurement (gains)/losses		
– Actuarial gains and losses arising from changes in financial assumptions	(2,404)	1,099
– Actuarial gains and losses arising from changes in demographic assumptions	83	766
– Other Experience Loss	–	2,800
Benefits paid	(3,455)	(3,125)
At end of period	35,474	39,530

At the year end the value of insured pensioners amounted to £778,000 (2023: £892,000). This amount has not been included in the present value table of assets and liabilities as the impact on the balance sheet is nil.

The split of the plan's liabilities by category of membership is as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Active members	–	–
Deferred pensioners	7,275	8,131
Pensions in payment	28,199	31,399
	35,474	39,530
Average duration of the Plan’s liabilities at the end of the period (years)	9	9
This can be subdivided as follows:		
Active members	–	–
Deferred pensioners	12	13
Pensions in payment	10	9

Notes to the Financial Statements of the Group
(continued)

19. PENSION COMMITMENTS (continued)

The major categories of scheme assets are as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Return seeking		
Synthetic Equity	3,218	4,391
Partners Fund	7,171	6,693
Multi Sector Credit	9,261	6,026
Diversified Growth Fund	–	6,361
Return seeking subtotal	19,650	23,471
Debt instruments		
LDI funds	6,950	7,322
Other		
Property	2,758	2,766
Cash	2,109	999
Total market value of assets	31,467	34,558

All of the equity has quoted prices in active markets. Derivatives and debt instruments are classified as level 2 and property as level 3 in the IFRS 13 fair value hierarchy.

The Scheme has no investments in the Companies or in property occupied by the Companies.

The company made contributions of £300,000 during the year.

Sensitivity of the liability value to changes in the principal assumptions.

If the discount rate was 0.10% percent higher (lower), the Plan liabilities would decrease by £291,000 (increase by £294,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the Plan liabilities would increase by £103,000 (decrease by £121,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase (decrease) by 1 year, the Plan liabilities would increase by £2,026,000 (decrease by £1,979,000) if all the other assumptions remained unchanged.

20. CALLED UP SHARE CAPITAL

	2024 Number	2024 £000	2023 Number	2023 £000
Ordinary shares of 25p each				
Allotted, called up and fully paid	41,354,353	10,339	41,354,353	10,339

The Company holds its own shares under the AIREA Employee Benefits Trust as per note 24.

Notes to the Financial Statements of the Group
(continued)

21. EMPLOYEES

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Staff costs		
Wages and salaries	5,484	5,343
Social security costs	498	486
Other pension costs	176	173
	6,158	6,002

	Number	Number
The average monthly number of employees, including Directors, principally in the United Kingdom were:		
Sales and marketing	34	31
Administration	10	9
Manufacturing and operations	76	76
	120	116

Directors' remuneration and key management personnel

	Salary and fees £000	Bonus £000	Taxable benefits £000	Year ended 31st December 2024 (excluding pensions) £000	Year ended 31st December 2023 (excluding pensions) £000	Year ended 31st December 2024 Pension £000	Year ended 31st December 2023 Pension £000
Executive							
Médéric Payne	226	–	16	242	270	23	22
Ryan Thomas*	–	–	–	–	101	–	7
Conleth Campbell*	150	–	3	153	38	8	–
Non-Executive							
Martin Toogood	52	–	–	52	56	–	–
Tanya Ashton*	25	–	–	25	16	–	–
	453	–	19	472	481	31	29

In addition to the above breakdown social security costs amounted to £62,000 (2023: £47,000) in relation to the Directors.

* Ryan Thomas resigned on the 22th September 2023 and Conleth Campbell was appointed on the 2nd October 2023

* Tanya Ashton was appointed on the 10th May 2023

On the 26th June 2024, Médéric Payne and Conleth Campbell were awarded nil cost share options, no other Director received such remuneration in the year. The number of options awarded are summarised in the table below:

Option Holder	2023	2024	Total Number of Ordinary Shares subject to an option
Médéric Payne	500,000	120,000	620,000
Conleth Campbell	–	250,000	250,000

Notes to the Financial Statements of the Group
(continued)

22. SHARE AWARDS
The Group launched an initial performance-based Long-Term Incentive Plan (LTIP) for all eligible employees in 2019. Awards made under the 2019 LTIP failed to vest as the Group did not achieve the performance-based targets for operating profit.

On the 15th December 2022 the Group re-launched the LTIP plan for all eligible employees. Awards made under the LTIP vest provided the participant remains in the Group's employment during the three-year vesting period to 31st December 2025 and the Group achieves certain performance-based targets.

Movements in LTIP awards outstanding were as follows:

	Year ended 31st December 2024	Year ended 31st December 2023
Outstanding at 1st January	2,140,000	2,790,000
Forfeited	(75,000)	(650,000)
2022 Scheme Granted	597,000	–
Outstanding at 31st December	2,662,000	2,140,000
Unvested at 31st December	2,662,000	2,140,000

Awards made under the LTIP have a £nil exercise price with the shares being held by the AIREA Employee Benefit Trust until vesting. The term of equity-settled awards is three years unless the performance period is extended as a one-off by the Board of Directors for a further 12 months making the maximum term 4 years. The weighted average remaining life of equity-settled awards at 31st December 2024 is 1 years.

At 31st December 2024, the cost recognised in relation to equity settled awards was £317,000 (2023: £150,000). At the grant date, the weighted average fair value of the LTIP awards granted during the year was nil (2023: nil). Fair value was measured using the Black-Scholes model discounted for average dividend yield based on the following assumptions:

	2024 issue	2022 issue
Share price on grant date	31.5p	26.0p
Risk free interest rate	5.25%	3.5%
Volatility in Company shares	37.8%	18.99%
Expected life of LTIP awards	1.5 Years	3 years

Expected volatility was determined based on the daily share price movement of the Company's share price during the previous 12 month period preceding the grant date.

The shares held under option do not have the right to any dividend payments until they have vested. Compensation expense recognised in the profit or loss in relation to employee share schemes was as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
LTIP		
Equity settled awards	167	150
Total expense	167	150

Notes to the Financial Statements of the Group
(continued)

23. FINANCIAL INSTRUMENTS
The Group's financial instruments comprise, principally, cash and short-term deposits, and various items, such as trade receivables and trade payables, arising directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are currency risk, interest risk, liquidity risk and credit risk. The Board's policies for managing these risks are summarised as follows:

Interest risk – the Group finances its daily operations from retained profits. The Group also holds cash and short-term deposits. The cash and short-term deposits attract floating rates of interest based on United Kingdom bank base rates.

Currency risk – the Group seeks to hedge its transactional foreign currency exposures arising from the underlying business activities of operating units, through the use of foreign currency bank accounts. No transactions of a speculative nature are undertaken.

Liquidity risk – The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders. The Board aims to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Directors monitor the demographic spread of shareholders as well as the return on capital and the level of dividends paid to shareholders. There were no changes to the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

Credit risk – the Group seeks to limit credit risk through the use of credit insurance and procedures to constantly review customer accounts. The amount that best represents the Group's maximum exposure to credit risk is detailed in note 15.

Financial assets, the carrying values of which are a reasonable approximation to their fair value, are all categorised as amortised cost under IFRS9: Financial Instruments and are included in the consolidated balance sheet within the following headings:

	2024 £000	2023 £000
Current assets		
Trade receivables	2,849	2,607
Cash and cash equivalents	2,063	5,758
	4,912	8,365

Financial liabilities included in the consolidated balance sheet are all financial liabilities measured at amortised costs in the terms of IFRS9 and are included in the consolidated balance sheet within the following headings:

	2024 £000	2023 £000
Current liabilities		
Loans and borrowings	404	739
Lease liabilities	179	183
Trade and other payables	1,945	2,535
	2,528	3,457

All trade and other payables are due in less than one year and therefore undiscounted.

	2024 £000	2023 £000
Long-term liabilities		
Loans and borrowings (note 18)	500	1,119
Lease liabilities (note 13)	244	287
	744	1,406

Notes to the Financial Statements of the Group
(continued)

23. FINANCIAL INSTRUMENTS (continued)

Financial assets

The cash and cash equivalents represent, principally, amounts held with UK financial institutions to cover operational requirements and attract interest at floating rates related to UK bank base rates. It also includes smaller amounts held with foreign financial institutions, to cover exposure to currency fluctuations that do not attract interest.

Financial liabilities

There are lease liabilities of £423,000 (2023: £470,000).

Borrowing facilities

The Group has a £1.0m unutilised uncommitted overdraft facility available.

Foreign currency

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their functional currency of sterling. Foreign currency exchange differences on the re-translation of these assets and liabilities are taken to the profit and loss account of the subsidiary concerned and to the consolidated income statement of the Group.

Net foreign currency monetary assets/liabilities

	2024 £000	2023 £000
Euro	(602)	(770)
US Dollar	–	2
United Arab Emirate Dirhams	(9)	–
Polish Zlotys	589	782
	(22)	14

Sensitivity analysis

Financial assets and liabilities are sensitive to movements in interest rates and/or euro exchange rates (being the currency to which the Group has a significant exposure).

A 10% movement in exchange rates would result in a charge or credit to profit of £2,000 (2023: £1,000). A 1% movement in interest rates would result in a charge or credit to profit of £2,000 (2023: £18,000).

24. INVESTMENT IN OWN SHARES

The Group accounts for its own shares held by the trustees of the Employee Benefit Trust (EBT) as a deduction from shareholders' funds. The costs of running the EBT are charged to the Company's profit and loss account as they occur and are financed by the Company.

	At 31st December 2024	At 31st December 2023
Number of shares in the Company owned by the EBT	2,777,600	2,777,600
Nominal value of shares held	£694,400	£694,400
Cost price of shares held	£1,999,878	£1,999,878
Prevailing valuation of the shares (pence)	18.50	26.50
Total market value of shares	£513,856	£736,064
Maximum number of shares in the Company owned by the EBT during the year	2,777,600	2,777,600
Minimum number of shares in the Company owned by the EBT during the year	–	–

Dividends payable on these shares are waived.

Notes to the Financial Statements of the Group
(continued)

24. INVESTMENT IN OWN SHARE (continued)
In addition to the above investments, the Company has loaned funds of £2,000,000 and made contributions to the AIREA Employee Benefits Trust, which in turn has purchased shares in the Company. At 31st December 2024 the assets of the Trust comprised 2,777,600 of the Company's own shares with a nominal value of £694,400 and a market value of £513,856, which were acquired at a cost of £1,999,878. The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of AIREA plc and Burmatex Limited employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the share options (note 22) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

25. RELATED PARTY TRANSACTIONS
There were no related party transactions during the year other than the dividends paid to Directors as detailed below.

Name	Position	Transaction	Quantity	2024 Value	2023 Value
Martin Toogood	Director	Dividend	2,100,361	£11,512	£10,502
Médéric Payne	Director	Dividend	78,000	£429	£390

26. DIVIDENDS

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Paid during the year:		
Final dividend for the prior year of 0.55p per share (2023: 0.50p per share)	212	193
Interim dividend paid during the year of nil per share (2023: nil per share)	–	–
	212	193
Proposed after the year end (not recognised as a liability):		
Final dividend for the year of 0.60p per share (2023: 0.55p per share)	231	212

27. NON-RECURRING ITEMS

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Charge due to review of stockholding policy	561	–
Other charges	739	–
Change in useful economic life of assets	(389)	–
	911	–

In the year ended 31 December 2024, the Group incurred non-recuring items totaling £911,000 (2023: £nil). These costs are considered material, non-recurring, and outside the normal course of the Group's operations. They have been classified separately to provide stakeholders with a clear understanding of the Group's underlying financial performance. These items have been analysed further below.

- Following the strategic review and successful implementation of the Groups stockholding policy, there was a charge of £561,000 due to an increase in labour and overhead as the level of finished goods were significantly reduced.
- The useful economic life of an asset class was extended from 10 to 15 years which resulted in a credit of £389,000.
- Other charges include £100,000 related to the temporary use of third-party storage, £56,000 in legal expenses defending a trademark challenge, £79,000 in professional costs associated with investment in intellectual property, £246,000 investment in the expansion of the Groups presence in Dubai and £258,000 investment in the supply chain, quality and the UK's focus on architect and design specification projects.

Company Balance Sheet
as at 31st December 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Non-current assets					
Investments	3		31,800		31,800
Deferred tax	4		1,106		1,065
			32,906		32,865
Current assets					
Trade and other receivables	5	163		137	
Cash and cash equivalents	6	732		3,811	
			895		3,948
Total assets			33,801		36,813
Current liabilities					
Trade and other payables	7	(7,424)		(9,697)	
Loans and borrowings	12	–		(550)	
			(7,424)		(10,247)
Non-current liabilities					
Loans and borrowings	12		-		(825)
Pension deficit	9		(3,006)		(3,729)
Total liabilities			(10,430)		(14,801)
Net assets			23,371		22,012
Equity					
Called up share capital	9		10,339		10,339
Share premium account			504		504
Capital redemption reserve			3,617		3,617
Own Shares			(1,217)		(1,636)
Share-based Payment Reserve			317		150
Merger reserve			6,902		6,902
Retained earnings			2,909		2,136
Total equity			23,371		22,012

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the Company for the year was £778,000 (2023: Profit £232,000).

The financial statements on pages 45 to 57 were approved by the Board of Directors on 26th March 2025 and signed on its behalf by:

MARTIN CONLETH CAMPBELL
Chief Financial Officer

Company number 00526657

The notes on pages 47 to 57 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31st December 2024

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
As 1st January 2023	**10,339**	**504**	**(2,000)**	**–**	**3,617**	**6,902**	**4,305**	**23,667**
Comprehensive income for the period								
Profit for the year	–	–	–	–	–	–	232	232
Other comprehensive expense for the year	–	–	–	–	–	–	(1,844)	(1,844)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(1,612)**	**(1,612)**
Contributions by and distributions to owners								
Dividend paid	–	–	–	–	–	–	(193)	(193)
Share-based payment	–	–	–	150	–	–	–	150
Own Share Transfer	–	–	364	–	–	–	(364)	–
Total contributions by and distributions to owners	**–**	**–**	**364**	**150**	**–**	**–**	**(557)**	**(43)**
At 31st December 2023 and 1st January 2024	**10,339**	**504**	**(1,636)**	**150**	**3,617**	**6,902**	**2,136**	**22,012**
Comprehensive income for the year								
Profit for the year	–	–	–	–	–	–	778	778
Other comprehensive income for the year	–	–	–	–	–	–	626	626
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,404**	**1,404**
Contributions by and distributions to owners								
Dividend paid	–	–	–	–	–	–	(212)	(212)
Share-based payment	–	–	–	167	–	–	–	167
Own Share Transfer	–	–	419	–	–	–	(419)	–
Total contributions by and distributions to owners	**–**	**–**	**419**	**167**	**–**	**–**	**(631)**	**(45)**
At 31st December 2024	**10,339**	**504**	**(1,217)**	**317**	**3,617**	**6,902**	**2,909**	**23,371**

The merger reserve relates to the premium arising on the issue of Ordinary Shares in connection with the acquisition of Burmatex Limited in the year ended 30th June 1987. This is eliminated on consolidation and therefore only appears in the accounts of the Company.

The notes on pages 47 to 57 form part of these financial statements.

Notes to the Financial Statements of the Company

1. ACCOUNTING POLICIES OF THE COMPANY

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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:

- Certain comparative information as otherwise required by UK Adopted International Accounting Standards;
- Certain disclosures regarding the Company's capital;
- A statement of cashflows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel;
- The disclosure of related party transactions with other wholly owned members of AIREA plc Group of companies;
- Disclosure in respect of financial instruments.

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared under the historical cost convention. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

Interest received

Interest received is recognised in the year in which it arises.

Revenue

Dividends receivable from subsidiary undertakings are recognised in profit or loss when the right to the dividend income has been established. Interim dividends are recognised when paid and any final dividends receivable are recognised when declared at a general meeting.

Current taxation

Current taxation represents corporation tax payable on the taxable profits for the year or prior periods and is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Impairment

At each reporting date, the Company assesses whether there is any indication that a asset may be impaired. Where an indicator of impairment exists, the Company makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is considered for each individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Pre-tax discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Notes to the Financial Statements of the Company
(continued)

1. ACCOUNTING POLICIES OF THE COMPANY (continued)

Share capital
The Company's Ordinary Shares are classified as equity instruments.

Dividends
A dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the shareholder' right to receive payment of the dividend is established.

2. KEY AREAS OF ESTIMATION

Pension deficit – £3,006,000 (2023: £3,729,000)
The calculation of the pension deficit is subject to a number of assumptions as detailed in note 8. Any difference between actual events and those assumed at the balance sheet date could result in a change in the pension deficit.

Impairment of investments – £31,800,000 (2023: £31,800,000)
The impairment of investments is assessed annually. The assessment has been carried out based on a pre-tax interest discount rate of 12.0% and a terminal growth rate of 2%. Sensitivity analysis on the pre-tax interest rate and revenue growth has been carried out on the assessment showing that the pre-tax interest rate could increase to 21% before triggering a potential impairment, and that revenue growth could reduce to 4.5% before triggering any impairment.

3. INVESTMENTS

	2024 £000	2023 £000
Shares in Group companies	31,800	31,800

Investments in Group undertakings are stated at cost less amounts written off. The impairment of investments is assessed based on their value in use. The Board approved budgeted cash flows for the next 5 years have been extrapolated using future expected growth and discounted at 12%. The growth in future revenue is a critical assumption in the valuation model, this assumption is based on the business growth plan. Details of the Company's subsidiaries at 31st December 2024, all of which were wholly owned by the Company or its subsidiary undertakings and all of which operate and are registered in England and Wales at Victoria Mills, The Green, Ossett, WF5 0AN, unless otherwise stated, are set out below:

Burmatex Limited	Design and manufacture of floor coverings
Fope Limited*	Property holding Company
Other subsidiary undertakings:	
AIREA Floor Coverings Limited*	Intermediate holding Company
The Carpet Tile Company Limited	Dormant

* Held directly

Notes to the Financial Statements of the Company
(continued)

4. DEFERRED TAXATION

	Tax losses £000	Pension deficit £000	Share scheme £000	Total £000
Balance at 1st January 2023	391	252	–	643
Movement during the period	(295)	680	37	422
Balance at 31st December 2023	96	932	37	1,065
Movement during the period	179	(180)	42	41
Balance at 31st December 2024	275	752	79	1,106

5. TRADE AND OTHER RECEIVABLES

	2024 £000	2023 £000
Prepayments and accrued income	163	137

6. CASH AND CASH EQUIVALENTS

	2024 £000	2023 £000
Cash at bank and in hand	732	3,811

7. TRADE AND OTHER PAYABLES

	2024 £000	2023 £000
Accruals and other creditors	128	111
Intercompany Payable	7,296	9,586
	7,424	9,697

Amounts owed to Group undertakings are included under current liabilities as there are no specific terms as to their repayment. The amount owed to Group companies was reviewed in the year for impairment and it was agreed that no further impairment was required (2023: £nil).

Notes to the Financial Statements of the Company
(continued)

8. PENSION COMMITMENTS

AIREA PLC and Burmatex Ltd sponsor the Sirdar PLC Retirement Benefits Plan (1974), a funded defined benefit pension scheme in the UK. The Plan is administered within a trust which is legally separate from the Companies. Trustees are appointed by both the Companies and the Plan's membership and act in the interest of the Plan and all relevant stakeholders, including the members and the Companies. The Trustees are also responsible for the investment of the Plan's assets.

The Plan provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The Plan closed to accrual of benefits on 28th February 2005. Responsibility for making good any deficit within the Plan lies with the Companies and this introduces a number of risks. The major risks are: interest rate risk; inflation risk; investment risk and longevity risk. The Companies and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies, including a risk register.

The Plan is subject to regular actuarial valuations, which are usually carried out every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using assumptions set in line with accounting standards.

A formal actuarial valuation was carried out as at 1st July 2023. The preliminary results of that valuation have been projected to 31st December 2024 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

Notes to the Financial Statements of the Company
(continued)

8. PENSION COMMITMENTS (continued)

The amounts recognised in the statement of financial position are as follows:

	2024 £000	2023 £000
Present value of Plan liabilities	(26,605)	(29,647)
Fair value of Plan assets	23,599	25,918
Funded status	(3,006)	(3,729)
Net amount recognised at year end (before any adjustment for deferred tax)	(3,006)	(3,729)

The amounts recognised in comprehensive income are:
The current and past service costs, settlements and curtailments, together with the net interest expense for the period are included within finance costs in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

The Company is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation.

There remains significant uncertainty as to whether the judgments will result in additional liabilities for UK pension schemes and it is possible that the Department of Work & Pensions will introduce legislation to allow changes to be certified retrospectively.

The Trustees have no reason to believe that any changes to the Scheme did not have the correct actuarial confirmation but a detailed review has not been carried out. As a result, the Company has not reflected any potential additional liabilities in its pensions disclosures.

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Service cost:		
Administration expenses	242	205
Net interest expense	170	55
Charge recognised in profit or loss within finance costs	412	260
Remeasurements of the net liability:		
Return on Plan assets (excluding amount included in interest expense)	831	(1,038)
(Gain)/loss arising from changes in financial assumptions	(1,803)	823
Loss arising from changes in demographic assumptions	62	575
Experience Loss	–	2,100
Charge recorded in other comprehensive income	(910)	2,460
Total defined benefit (credit)/cost	(498)	2,720

Notes to the Financial Statements of the Company
(continued)

8. PENSION COMMITMENTS (continued)
The principal actuarial assumptions used were:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Liabilities discount rate	5.45%	4.55%
Inflation assumption – RPI	3.25%	3.15%
Inflation assumption – CPI	2.65%	2.45%
Revaluation of deferred pensions		
– benefits accrued prior to 06/04/1997	2.65%	2.60%
– benefits accrued after 06/04/1997	2.65%	2.60%
Rate of increase to pensions in payment		
– benefits accrued prior to 06/04/1997	2.65%	2.45%
– benefits accrued after 06/04/1997	2.65%	2.45%
Proportion of employees opting for early retirement	Nil	Nil
Proportion of employees commuting pension for cash	100%	100%
Proportion of non-pensioners taking PIE at retirement	50%	50%
Mortality assumption – pre-retirement	As post-retirement	As post-retirement
Mortality assumption – male post-retirement	107% SAPS S3PMA	107% SAPS S3PMA
	CMI 2023 M 1.55%	CMI 2022 M 1.55%
	IA – 0.1% W2023 = 35%	IA – 0.1% W2023 = 35%
Mortality assumption – female post-retirement	109% SAPS S3PFA	109% SAPS S3PFA
	CMI 2023 F 1.25%	CMI 2022 F 1.25%
	IA – 0.1%	IA – 0.1%
		W2023 = 35%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	86.0	86.1
Female pensioner at age 65:	88.3	88.3
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end:	87.6	87.7
Female aged 45 at year end:	89.7	89.7

Notes to the Financial Statements of the Company
(continued)

8. PENSION COMMITMENTS (continued)
Changes in the present value of assets over the year:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Fair value of assets at start of period	25,918	26,195
Interest income	1,120	1,234
Return on assets (excluding amount included in net interest expense)	(831)	1,038
Contributions from the employer	225	–
Benefits paid	(2,591)	(2,344)
Administration expenses	(242)	(205)
Fair value of assets at end of period	23,599	25,918

Actual return on assets over the period	289	2,272

Changes in the present value of liabilities over the year:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Liabilities at start of period	29,647	27,204
Interest cost	1,290	1,289
Remeasurement (gain)/losses:		
– Actuarial gains and losses arising from changes in financial assumptions	(1,803)	823
– Actuarial gains and losses arising from changes in demographic assumptions	62	575
– Experience Loss	–	2,100
Benefits paid	(2591)	(2,344)
Liabilities at end of period	26,605	29,647

At the year end the value of insured pensioners amounted to £778,000 (2023: £892,000). This amount has not been included in the present value table of assets and liabilities as the impact on the balance sheet is nil.

The split of the Plan’s liabilities by category of membership is as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Active members	–	–
Deferred pensioners	5,456	6,098
Pensions in payment	21,149	23,549
	26,605	29,647
Average duration of the Plan’s liabilities at the end of the period (years)	9	9
This can be subdivided as follows:		
Active members	–	–
Deferred pensioners	12	13
Pensions in payment	10	9

Notes to the Financial Statements of the Company
(continued)

8. PENSION COMMITMENTS (continued)
The major categories of scheme assets are as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Return seeking		
Synthetic Equity	2,413	3,293
Partners Fund	5,377	5,020
Multi Sector Credit	6,946	4,519
Diversified Growth Fund	–	4,771
Return seeking subtotal	14,736	17,603
Debt instruments		
LDI funds	5,213	5,492
Other		
Property	2,069	2,075
Cash	1,581	748
Total market value of assets	23,599	25,918

The equity all have quoted prices in active markets. Derivatives can be classed as level 2 instruments and property as level 3 in the IFRS 13 fair value hierarchy.

The scheme has no investments in the Company or in property occupied by the Company.

The Company made contributions of £225,000 to the scheme during the year.

Sensitivity of the liability value to changes in the principal assumptions
If the discount rate was 0.1 percent higher (lower), the Plan liabilities would decrease by £218,000 (increase by £221,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the Plan liabilities would increase by £77,000 (decrease by £91,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase (decrease) by 1 year, the Plan liabilities would increase by £1,519,000 (decreased by £1,484,000) if all the other assumptions remained unchanged.

Notes to the Financial Statements of the Company
(continued)

9. CALLED UP SHARE CAPITAL
Changes in the present value of assets over the year:

	2024 Number	2024 £000	2023 Number	2023 £000
Ordinary shares of 25p each				
Authorised	72,000,000	18,000	72,000,000	18,000
Allotted, called up and fully paid	41,354,353	10,339	41,354,353	10,339

10. SHARE AWARDS
The Group launched an initial performance-based Long-Term Incentive Plan (LTIP) for all eligible employees in 2019. Awards made under the 2019 LTIP failed to vest as the Group did not achieve the performance-based targets for operating profit.

On the 15th December 2022 the Group re-launched the LTIP plan for all eligible employees. Awards made under the LTIP vest provided the participant remains in the Group's employment during the three-year vesting period to 31st December 2025 and the Group achieves certain performance-based targets.

Movements in LTIP awards outstanding were as follows:

	Year ended 31st December 2024	Year ended 31st December 2023
Outstanding at 1st January	2,140,000	2,790,000
Forfeited	(75,000)	(650,000)
2022 Scheme Granted	597,000	–
Outstanding at 31st December	2,662,000	2,140,000
Unvested at 31st December	2,662,000	2,140,000

Awards made under the LTIP have a £nil exercise price with the shares being held by the AIREA Employee Benefit Trust until vesting. The term of equity settled awards granted is three years unless the performance period is extended as a one-off by the Board of Directors for a further 12 months making the maximum term 4 years. The weighted average remaining life of equity settled awards at 31st December 2024 is 1 year.

At 31st December 2024, the cost recognised in relation to equity settled awards was £317,000 (2023: £150,000) At the grant date, the weighted aver- age fair value of the LTIP awards granted during the year was nil (2023: nil). Fair value was measured using the Black-Scholes model discounted for average dividend yield based on the following assumptions:

	2024 issue	2022 issue
Share price on grant date	31.5p	26.0p
Risk free interest rate	5.25%	3.50%
Volatility in Company shares	37.8%	18.99%
Expected life of LTIP awards	1.5 years	3 years

Expected volatility was determined based on the daily share price movement of the Company's share price during the previous 12 month period preceding the grant date.

The shares held under option do not have the right to any dividend payments until they have vested.

Notes to the Financial Statements of the Company
(continued)

10. SHARE AWARDS (continued)

Compensation expense recognised in the profit or loss in relation to employee share schemes was as follows:

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
LTIP		
Equity settled awards	167	150
Total expense	167	150

11. INVESTMENT IN OWN SHARES

The Company accounts for its own shares held by the trustees of the Employee Benefit Trust (EBT) as a deduction from shareholders' funds. The costs of running the EBT are charged to the Company's profit and loss account as they occur and are financed by the Company.

	Year ended 31st December 2024	Year ended 31st December 2023
Number of shares in the Company owned by the EBT	2,777,600	2,777,600
Nominal value of shares held	£694,400	£694,400
Cost price of shares held	£1,999,878	£1,999,878
Prevailing valuation of the shares (pence)	18.50	26.50
Total market value of shares	£513,856	£736,064
Maximum number of shares in the Company owned by the EBT during the year	2,777,600	2,777,600
Minimum number of shares in the Company owned by the EBT during the year	–	–

Dividends payable on these shares are waived.

In addition to the above investments, the Company has loaned funds of £2,000,000 and made contributions to the AIREA Employee Benefits Trust, which in turn has purchased shares in the Company. At 31st December 2024 the assets of the Trust comprised 2,777,600 of the Company's own shares with a nominal value of £694,400 and a market value of £513,856, which were acquired at a cost of £1,999,878.

The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of AIREA plc and Burmatex Limited employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the share options (note 10) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

Notes to the Financial Statements of the Company
(continued)

12. BORROWING
The cash flows relating to borrowing are as follows:

	£000
As at 31st December 2023	1,375
Payments	(1,475)
Interest charge	100
As at 31st December 2024	–

Below are the future economic outflows related to Company borrowing:

	2024 £000	2023 £000
Within one year	–	654
In the second to fifth years inclusive	–	885
After five years		
Net cash outflow	–	1,539

	2024 £000	2023 £000
Current liabilities – due within one year	–	550
Non-current liabilities – not due within one year	–	825
	–	1,375

13. DIVIDENDS

	Year ended 31st December 2024 £000	Year ended 31st December 2023 £000
Paid during the year:		
Final dividend for the prior year of 0.55p per share (2023: 0.50p per share)	212	193
Interim dividend paid during the year of nil per share (2023: nil per share)	–	–
	212	193
Proposed after the year end (not recognised as a liability):		
Final dividend for the year of 0.60p per share (2023: 0.55p per share)	231	212

Notice of Annual General Meeting

Notice is hereby given that the Seventieth annual general meeting ("Annual General Meeting") of Airea plc will be held at Victoria Mills, The Green, Ossett, WF5 0AN on 7th May 2025, at 2.00pm to consider and vote on the resolutions below.

The Annual General Meeting gives the Board the opportunity to present the Company's performance and strategy to shareholders and to listen and respond to your questions. Your participation is important to us and you are encouraged to vote ahead of the Annual General Meeting either by (i) requesting a hard copy proxy form from MUFG Corporate Markets (using the details shown below) and completing and returning such hard copy of your proxy form, or (ii) appointing a proxy electronically via CREST or Proxymity, or (iii) casting your vote online (by visiting www.signalshares.com). To be valid, your proxy appointment and instructions should reach MUFG Corporate Markets no later than 2.00pm on 2nd May 2025. The completion and return of a hard copy proxy form or the electronic appointment of a proxy will not preclude you from attending and voting at the Annual General Meeting should you wish to do so.

Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions.

Ordinary Resolutions

1. To receive the Company's financial statements for the year ended 31st December 2024 together with the reports of the directors and auditors thereon.
2. To declare a final dividend for the year ended 31st December 2024, of an amount of 0.60p per ordinary share, to be paid on 21st May 2025 to those shareholders on the register at the close of business on 22nd April 2025.
3. To re-elect Mr. M. Payne as a director of the Company.
4. To re-elect Ms. T. Ashton as a director of the Company.
5. To re-elect Mr. M. Campbell as a director of the Company.
6. To re-elect Mr. M. Toogood, as a director of the Company.
7. To re-appoint Crowe U.K. LLP as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.
8. To authorise the directors to determine the auditor's remuneration.

Special Resolutions

9. To authorise the Company generally and unconditionally, pursuant to section 701 of the Companies Act 2006 (the "Act"), to make one or more market purchases (within the meaning of 693(4) of the Act) on the London Stock Exchange plc (the "London Stock Exchange") of Ordinary Shares of 25p each in the capital of the Company ("Ordinary Shares") provided that:
   - (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 4,135,435 (representing approximately 10% of the Company's issued share capital as at 25th March 2025);
   - (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 25p per share;
   - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is not more than the higher of: (i) 5% above the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) the price stipulated by Article 3(2) of Delegated Regulation (EU) 2016/1052 of 8th March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (as applicable and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019/310);
   - (iv) unless previously revoked or varied, the authority hereby conferred shall expire fifteen months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this resolution; and
   - (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.
10. To adopt the articles of association, produced to the meeting and initialed by the Chair of the meeting for the purpose of identification, in substitution for, and to the exclusion of, all existing articles of association of the Company including the provisions of the memorandum of association incorporated therein.

By order of the Board
MARTIN CONLETH CAMPBELL
Company Secretary

Registered Office:
Victoria Mills, The Green,
Ossett, WF5 0AN
26 March 2025

Company Registration Number: 00526657

Explanatory Notes to the Notice of Annual General Meeting

Resolution 1 – Receipt of the Company's financial statements
The directors are required by law to lay before the Company's shareholders in a general meeting, the Company's audited annual accounts, together with the director's reports and the auditor's report for the relevant financial year. Accordingly, the Company proposes a resolution on its audited accounts and reports for the financial year ended 31st December 2024.

Resolution 2 – Declaration of a final dividend
Shareholders are being asked to approve a final dividend of 0.60p per ordinary share for the financial year ended 31st December 2024. Subject to the resolution being approved by shareholders at the Annual General Meeting, the final dividend will be paid on 21st May 2025 to all shareholders appearing on the Company's register of members at the close of business on 22nd April 2025.

Resolutions 3 to 6 – Re-election of directors
The Company's articles of association require that one third of the directors (such directors being Mr. M. Payne, Ms. T. Ashton and Mr. M. Campbell) should stand for re-election at the Annual General Meeting.

In addition to this, pursuant to the terms of Mr M. Toogood's letter of appointment dated 8th May 2024, Mr Toogood's position as a director is subject to annual re-election by shareholders. Accordingly, his appointment shall terminate on the date of the Annual General Meeting unless he is re-elected at the Annual General Meeting.

Notwithstanding provisions of the Company's articles of association relating retirement by rotation of directors, in order to follow the highest standard of corporate governance and as set out in The QCA Corporate Governance Code (the corporate governance code to which the Company adhered), the Board has decided that all directors shall retire by rotation and stand for re-election at the Annual General Meeting. Biographies of the directors standing for re-election are set out on pages 8 and 9 of the annual report and accounts for the year ended 31st December 2024.

Resolutions 7 and 8 – Re-appointment and remuneration of auditor
At each general meeting at which accounts are laid before the Company's shareholders, the Company is required to appoint an auditor to serve until conclusion of the next annual general meeting. Crowe U.K. LLP has indicated its willingness to continue in office and accordingly shareholders will be asked in resolution 7 to confirm the re-appointment Crowe U.K. LLP to hold office until the conclusion of the next general meeting of the Company.

Although neither the Company's articles of association nor the QCA Corporate Governance Code requires it, shareholders will separately be asked by Resolution 8 to grant authority to the directors to determine the auditor's remuneration, as has increasingly become market practice and the standard of good corporate governance adopted by companies of equivalent standing to the Company. This is also in accordance with recommendations made by the PLSA Stewardship & Voting Guidelines 2024 (published on 15th February 2024).

Resolution 9 – General authority for the Company to purchase its own Ordinary Shares
Shareholders will be asked to provide the general authority for the Company to make market purchases on the London Stock Exchange of its Ordinary Shares, subject to certain limitations set out below.

Your Board has no immediate plans for the Company to make purchases of its Ordinary Shares if the proposed new general authority becomes effective but would like to be able to act quickly if circumstances arise in which they consider such purchases by the Company of its Ordinary Shares to be desirable. Accordingly, it is proposed that the Board be given a new general authority to purchase the Company's Ordinary Shares on the terms contained in resolution 9 in the Notice of Annual General Meeting.

The proposed new general authority will be limited, by the terms of resolution 9 in the Notice of Annual General Meeting, to purchases of up to 4,135,435 Ordinary Shares, representing approximately 10% of the current issued share capital of the Company. The minimum price per Ordinary Share payable by the Company (exclusive of expenses) will be 25p. The maximum to be paid on the exercise of such new general authority (exclusive of expenses) will be an amount not exceeding the higher of (i) 5% above the average of the middle-market quotation for Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of each purchase, and (ii) the price stipulated by Article 3(2) of the Commission Delegated Regulation (EU) 2016/1052 of 8th March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (as applicable and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019/310) (being the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out).

The Board will only exercise the new general authority to purchase Ordinary Shares if it considers that such purchases of Ordinary Shares can be expected to result in an increase in earnings per share after such purchases and are in the best interests of shareholders generally. Your directors would also carefully consider the extent of the Company's borrowings and its general financial position. Any such purchase of Ordinary Shares will be financed out of profits available for distribution. The actual cash required to fund any buy-backs of Ordinary Shares pursuant to the new general authority will be met from existing cash resources and/or borrowing facilities. Shareholders should note that any shares purchased by the Company will be cancelled and not made available for reissue. The number of Ordinary Shares in issue will accordingly be reduced.

Explanatory Notes to the Notice of Annual General Meeting
(continued)

The maximum number of Ordinary Shares and the permitted price range are stated for the purpose of compliance with statutory and London Stock Exchange requirements in seeking the authority. This should not be taken as any representation of the number of Ordinary Shares (if any) which the Company might purchase, nor the terms upon which the Company would intend to make any such purchases, nor does it imply any opinion on the part of the directors as to the market or other value of the Company's Ordinary Shares. In seeking this general authority, the Board is not indicating any commitment to buy back Ordinary Shares. Shareholders should not, therefore, assume that any purchases will take place.

In addition, the requirements of the London Stock Exchange prevent the Company from purchasing its own shares during the period of two months before the announcement of its half-year or full-year results (or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement), or at any other time when the directors are in a possession of unpublished price sensitive information in relation to the Company's shares.

The general authority set out in resolution 9 in the Notice of Annual General Meeting will expire fifteen months after the resolution is passed or, if earlier, on the date of the next annual general meeting of the Company. However, in order to maintain your Board's flexibility of action, it is envisaged that this general authority may be renewed annually at annual general meetings of the Company.

Details of Ordinary Shares purchased pursuant to the new general authority will be notified to the London Stock Exchange by 7.30 a.m. on the business day following the date of dealing and to the registrar of companies within 28 days of the date of purchase. Details will also be included in the Company's report and financial statements in respect of the financial year in which any such purchases take place.

Resolution 10 – Adoption of new articles of association
The Company's current articles of association were last updated in November 2009. The Company is taking the opportunity at the Annual General Meeting to propose certain amendments to the Company's articles of association principally in order to reflect development in technology and practice and to provide clarification and additional flexibility.

The Company is proposing the adoption of new articles of association (**"proposed new Articles"**) rather than amendments to the current articles of association adopted in 2009. The proposed new Articles include provisions enabling the Company to provide additional opportunities for shareholder to participate in general meetings electronically and but do not permit the holding of "virtual only" general meetings. The proposed new Articles allow the Company to take advantage of the electronic communications rules as set out in the Act. The rules concern communications between companies, shareholders and others. If Resolution 10 is passed, it would allow the Company to use electronic communications with shareholders as the default position by placing documents such as the annual financial report and accounts on a website rather than having to send them in hard copy. The Company will notify shareholder, by post or email if they have provided an email address, that the document is available on the website. Shareholders can, however, ask for a hard copy of any document at any time, Enclosed with this Notice of Annual General Meeting is a letter setting out further information on how, subject to the passing of Resolution 10, the Company intends to take advantage of these new additional powers. The letter is accompanied by an election form which asks shareholders to decide (i) if they wish to continue to receive documents or information in hard i.e paper copy form, (ii) to provide an e-mail address to which notifications that documents or information are available on the website can be sent or (iii) to take no action and view any documents or information via the Company's website. Shareholders should note that if they do not respond to the letter, subject to Resolution 10 being passed, they will be taken to have agreed that the Company my send or supply documents or information by means of its website. However, where shareholders are provided with documents by means of the Company's website, they will be notified by the Company whenever a relevant document has been made available on that website. The new arrangements are expected to result in potential administrative, printing and postage cost savings for the Company, whilst preserving shareholders' rights to receive hard copy document if they wish.

An explanation of the differences between the current articles of association and the proposed new Articles is set out in the Appendix on page 63. Other changes, which are of a minor, technical or clarifying nature, have not been noted. A copy of the proposed new Articles setting out the proposed changes will be available for inspection at the Annual General Meeting and is also on the Company's website at www.aireaplc.com and at the Company's registered office. If Resolution 10 is passed, the proposed new Articles will take effect from the conclusion of the Annual General Meeting.

Recommendation
Your directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend shareholders vote in favour of the resolutions set out in the Notice of Annual General Meeting, as the directors propose to do so in respect of their own shareholdings.

The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the register of members of the Company as at close of business on 2nd May 2025 or, in the event that the Annual General Meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote in respect of the number of Ordinary Shares registered in their name at the relevant time. Changes to entries in the register of members after close of business on 2nd May 2025 or, in the event that the Annual General Meeting is adjourned, less than 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Explanatory Notes to the Notice of Annual General Meeting
(continued)

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled (unless they have pursuant to article 96 of the Company's articles of association, nominated someone else to enjoy such a right, in which case only the person so nominated may exercise the right) to appoint one or more proxies to exercise all or any of the rights to attend and speak and, to vote on their behalf at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.

In order to reduce the Company's environmental impact, our intention is to remove paper from the voting process as far as possible. You are therefore asked to vote and submit your proxy in one of the following ways:

- Register your vote online through our registrar's portal – www.signalshares.com. You will need your investor code which is printed on your share certificate or may be obtained by calling the Company's registrar, MUFG Corporate Markets, on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you may email at shareholderenquiries@cm.mpms.mufg.com.
- CREST members may use the CREST electronic proxy appointment service as detailed below.
- If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2.00pm on 2nd May 2025 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

You may request a hard copy form of proxy from MUFG Corporate Markets using the contact details shown above and return it to MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

All proxy appointments, whether electronic or hard copy, must be received by the Company's registrar no later than 2.00pm on 2nd May 2025 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she wishes. If a shareholder has appointed a proxy and attends the Annual General Meeting in person, his/her proxy appointment will be automatically terminated.

You will need to state clearly the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to, or specifying a number of shares in excess of those held by the member, will result in the proxy appointment being invalid.

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact MUFG Corporate Markets via email at shareholderenquiries@cm.mpms.mufg.com or by calling on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales.
In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

The revocation notice must be received by MUFG Corporate Markets no later than 2.00pm on 2nd May 2025. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

CREST proxy voting
CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Explanatory Notes to the Notice of Annual General Meeting
(continued)

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars (ID: RA10) by no later than 2.00pm on 2nd May 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

The register of directors' share interests and copies of the service contracts of the executive directors of the Company and letters of appointment of the non-executive directors of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the Annual General Meeting and will be available at that meeting for a period of at least 15 minutes prior to and during that meeting.

Members who have general queries about the Annual General Meeting should telephone the Company's registrars, MUFG Corporate Markets +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you may email at shareholderenquiries@cm.mpms.mufg.com.

Members are invited to submit questions on any business to be dealt with at the Annual General Meeting in advance of the meeting via email at shareholders@aireaplc.co.uk by no later than 2.00pm on 2nd May 2025. When submitting questions by email, please include your investor code, which can be found on your share certificate or may be obtained by calling the Company's registrar, MUFG Corporate Markets, on +44 (0) 371 664 0300. The Board will endeavour to answer any questions so submitted at the Annual General Meeting.

A member attending the Annual General Meeting has the right to ask questions in relation to the business of the meeting. The Company must answer any such questions unless:

- Answering the question would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information;
- The answer has already been given on a website in the form of an answer to a question; or
- It is undesirable in the interests of the Company or the order of the meeting that the question be answered.

As at 25th March 2025 (the last practicable business day prior to this notice), the Company's issued share capital comprised 41,354,353 ordinary shares of 25 pence each ("Ordinary Share"). Each Ordinary Share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this document is 41,354,353.

Explanatory Notes to the Notice of Annual General Meeting
(continued)

APPENDIX
SUMMARY OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

Provisions in the Company's current articles of association ("Current Articles") which are no longer relevant to the Company have not been included in the Company's new articles of association (the "New Articles"). Where relevant, references in the Current Articles to the Companies Act 1985 (which has been superseded and replaced by the Companies Act 2006 (the "Act") have either been updated to reflect the corresponding provision in the Act, or removed entirely to reflect such references no longer being relevant to the Company. In addition, the opportunity has been taken to bring clearer language into the New Articles.

Memorandum of association
The Act removed the requirement for a company to include an objects clause in its memorandum of association (the provisions of which are deemed incorporated into the Company's Current Articles by the Act). It is proposed that the provisions of the memorandum of association (which includes an objects clause) are removed in their entirety.

Authorised share capital
The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act.

Calls on shares
The New Articles increases the minimum notice period the Company must give to shareholders in respect of any monies unpaid on shares from 7 days to 14 clear days.

Conversion of shares into stock
The Act abolishes the ability of a company to convert its shares into stock and the New Articles have been updated to reflect this by removing the provisions covering this process.

Form of resolution
The concept of extraordinary resolutions has been abolished under the Act and any requirement for an extraordinary resolution in the Current Articles has been replaced by one for a special resolution in the New Articles.

Election, retirement and vacation of directors
The Current Articles require (i) each director to retire at the Annual General Meeting in the third calendar year following the year in which he or she was elected or last re-elected by shareholders and (ii) such number of directors representing one-third of the directors to retire at each annual general meeting. In line with the provisions of the QCA Corporate Governance Code which the Company adopts, the proposed new Articles provide for automatic retirement of all of the Company's directors at each Annual General Meeting of the Company and it is therefore envisaged that each such director would stand for annual re-election.

The Current Articles enable the directors to remove a director from office if all other directors serve notice on the relevant director. The New Articles amend this to require notice from at least 75% of directors, which is in line with market practice.

In addition to the procedures outlined in the Act, the Current Articles provide for the removal of a director from office by a special resolution of shareholders (which requires a voting threshold of at least 75%), the New Articles amend this to an ordinary resolution (which requires a voting threshold of greater than 50%), which is in line with market practice.

Electronic participation in general meetings
The New Articles include provisions enabling the holding of general meetings of the Company by means of a combined physical and electronic meeting whereby a general meeting will continue to be held at a physical venue but the Company will have the option to put in place additional facilities to enable shareholders to attend the meeting by electronic means. This would include by means of electronic facilities such as websites, conference call systems or other electronic devices. The proposed new Articles are intended to allow (but not require) the Company to embrace and utilise new technology as it develops. The proposed New Articles are in line with best practice and do not allow the holding of "virtual only" general meetings. Nothing in the proposed New Articles will preclude physical general meeting being held.

Untraced shareholders
The New Articles will amend the provisions of the Current Articles relating to shareholders who are considered untraced after a period of 12 years. The New Articles will give the Company more flexibility when trying to trace shareholders. The New Articles replace the requirement to place notices in newspapers with a requirement for the Company to take reasonable steps to trace the shareholder and to let the shareholder know that the Company intends to sell their shares. This can include engaging an asset reunification company or other tracing agent to search for shareholders who have not kept their details up-to-date, or taking any other steps the Company considers appropriate. Shareholders whose shares are sold following this process will not be able to claim the proceeds of the sale and the Company can use these funds as the Board thinks fit. The Company intends to use any funds raised in this way for such good causes as the Board may decide. The New Articles also contain related changes in respect of unclaimed dividends or other money payable on the shares of untraced shareholders which are sold.

Explanatory Notes to the Notice of Annual General Meeting
(continued)

Scrip dividends
The New Articles will allow shareholders to pass an ordinary resolution for shareholders to receive dividends paid in whole or in part by ordinary shares, instead of cash, for a maximum of three years from the date of the resolution, rather than five years. This change has been made to reflect guidance from the Investment Association.

Orderly Conduct of General Meeting
The New Articles provide a wider discretion for the Board to ensure the orderly conduct of general meetings.

Electronic Communications
The Act enables the Company to benefit from broader powers in relation to the sending or supplying of documents or information by or to the Company in electronic form (including, without limitation, via a website). Although the Current Articles currently contain provisions relating to electronic communications, the provisions of the Act permit the use of electronic communications to a greater extent than was previously possible and this is reflected in the New Articles. In particular, the Act permits all communications between shareholders and the Company to be made in electronic form and documents or information to be sent or supplied via the Company's website to shareholders who have not either, requested a hard copy of the relevant documents or information, or provided an e-mail address to which the document or information can be sent.

General
Consequential amendments have been made across the New Articles to reflect new definitions in that Act and other amendments which are of minor, technical or clarifying nature.

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