Positioned for growth

Annual Report 2024

Morgan at a glance

Our purpose is to use advanced materials to make the world more sustainable and improve the quality of life. Our purpose is at the heart and soul of everything we do; it is the driving force behind how we advance our business, our technology and our people.

Our global footprint

We manufacture an extensive range of specialist carbon and ceramic products. Established in 1856, we have a proven track record in delivering for our customers, underpinned by more than 160 years of innovation. We employ approximately 8,600 people worldwide, across 60 operating sites serving a diverse range of customers across a range of end-markets.

Read more on our website:
www.morganadvancedmaterials.com

The Morgan Code governs how we work and it is publicly available in 19 languages: we work safely, we work ethically, we treat our people fairly, we protect our business.

Strategic Report

Governance

Financial Statements

2024 highlights

£1,100.7m
Reported revenue (2023: £1,114.7m)

+3.7%
Organic constant-currency* revenue growth

3%
Decrease in absolute CO_2 emissions from scope 1 and scope 2

*Alternative performance measures (APMs)

Throughout the Annual Report, including the Strategic Report, adjusted measures are used to describe the Group's financial performance. These adjusted measures are not recognised under International Financial Reporting Standards (IFRS) as adopted by the UK, or other generally accepted accounting principles (GAAP). These measures are shown because the Directors consider they provide useful information to shareholders, including additional insight into ongoing trading and year-on-year comparisons. These non-GAAP measures should be viewed as complementary to, not replacements for, the comparable GAAP measures. Throughout this Report these non-GAAP measures are clearly identified by an asterisk (*) where they appear in text, and by a footnote where they appear in tables and charts. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

Chair's statement

2024 has been a year of further progress for the Group in a difficult end-market environment. Our industrial end-markets, in particular Europe and China, weakened through the year and we saw a significant slowdown in semiconductor sales as customers for our graphite products addressed excess inventories, triggered by slower than expected growth in electric vehicles. Against this difficult trading backdrop, we nonetheless made good progress across the Group.

We have simplified how we manage our business, consolidating into three segments (Thermal Products, Performance Carbon, Technical Ceramics), and we have expanded the restructuring programme we launched in 2023 to simplify our business further, reducing the number of sites and improving efficiency. These actions delivered savings of £8.0 million in 2024 and will deliver a cumulative adjusted operating profit* benefit of £24 million in 2025, compared to our 2023 baseline. We have made further advances with our IT systems and infrastructure, continuing the high level of investment in new capabilities and the replacement of older systems.

Our capital investment programme continues as we increase capacity in key market segments including semiconductors, healthcare, clean transportation and aerospace as well as our faster growing regions, for example in India. We have seen a slowdown in our largest growth market in silicon carbide (SiC) power electronics driven by slower demand for electric vehicles.

We expect this to persist in 2025 as excess inventories are consumed, but the Board remains convinced of the long-term potential here. We have slowed our investments in this area, but overall our new capital investment programme is progressing well. We deployed £96.1 million of capital in 2024 and expect high levels of investment to continue in 2025 and 2026 as we position the Group for faster growth.

We were not successful in completing any acquisitions in the year. This remains a focus for the Executive team and the Board, but we are being disciplined in our approach. In the absence of acquisitions we announced a share buyback programme in November 2024 of up to £40.0 million that we expect to execute over 18 months, with shares to the value of £4.7 million repurchased during 2024.

The Group is well placed as we enter 2025. Our balance sheet is strong; the importance of our solutions and the long-term growth driver of providing sustainable solutions to support the energy transition are still the same. The Board remain confident in the Group's long-term structural growth opportunities. While 2024 has brought some very specific, short-term headwinds, our focus has been on ensuring that we are managing the business appropriately to position ourselves for growth in 2025 and beyond as our end-markets recover.

As we prepare for the future, I am confident in our prospects and that our team will continue to help deliver on our purpose – to use advanced materials to make the world more sustainable and to improve the quality of life.

Performance in 2024

Our first imperative is the safety and wellbeing of our colleagues, and I am pleased to report that during 2024 our safety performance continued to improve, reflecting the significant focus on employee safety and wellbeing. The lost-time accident (LTA) rate, the headline measure for health and safety, was 0.13 (2023: 0.19). Although we are pleased that the LTA rate reduced significantly this year, we are aware that there is more work to be done, particularly in relation to process safety. My fellow non-executive Directors and I will continue to support the Executive team to achieve a position of 'zero harm'.

It has been a challenging year with our end-markets weakening during the second half of the year, with declining and low order levels in European and Chinese industrial and metals markets, slowing in those same markets in the US and lower growth in Semiconductors. Group revenue was 1.3% lower than in 2023 at reported rates and 3.7% higher on an organic constant-currency basis*. Adjusted operating profit margin* was below the bottom of our 12.5%-15% range, reflecting the sharp reduction in end-market demand, but we expect to be back in the range during 2025 as the restructuring and efficiency actions we are taking come through.

The Board in 2024

In January 2025, Pete Raby announced that he would retire from the business after a decade as CEO. Pete will be succeeded by Damien Caby, currently President of the Thermal Products business.

Pete joined Morgan Advanced Materials in 2015 and has steered the Company through a turbulent period, including the COVID-19 pandemic, the European energy crisis and a cyber security incident in 2023. We will be sad to see him go. Pete leaves behind a better business. From a personal perspective, Pete has been a pleasure to work with and truly a driving force in setting up Morgan Advanced Materials to have the bright prospects we see ahead. The whole Board extends its sincere thanks and gratitude to Pete and wishes him well in the future.

I would like to congratulate Damien on his appointment, a reflection of his strong contribution and development since joining us in 2022. We look forward to supporting Damien in his new role and to his leading the Company to execute on its strategy and deliver against the medium-term targets.

Laurence Mulliez, our Senior Independent Director, stepped down in November 2024 after eight years on the Board. Having served nine years on the Board, Helen Bunch, our Remuneration Committee Chair, will be stepping down at this year's AGM. We are pleased that Alison Wood joined the Board in November 2024 as our new Senior Independent Director and will take over as Remuneration Committee Chair after the AGM. Alison is an experienced non-executive director with a significant background in international industrials. She brings deep governance expertise gained across numerous listed businesses, having served as Chair, Senior Independent Director, and Remuneration Committee Chair in FTSE 350 businesses and is a very capable addition to the Board. I would like to thank Laurence and Helen for their valued contribution to the Board.

Responsible business

The Board takes its responsibilities to all its stakeholders seriously and we are committed to maintaining direct and productive relationships with our shareholders, colleagues and communities, taking a range of perspectives and feedback into account in our decision-making and stewardship.

The wellbeing of our colleagues remained a priority throughout the year. We have listened to their views through regular engagement surveys and employee listening sessions. Information on how we as a Board and business responded to their views and the actions we took locally and globally to improve their experiences can be found on pages 66 and 67.

I am pleased by the progress we have made this year in reducing the Group's environmental impact. We reduced scope 1 and 2 emissions during the year and are now 55% below our 2015 baseline. We also reduced our overall water usage.

We are on track to meet our 2030 goals. Not only are we making our manufacturing processes more efficient, but more importantly our products, which have properties to withstand heat and endure other extreme environments, assist our customers in reducing their environmental impact, either by lasting longer or improving the efficient use of resources.

Dividend

The Board is recommending a final dividend for 2024 of 6.8 pence (2023: 6.7 pence). Combined with the interim dividend of 5.4 pence (2023: 5.3 pence), the resulting total dividend in respect of 2024 is 12.2 pence (2023: 12.0 pence).

The dividend will be payable on 13 May 2025 to shareholders on the register on 11 April 2025, subject to shareholder approval. The Board has committed to grow the ordinary dividend as the economic environment and the Group's earnings improve, targeting a dividend cover of around 2.5 times over the medium term.

Looking forward to 2025

As we enter 2025, we remain cautious about the pressures on some of our end-markets and heightened geopolitical risks, and we have positioned the Group prudently as a result.

We are focused on capitalising on the increased capacity in our business from the capital investment programme and remain open to inorganic growth opportunities.

We are confident that continued focus on the strengths of the business, underpinned by our diverse set of product and market positions, resilient balance sheet and the efficiency and productivity gains from our restructuring programme, will support the further progress and the success of the Group in the years ahead.

Ian Marchant
Non-executive Chair

Our business model

We are a global manufacturer of advanced carbon and ceramic products. We use our deep advanced materials expertise to solve complex problems. We create and manufacture products which make a more sustainable world, and improve the quality of life.

Deep materials science expertise

c.450 engineers and materials scientists in four Centres of Excellence (CoE) and in our plants

Deep understanding of how and why materials work, and how to change their properties

Rich intellectual property protected through trade secrets and select patents

Broad materials technology portfolio in ceramics and carbon

Extensive materials testing and characterisation capability and expertise

Market and sustainability focused product innovation and technological ingenuity

+

Extensive process know-how

Vast process know-how across the business in systems, process engineers and plant personnel

Significant proprietary equipment

Vertical integration to ensure tight process and product quality control, and protect IP

Deep understanding of the interaction of process steps on material properties

Ability to manufacture bespoke components and combine into value-added solutions

Skilled and motivated workforce in a decentralised and entrepreneurial organisation

Long relationships with trusted suppliers and responsible procurement practices

The strength of our materials science platform and our trusted relationships make us who we are.

Our decentralised model enables us to be agile and improve service to our customers.

Read more about our reporting segments on pages 48 and 49

We solve problems: ethically, safely and sustainably.

Read more about how we engage with our stakeholders on pages 20 and 21, and read more about our environmental focus on pages 26 to 42

We serve a wide range of customers in a diverse set of regional and global markets.

Read more about our markets on pages 6 to 11

Customer focus and application expertise

Dedicated/tailored sales channels for customer centricity

Deep insights through engineering relationships and strategic marketing into customer needs and developments

Significant application expertise to allow solution engineering and co-development

Broad product portfolio for complete and optimal solutions

Extensive application testing capability, including simulating actual conditions

A high level of qualification and repeat business

Ability to serve globally with agile and reliable local marketing

+

=

Long-term, trusted relationships with customers

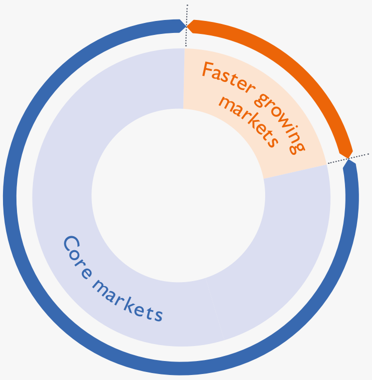
Expanding R&D opportunities

Product annuity streams underpinning revenue growth and margin expansion

Market environment

Ceramics and carbon are very versatile materials and as a result we participate in a wide range of end-markets; you will find our products all around you in products and technologies that enable the modern world.

There are a number of significant trends or megatrends shaping our world: climate change, resource scarcity, urbanisation and migration, a growing middle class, an ageing population and digitisation. These trends drive an ever greater need for advanced materials, as our customers push the limits of their process and product technology. We manufacture an extensive range of specialist products, satisfying a variety of niche applications across numerous end-markets.



Core markets

Our core market portfolio is diversified and differentiated. Our core markets make up 78% of Group revenue. In these core markets, we are leading, or are among the market leaders, with strong customer loyalty, a respected brand and deep application expertise.

Within our core, we see a mix of growth rates, from GDP in industrial markets to 5-10% in Aerospace, Fire protection and Defence.

78%

Industrial, Conventional transport, Metals Petrochemical and Chemical, Security and defence and Conventional energy

Faster growing markets

We are specifically targeting our faster growing markets: Semiconductors, Healthcare, Clean energy and clean transportation. We see faster growth in demand for our products in these markets.

22%

Semiconductors, Healthcare, Clean energy and clean transportation

19.3%

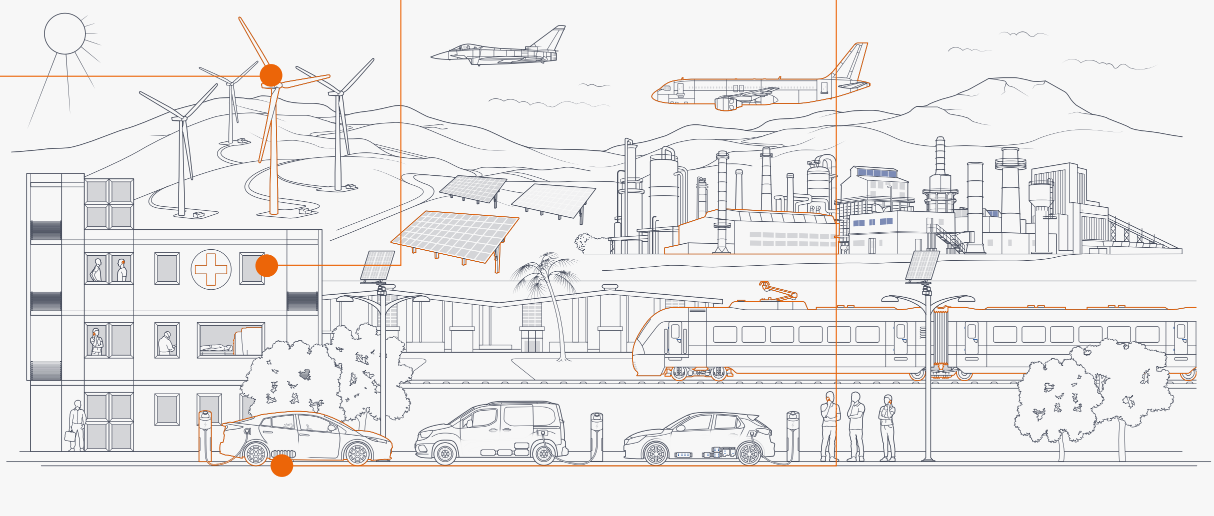
Clean energy and clean transportation organic constant currency* revenue growth

9.2%

Healthcare organic constant currency* revenue growth

0.9%

Semiconductors organic constant currency* revenue growth



Our core markets

Our core markets provide a strong base and a diversified portfolio. Within these markets, we aim to maintain our leadership positions and are focusing on market segments that exhibit higher growth potential, such as Aerospace and Fire Protection, and expanding the reach of our core portfolio in key geographies, such as India.

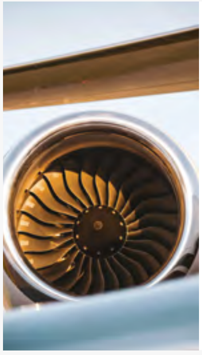
Market opportunity

Industrial

26.7%

of revenue in 2024

There is an increasing need for our customers to improve operational efficiency and to reduce energy consumption and carbon dioxide emissions to make their businesses more sustainable.



Conventional Transportation

18.4%

of revenue in 2024

Growing populations, increasing urbanisation and the demand for more sustainable and cost-effective transportation options is driving an increase in demand for conventional transportation solutions across the globe.

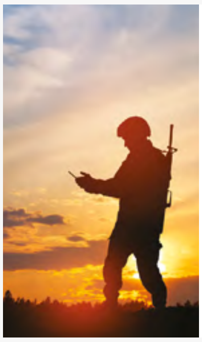
Air travel is increasing with demand from business and leisure customers. There is a growing need for these systems to run more efficiently as well as to withstand greater extremes in temperature.

Petrochemical and Chemical

9.6%

of revenue in 2024

In the Petrochemical and Chemical markets our customers demand high performance insulation and fire protection solutions.



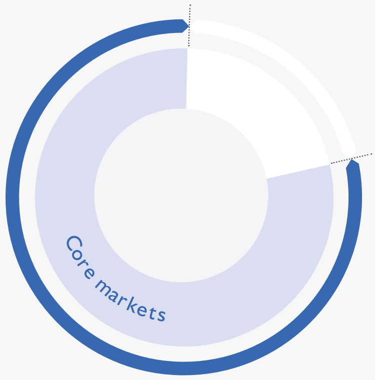
Security and Defence

6.7%

of revenue in 2024

Defence spending is increasing globally, reflecting geopolitical tensions.

We see a growing need for materials that can withstand greater strains, pressures and temperatures.

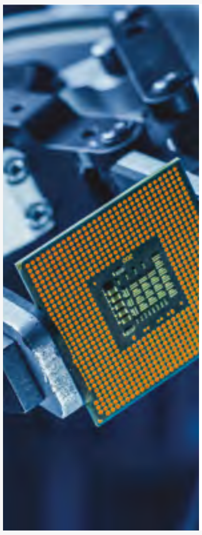


How we add value	How our products are used
We engineer components which are highly resistant to chemical and physical wear, corrosion and extreme temperatures. These components sit at the heart of many industrial processes.	› Our thermal ceramic fibres like Superwool® XTRA support better energy consumption. › We produce reduced wear, reliable seals which extend pump life by up to 4x, (compared to spray coated stainless steel rings), resulting in the significant reduction of through life costs. › Our Pyro-Bloc® modules for regenerative thermal oxidisers reduce the number of through-joints between modules, resulting in fewer opportunities for heat loss, and reduced fuel related expenses.
We make high-performance components and sub-assemblies to exacting standards for aerospace, automotive, marine and rail applications. Customers come to us for their most demanding applications, for example when they need to hold very fine features on small components.	› We enable more efficient jet engines through the production of more complex cores for casting turbine blades. › We make carbon brushes for trains. › We make high-temperature fibre products used for emission control in vehicles. › Our seals and bearings are used in vehicle fuel and thermal management, providing near frictionless running and low wear rates. › Our fused silica and mullite rollers enable thermal annealing of automotive chassis parts.
We manufacture a range of components ideally suited to the uniquely demanding operating environments.	› Our products and materials are routinely chosen to fulfil critical applications for thermal management and downstream processing, owing to their resistance to chemical wear, corrosion and extreme heat. › Our self-lubricating seals and bearings and our ceramic shafts reduce the energy consumption of pumps in chemical plants.
We supply precision-engineered materials, components and assemblies to meet the exacting standards of the global defence and security market. Our advanced ceramic materials offer superior dimensional stability, strength, stiffness and chemical resistance across a wide range of temperatures.	› Our components for night vision systems enable superior performance. › Our ceramic tiles are used to build high-performance body and vehicle armour. › Our ceramic cores are used to make high-performance turbine blades for aircraft engines.

Our faster growing markets

We want to accelerate our organic growth by increasing our exposure to faster growing market segments where we see the potential to achieve higher returns.

Market trends



Semiconductors

9.6%

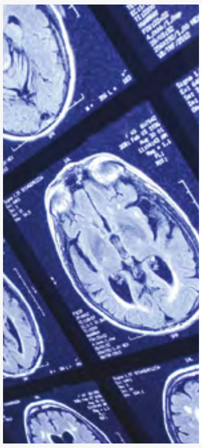
of revenue in 2024

Our world is rapidly evolving, it is becoming more connected, smarter, and more energy-efficient by the day. At the heart of this transformation are semiconductors.

Silicon is the traditional and best known semiconducting material and growth in this market is propelled by the relentless pace of digitisation and connectivity, and the recent surge in artificial intelligence.

Newer semiconducting materials, SiC and Gallium Nitride (GaN) are fuelling even stronger growth in the Wide Band Gap (WBG) semiconductor market.

SiC and GaN semiconductors have penetrated a wide range of industries, including electric vehicles, where they allow vehicles to charge faster and drive further, power infrastructure, 5G telecommunications, data centres and artificial intelligence.



Healthcare

7.6%

of revenue in 2024

The global medical devices sector is undergoing a period of significant transformation largely driven by demographic shifts, evolving patient needs and technological advancements.

An ageing population, combined with lifestyle related factors has resulted in a global increase in the prevalence of chronic diseases. As a result, early detection, prevention and improved management of chronic diseases has become an increasing focus for healthcare systems across the globe.

Technological advancements, including artificial intelligence, robotics, predictive analytics and wearable medical technology have revolutionised the landscape of medical diagnostics and treatment.

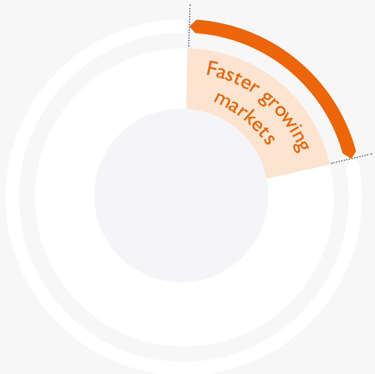
Clean energy and clean transportation

5.2%

of revenue in 2024

As the world seeks to decarbonise, the demand for clean energy is growing rapidly, driving demand for wind and solar power, energy storage and nuclear generation.

Ground transportation is shifting away from fossil fuels to electric power and fuel cells.



How we add value	How our products are used
Morgan's extensive product portfolio enables the production of SiC, GaN and silicon chips. Our technology is critical from crystal growth of the semiconducting material, at the very beginning of the value chain, on through the many wafer fabrication steps. We offer a broad portfolio of unique materials and components that are made from highly purified carbon, graphite, alumina, silicon carbide, and braze metal alloys. Our products have been key to facilitating the manufacture of SiC wafers at sufficient quality, cost and quantity to unlock wide spread SiC usage in power devices. We collaborate closely with our customers to develop solutions that meet their unique needs. Our customers are leading wafer producers and fabrication original equipment manufacturers.	› SiC crystal growth consumables. › ION implantation and etch consumables. › Components in lithography systems.
We manufacture a broad variety of components for use in medical instrumentation as well as in tools for treatment and surgery. Biocompatibility, excellent chemical and electrical resistance and low wear rates, plus our high-quality, volume manufacturing means we are perfectly placed to supply components for medical applications. Medical engineering demands the highest standards of precision, accuracy, reliability and performance. Equipment manufacturers and medical professionals choose our materials for their exceptional physical characteristics. Our deep understanding of ceramic material properties, together with our expertise in braze alloy design, allows us to produce high-density, highly reliable feedthroughs for medical devices.	› Our bare ceramics and metallised components are used in medical imaging and oncology equipment. › Our ceramic feedthroughs are used in implantable technology such as cochlear implants and neuro-stimulation. › Our components are also used for critical functions in gear pumps, blood apheresis systems, microdosing systems and oxygen compression. › Our expertise in producing tight tolerance and repeatable quality on small precision parts allows us to produce surgical equipment from ablation tools to surgical laser waveguides.
We enable the conversion of power generation to solar and wind and the large-scale power storage this requires. Lithium-ion is the dominating technology for battery-based power storage and we are the leading supplier of refractories and insulation for the special furnaces that produce cathode materials for these batteries. In addition to enabling wind technology, we also drive lower maintenance activity, and costs, for the wind farm operators, further reducing their CO_2 footprint. Our thermal insulation materials are helping to solve complex thermal runaway and fire protection challenges in hybrid and electric vehicles.	› Our carbon seals and bearings for cooling pumps are used in EVs. › Our collector strips and carbon shoes power the electrified rail market. › Our new ceramic materials are used in the manufacture of the latest generation of solar panels. › We make leading carbon brush grades for wind turbines. › Our thermal insulation Superwool® is used in heat recovery steam generators, fuel cells, and energy storage walls to improve energy efficiency.

Our financial framework guides our strategic execution

Organic constant-currency* revenue growth of 4.0% to 7.0% through the cycle.

Adjusted operating profit* margin of 12.5% to 15.0%.

Return on invested capital* of 17.0% to 20.0%.

Net debt*/EBITDA ratio of 1.0x to 1.5x without M&A, 1.5x to 2.0x with M&A.

We are focused on winning in our core markets and increasing our exposure to faster growing market segments

Our core markets remain critical, providing the Group with a strong base and a diversified portfolio. Within these markets, we aim to maintain our leadership positions and grow by investing selectively in innovation, focusing on market segments that exhibit higher growth potential.

We want to accelerate our organic growth by increasing our exposure to faster growing market segments where we see the potential to achieve higher returns. We are investing in capacity for these markets where we see attractive returns that support our Group ROIC ambition. In 2024, we set out our plans to increase capital investment in semiconductor capability and capacity, increasing our ability to address this growing market.

Reflecting lower demand within the Semiconductor market, we have revised our capital expenditure plans to match our capacity more closely with demand. In 2024, we invested £26.1 million in semiconductor capacity, and we expect to spend a further £35.0 million in total over 2025 and 2026. We remain confident in the longer-term potential in semiconductors and we expect to resume our investment as the market recovers.

Read more about our markets on pages 6 to 11

The strength of our materials science platform and our trusted relationships make us who we are

We are a leader in materials science for our technology families.

We have built an understanding of the application of our materials science in our customers' products and processes, in order to provide maximum benefit through advanced application engineering.

We build deep and trusted relationships with our customers, working to understand their businesses, their markets, and their technical challenges and product roadmaps. We tailor our materials development to solve our customers problems.

We invest in innovation to maintain our materials leadership and overall capability. In 2024, we spent £31.1 million in research and development (R&D) across our four global CoE (2023: £32.9 million).

We are focused on simplifying our organisation and driving operational efficiency

We remain focused on simplifying our business to ensure that our operations are as efficient as possible to support investment for growth and margin expansion over time.

During 2024, we expanded the scope of our multi-year Group wide restructuring programme. In total, these plans are expected to deliver a total annual adjusted operating profit* benefit of £27.0 million by 2026 with a total cash cost to deliver of £45.0 million recognised within specific adjusting items in the consolidated income statement.

We have made good progress during 2024. We have simplified management structures, reduced the number of reporting segments, and consolidated manufacturing plants to provide better support to our customers and deliver synergies from key operational activities. Our business is now organised into three reporting segments which bring together businesses and assets with similar processes. This allows us to maintain an efficient leadership structure across the Group, and optimise our cost base whilst allowing for flexible use of capacity.

Read more about our reporting segments on pages 48 and 49

We have continued our strategic project to deploy a Global Enterprise Resource Planning (ERP) system which is intended to replace over 30 different legacy systems across the Morgan network. The programme, which is expected to complete over the next three years, will create further opportunities to align business processes, strengthen information security and the control environment.

Read more about our investment in a new Global ERP system in the Financial Review on page 52

We have clear capital allocation priorities which we apply with discipline

We have a clear framework to assess M&A targets with stringent strategic hurdles and robust financial metrics, and we continue to assess targets against these strict criteria. In November 2024, in the absence of a clear near term acquisition target, the Group initiated a share buyback programme of up to £40.0 million. This programme supplements our ordinary dividend programme, and reflects the Board's confidence in the Group's strong balance sheet and growth outlook.

Read more about our Capital Allocation Policy on page 24

We remain committed to progressive dividend growth, targeting adjusted earnings cover of 2.5x throughout the cycle.

Read more about 2024 dividends in the Chair's statement on page 3

We have made good progress against our medium term strategic execution priorities in 2024

1. Big positive difference

We will build a sustainable business, getting to net zero by 2050, and create a fair and inclusive working environment that is reflective of the communities we operate in. We want to be a business where everyone is welcome and can do their best.

2024 progress:

- We made good progress against our ESG and sustainability goals, see pages 26 to 42 for more details.

2. Delight the customer

We will make our businesses more customer-centric. We are making improvements to customer service, responsiveness and delivery. We are simplifying and improving our digital communication.

2024 progress:

- In Performance Carbon, following the integration of the former Seals & Bearings businesses, we have been working to streamline our internal supply chain to improve responsiveness and reduce lead times for our customers.
- In Thermal Products, North America, we have simplified our product portfolio and made improvements to our response times to customers.
- In Technical Ceramics, North America, we have worked to improve yields on certain complex parts to improve efficiency and delivery performance.

3. Innovate to grow

We will invest in innovation in our core markets to help us create and manufacture more sustainable products.

We will increase our exposure to technologies and capabilities that address global trends in our faster growing markets.

2024 progress:

- We have invested in capacity to support growth within core and faster growing market segments, including capacity in India and China for Thermal Products and in Semiconductors and Healthcare for Performance Carbon and Technical Ceramics.
- We invested £36.1 million in capacity.
- New product development continued across each of our business segments including new carbon and ceramic materials for the semiconductor market, new fibre insulation products for automotive applications, and new wind brush grades and armour materials.

CEO's review

With a challenging market environment we have focused more on self-help activities in the year as well as in improving our safety and environmental performance. We have accelerated the restructuring programme we launched in 2023 to drive a further simplification in our business, reducing the number of sites and improving our efficiency.

We are continuing to invest in capacity to support our growth in key market segments and we are well placed to grow quickly and expand margins as markets recover. I am pleased with the progress we made on safety with our LTA rate 32% better than the prior year at 0.13. Our CO_2 emissions declined further during the year and our scope 1 and 2 emissions are now 55% lower than our baseline.

With our strong balance sheet, and reflecting the Board's confidence in the prospects of the Group we launched a share buyback in November 2024.

Group results

During the year we saw declining and low order levels in European and Chinese industrial and metals markets, and slowing in those same markets in the USA. We have also seen lower demand for our products used in SiC power semiconductor production in the second half of the year driven by the lower growth rate in global electric vehicle sales.

We have grown 3.7% organically on a constant currency basis* during the year, and delivered an adjusted operating profit margin* of 11.7%. This margin level is below the bottom of our 12.5% to 15% range and reflects the very weak market conditions in the second half of the year. We expect margins to be back in the range during 2025 as the restructuring and efficiency actions we are taking come through. ROIC was in our target range at 18.5%, a good performance given the weaker demand, and leverage at 1.4x remains within our 1-1.5x organic range.

Read more about our Group financial performance on pages 50 to 54

Restructuring

We have responded to the lower demand environment by expanding our restructuring programme. The total benefit from the restructuring programme is expected to be £27 million per year from 2026, for a total cost of £45 million.

This continues our track record of self-help and will support rapid margin expansion as demand recovers and further optimise the footprint, simplifying our Group.

Investment

We are continuing to invest in capacity to serve our faster growing markets, as well as in faster growing parts of our core, for example in India.

With the slowdown in growth of the EV market we expect lower demand for our graphite and SiC consumables over the next three years and we have reduced our capital investment to match our capacity more closely with demand. We are investing around £60 million in new capacity for the semiconductor market over 2024, 2025 and 2026. We expect this to deliver incremental revenue of £40 million and adjusted operating profit* of £12 million in 2027. We remain confident in the longer-term potential in semiconductors and we expect to resume our investment as the market recovers.

Share buyback

We continue to seek acquisition opportunities that can accelerate our strategy and are systematically working through our pipeline, exploring opportunities with potential sellers. Following a review of our pipeline in the fourth quarter we concluded it was less likely that we would complete a transaction before the second half of 2025.

Reflecting on the low share price during the fourth quarter, the lower expected capex needs and the slower acquisition timetable, the Board concluded that a share buyback was an appropriate allocation of capital. In November we announced a buyback of shares of up to £40.0 million, with an estimated duration of around 18 months.

Medium-term targets

We have a clear through-cycle financial framework which is set out on page 12.

With the actions we are taking to reduce costs, we expect to be back in our framework range for adjusted operating profit margin in 2025, with ROIC and leverage staying in the range.

Our investment programme is on-track and we are confident that our growth will accelerate over the next three years as those investments come online. We expect that margins will drive up through our guided range and deliver attractive free cash flows as investment needs reduce.

The Group remains an attractive investment proposition.

Sustainability

In 2021, we set out five long-term goals for our business together with the following intermediate goals for 2030:

1. A 50% reduction in scope 1 and 2 CO_2 emissions. We reduced scope 1 and 2 emissions by 3% during the year and are now 55% below our 2015 baseline. As our business grows, continued focus is needed on process efficiencies and technological advancements to maintain this.
2. Reducing water use and water use in high-stress areas by 30%. Our overall water usage reduced by 6% and water in high-stress areas increased by 2%. We are 31% and 21% below our 2015 baseline for water and water in high-stress areas.
3. A 0.10 LTA rate. Our LTA rate was 0.13 (2023: 0.19), a further improvement over the prior year reflecting the significant focus on behavioural safety.
4. A goal of 40% of our leadership population being female. Our gender diversity position was improved over the year with 34% females in our leadership population. This reflects the considerable work done in the prior years and in 2024 to improve policies, procedures and recruiting approaches and to deliver a more supportive environment for our female leaders.
5. A top-quartile engagement score. Our engagement score was 52%, a 2% decline compared to the prior year. We have not made progress on this metric over the last five years despite a lot of effort across our business to improve the employee experience. In 2025, we will be working more closely with a small number of sites where engagement levels are below average, looking to understand the root causes more deeply and work with our people to address those.

Outlook

Geopolitical uncertainty remains significant, as it has in recent years. Looking at our markets, we are expecting improvements in the USA reflecting the supportive policy environment in the near term.

In our faster growing segments, we expect growth in Healthcare, Clean energy and clean transportation, while we expect Semiconductors are likely to be broadly flat as our customers work through surplus inventory.

In our core segments, Aerospace and Defence markets are expected to grow as are industrial markets in India.

The outlook for European and Chinese industrial and metals markets is more difficult to judge and we are planning for only modest improvements in demand there.

"While markets have been extremely challenging this year, we have continued to invest in our growth opportunities in faster growing market segments and we remain confident in our medium-term prospects. Our people have shown tremendous commitment to our business, to each other and to our customers and I would like to thank them for their hard work and support."

Pete Raby
CEO

Measuring our progress

We measure our success by tracking a number of key performance indicators (KPIs) that reflect our strategic execution priorities and growth drivers.

Financial KPIs

Organic constant-currency revenue growth* (%)

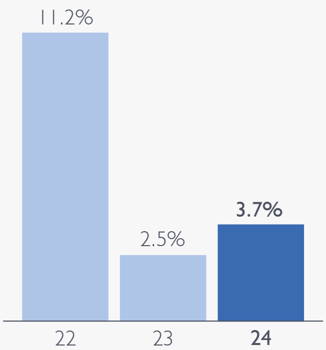
Purpose

Organic constant-currency growth is a non-statutory measure used by the Board and Management to monitor the Group's performance. It provides an important indicator of organic like-for-like growth of the Group reporting businesses over time. Organic constant-currency growth eliminates the impact of acquisitions, divestments and foreign currency variances.

Performance

Revenue grew by 3.7% on an organic constant currency basis. Growth rates in 2024 were higher than in 2023.

Refer to pages 48 to 54 for further details



Adjusted operating profit margin* (%)

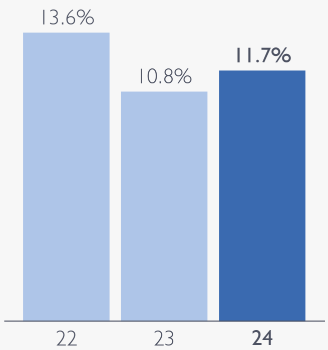
Purpose

Adjusted operating profit margin is a non-statutory measure that the Board and Management monitor to assess the underlying trading profitability of the Group, excluding the impact of specific adjusting items and the amortisation of intangible assets.

Performance

Adjusted operating profit margin for 2024 has increased by 90 bps to 11.7%, reflecting a full recovery from the cyber incident and a continued focus on cost management and operational simplification throughout the Group. Margins for the year were lower than our financial framework guidance, reflecting challenging market conditions in the second half of the year.

Refer to page 48 to 54 for further details



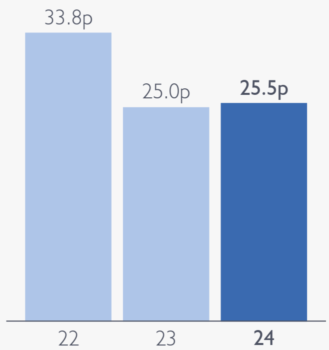
Adjusted EPS* (p)

Purpose

Adjusted EPS is a non-statutory measure used to assess the Group's underlying financial performance.

Performance

Adjusted EPS has increased to 25.5 pence during 2024, reflecting the increase in adjusted operating profit.



See pages 99 to 102 for details of how Financial KPIs are reflected in Annual Bonus and Long-Term incentive performance targets

Performance against these KPIs informs our financial, strategic and operating decisions. Successful delivery against a number of these KPIs forms a component of remuneration for Executive Directors and Senior Management. The Board have reviewed and streamlined KPIs during the year, reflecting ongoing simplification efforts during the year.

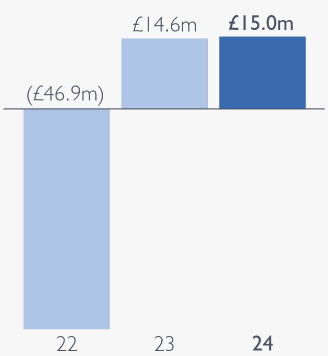
Free cash flow before acquisitions, disposals and dividends* (£m)

Purpose

Free cash flow generation is an important non-statutory measure used by the Board and Management to measure the Group's ability to support future business expansion, distributions or financing.

Performance

Cash generated from continued operations increased by £36.6 million in the year reflecting a material improvement in working capital and profitability. During the year, we have made significant investments in capacity and capability, particularly in the semiconductor space.



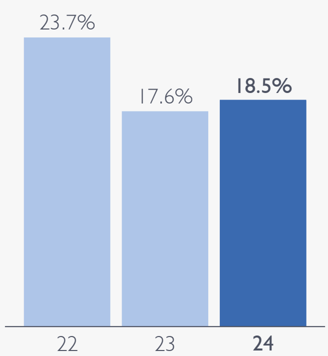
Return on invested capital* (%)

Purpose

Return on invested capital (ROIC) is an important non-statutory measure used by the Board and Management to assess the Group's profitability and capital efficiency.

Performance

Overall capital employed has increased by £26.4 million versus 2023 as a result of increased investments in capacity and capability. ROIC has increased by 90 bps to 18.5%, reflecting the increase in adjusted operating profit.



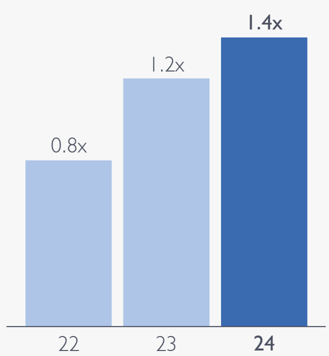
Net debt* to EBITDA* (excluding lease liabilities) (x)

Purpose

Net debt to EBITDA ratio is an important non-statutory metric used by the Board and Investors to assess the Group's financial leverage and capital structure. This key metric is also covenant under the Group's debt facilities.

Performance

Net debt to EBITDA has increased to 1.4x, driven by increased investment in capacity and capability during the period.



At Morgan Advanced Materials we are committed to a sustainable future. In March 2021, we set stretching goals across a number of environmental, social and governance areas.

Key environmental, social and governance (ESG) KPIs

CO_2e scope 1 and 2 emissions (metric tonnes)

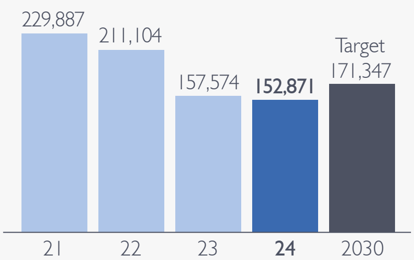
Alignment to strategic execution priorities

1 2 3

Purpose:

Our sustainability agenda includes actions to reduce greenhouse gas (GHG) emissions and combat climate change. In March 2021, we announced a commitment to reduce absolute GHG emissions (scope 1 and 2) by 50% (against 2015 levels) by 2030.

See page 40 for more information



Total water withdrawal (million m^3)

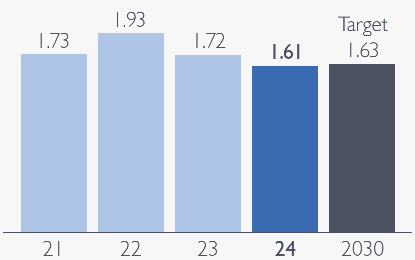
Alignment to strategic execution priorities

1 2 3

Purpose:

By 2030, we will reduce our total withdrawal of water by 30% (against our 2015 baseline), and we are implementing water sustainability projects globally to achieve this goal.

See pages 27 and 38 for more information



Water withdrawal in water stressed areas[1] (m^3)

Alignment to strategic execution priorities

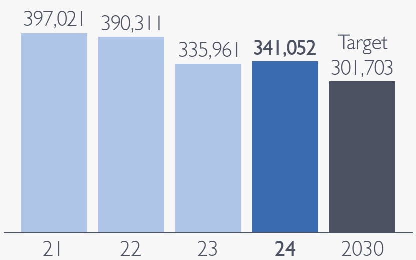
1 2 3

Purpose:

We recognise that in some instances our water demands are in areas of increasing water stress. Approximately 30% of our manufacturing operations are in these water stress areas.

Our goal is to deliver a 30% reduction by 2030. By improving our water use in these areas, we will positively impact the local communities in which we operate.

See pages 27, 29 and 38 for more information



1. 2024 Water stressed areas include Australia, Belgium, Chile, China, India, Italy, Mexico, Singapore, Spain, Turkey, United Arab Emirates, and the state of California, USA. Using the most recent World Resource Institute data 2024 (Aqueduct). See page 38 for details.

Alignment to strategic execution priorities

To deliver our strategy and to achieve our ESG goals we align our efforts to our three strategic execution priorities.

1 Big positive difference
2 Delight the customer
3 Innovate to grow

Read more on page 13

Lost-time accident (LTA) rate[2]

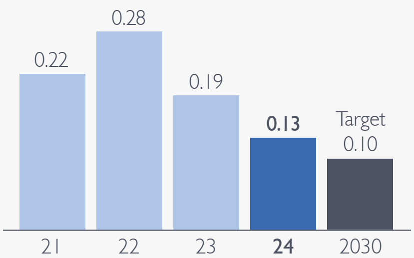
Alignment to strategic execution priorities

1 2 3

Purpose:

We are working towards our aspiration of 'zero harm' to all our employees. We are committed to conducting all our activities in a manner that builds a caring safety culture and develops a world-class safety system that supports this effort.

See pages 30 and 31 for more information



2. A lost-time accident (LTA) is defined as an accident or work-related illness which results in one or more days of lost-time. Calculated as total number of lost-time accidents in the year, multiplied by 100,000 hours worked, divided by total number of hours worked.

Female representation in leadership[3]

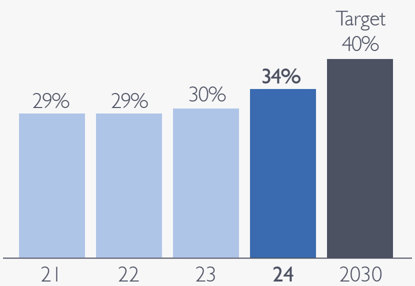
Alignment to strategic execution priorities

1 2 3

Purpose:

A greater gender diversity is good for Morgan Advanced Materials and good for employees. We are continuing to take action to achieve a more balanced proportion of women in senior positions.

See page 32 for more information



3. Includes Executive w/o CEO/CFO plus 2nd to 4th tier.

Employee engagement rate

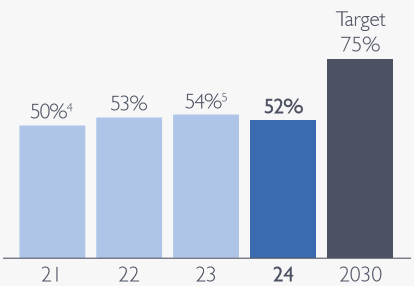
Alignment to strategic execution priorities

1 2 3

Purpose:

We measure the engagement of our people through an employee engagement survey called 'Your Voice'. As a result of the survey we build tailored engagement plans to address key issues across our sites, businesses and the Group.

See page 66 for more information



4. New yearly survey introduced.
5. This was a pulse survey including employees with a Morgan Advanced Materials email address only. On a like-for-like basis, engagement went down by ~1%.

Effective engagement with our stakeholders

Delivering long-term value for all our stakeholders is critical to the long-term success and sustainability of Morgan.

We are committed to understanding the perspectives of all our stakeholders: our people, our customers, our suppliers, our pensioners and pension trustees, our shareholders and the communities in which we operate.

Our people

Why they are important to us

Our employees are key to driving the business forward and ensuring that it remains relevant in the future.

What we believe is important to them

- Meaningful roles linked to our purpose.
- Clear progression, training and development.
- Recognition and competitive compensation.
- Flexible working opportunities.
- A safe, ethical and inclusive working environment.

How we engage

- Local and global surveys, including 'Your Voice'.
- In-person and virtual meetings, briefings and training sessions.
- Internal communications to keep employees informed about Group-wide issues.
- Close collaboration our three employee resource groups (ERGs): PRISM, Women@Morgan and Military@Morgan, to help shape thinking and inform policies.
- Board engagement with a diverse cross-section of employees, as well as ongoing Board monitoring of culture across the Group.

Our customers

Why they are important to us

Delivering sustainable growth requires customers who value the services that we provide and choose us as their supplier.

What we believe is important to them

- Reliable and consistent service.
- Good value, high-quality products.
- Product and process innovation.
- Ability to solve complex problems.
- Application engineering capabilities.
- Transparent and responsible sourcing of raw materials and componentry.
- The environmental impact of the products we make.

How we engage

- We are shaping our product and service offerings based on customer and market needs, using insights gained from our customers.
- We monitor customer service performance, quality control and delivery metrics across the Group on a regular basis to ensure that we can meet and exceed our customers' expectations.
- We further our materials science knowledge and solutions expertise through our ongoing programme of R&D, centred around our four global CoE.
- We share details of our innovation and new product applications through digital and physical channels.

Our shareholders

Why they are important to us

Our shareholders are the owners of the Company and we have a responsibility to them to be transparent and open about our strategy, our financial performance and our governance processes to enable them to make informed investment decisions.

What we believe is important to them

- Strategic focus and business growth.
- Share price evolution.
- Capital allocation and shareholder returns.
- High-quality management and governance.
- Protection of the environment through sustainable working practice.
- Delivering a positive contribution to society through our commitment to our people and the communities in which we operate.

How we engage

- Comprehensive investor programme comprising in-person and virtual meetings with current and prospective shareholders, and formal financial results presentations and market updates.
- Periodic Capital Markets events to talk in more detail about our growth strategy and key aspects of our business model and market trends.
- Attendance at investor conferences.
- Complete investor questionnaires as requested.
- Dedicated investor section on our website which offers timely information on how we are performing against our stated sustainability goals, including full disclosure of metrics and ratings linked to environmental performance.

Our pensioners and pension trustees

Why they are important to us

After more than 160 years in business, we would not be as strong as we are today without the combined efforts of all those who went before. By keeping our pension commitments, we honour the hard work and dedication of both current and past employees.

What we believe is important to them

- Pension scheme funding position and investment strategy.
- Group performance.

How we engage

- We engage with both current pensioners and those yet to retire through regular pension communications in conjunction with our pension trustees.

Our suppliers

Why they are important to us

To succeed, we need suppliers that understand our business in order to provide assurance and continuity of supply of goods and services at the right quality and a fair, market competitive, price. We strive to use all our resources as efficiently as possible, minimising our environmental and social impact on the world around us.

What we believe is important to them

- Fair treatment and timely payment.
- Growing their business.
- Cost efficiency.
- Ethical trading policies and sustainable sourcing.
- Developing long-term relationships.
- Human rights.
- Environmental and climate impact.
- Quality management.

How we engage

- We maintain constant constructive dialogue to address any issues and ensure productive relationships.
- We require our Suppliers to sign up to our 'Supplier Code of Conduct' which defines the minimum standards that must be met by our suppliers, vendors, subcontractors and contract manufacturers, and compliance is reviewed at regular intervals.

The communities in which we operate

Why they are important to us

Our people live and work within wider communities and relationships with these communities are key in supporting our business for the future.

We aim to have a positive impact on the communities we serve, from supporting job creation and skills advancement, to reducing energy and water consumption at our plants.

What we believe is important to them

- Our commitment to the local environment.
- Our conduct as a socially responsible organisation.
- The positive impact we can have on the community living and working around us.
- Employment opportunities.

How we engage

- All our efforts and engagements are governed by the Morgan Code, our purpose and our policies on the environment.
- We want our people to have the freedom to support what they care about most. We share these stories through our internal social media platform Viva Engage, where you will often see the generous spirit and nature of our employees – from bake sales to cultural celebrations and charity donations to sponsorship events.

Section 172(1) statement

It is not always possible to provide positive outcomes for all stakeholders and the Board sometimes has to make decisions based on balancing the competing priorities of stakeholders.

All of the Board's key decisions are subject to a Section 172 (of the Companies Act 2006) evaluation to identify the likely consequences of any decision in the long term and the impact of the decision on our stakeholders.

Details of our key stakeholders, how we have engaged with them during the year and the outcomes of that engagement are set out on pages 20 and 21 and are incorporated by reference into this Section 172(1) statement. Engagement activities specifically carried out by the Board collectively and individually can be found on page 67.

Key decisions in the year

Application of the capital allocation framework

The Board applied the capital allocation framework (see page 24), when considering the relative priorities for the use of cash during 2024.

Launch of a share buyback programme

How the Board reached its decisions

In November 2024, we announced a share buyback programme up to a maximum consideration of £40 million, split into four tranches of £10 million. There were detailed discussions, supported by the Company's brokers, on the rationale for a buyback programme, including the quantum and methodology, governance and affordability. Factors discussed in the decision-making included relative costs and expenses, execution and the timing of such purchases.

Likely long-term consequences of the decision

The Board received detailed papers on the capital allocation framework. They considered the cash flow generated during the year, the strength of the balance sheet, as well as the ability to support future growth opportunities and increased returns to shareholders.

Stakeholder considerations

Shareholders

- Return of value to shareholders and offsetting the undervaluation of the shares by the market.
- Impact on distributable reserves and ability to pay dividends.
- Impact on capital available for future M&A.

Lenders and debt holders

- Ability to stay well within financial covenant ratios and maintain financing headroom, ensuring Revolving Credit Facility banks and private placement noteholders are not disadvantaged.

Colleagues

- Launch of buyback programme sends a positive signal that the Company is doing well and has a strong balance sheet.

Outcome and impact of the decision

During the year, a total of 1.8 million shares were purchased under the buyback programme. The programme is ongoing.

Approval of a progressive dividend policy

How the Board reached its decisions

We also announced at our capital markets event in December 2022 that we would enhance regular returns via a progressive dividend policy, by growing the regular dividend through the cycle with adjusted earnings cover of circa 2.5x, and provide additional returns of surplus capital to shareholders as appropriate.

Likely long-term consequences of the decision

When considering the proposals to pay interim and final dividends during 2024, the Board considered cash generation, the performance of the underlying business and the long-term impact of paying the dividends on the liquidity and solvency positions. The Board also considered the impact of the dividend decisions on expectations relating to the Dividend Policy.

Stakeholder considerations

Shareholders

- Shareholders' expectations in relation to the payment of dividends, both from a capital return perspective and as a signal of future performance.
- The Board also considered the impact of the dividend decisions on expectations relating to the Dividend Policy.

Lenders and debt holders

- The impact of paying dividends on whether the business remained within the financial covenants agreed with lenders.

Colleagues

- For colleagues who participate in the Group's employee share schemes, the payment of dividends enabled returns for those colleagues.

Outcome and impact of the decision

Following due consideration of all the matters set out in Section 172, the Board recommended a full-year dividend of 12.2 pence per share, with payment of a final dividend of 6.8 pence to shareholders in May 2025 and an interim dividend of 5.4 pence in November 2024. This recommendation reflected the Board's confidence in the Group's structural growth drivers into the future. The Board concluded that it was in the long-term interest of the Company to proceed with the payment of the dividends.

Expansion of simplification programme

How the Board reached its decisions

Following the announcement of the simplification programme in March 2024, we announced in November 2024 that the programme would be expanded to achieve further cost reductions in our supply chain and back office, and help us return adjusted operating profit margin to our target range in 2025. Restructuring costs for the year of £13.1 million have been presented as a specific adjusting item.

Likely long-term consequences of the decision

The Board received detailed papers on the impact of the restructuring programme, including the potential synergies arising from the simplification, the approach which will be taken to manage the programme and the expected payback from the programme.

Stakeholder considerations

Colleagues

- The impact of the changes on affected colleagues, ensuring the communication is carefully planned and the systems are in place to support them through the changes.
- Management bandwidth to deliver the programme, given other projects already underway.
- The need to allay any concerns that colleagues may have about the changes and reassure them that they are a necessary step to deliver on our strategy and growth ambitions.

Shareholders

- The need to explain the restructuring charges to provide overall context as to the type of restructuring we are doing and to explain the phasing of estimated savings.
- Impact on distributable reserves and ability to pay dividends.

Customers and suppliers

- The steps which will be taken to ensure that supply chain changes are well-planned and we maintain the service levels for our customers.

Outcome and impact of the decision

The implementation of the programme is underway. The Board continues to receive regular progress updates on the programme.

Morgan Advanced Materials' capital allocation framework is used to prioritise the use of cash generated by the Group. The framework addresses the investment needs of the business, regular dividend payments and additional returns to shareholders.

The framework also seeks to maintain an appropriate capital structure for the business and a strong balance sheet with solid investment grade credit metrics.

The diagram below summarises the key priorities.

Reinvest for organic growth

- Capital spend to increase capacity in our core and faster growing markets, to sustain our existing operations, drive efficiency and improve safety and environmental performance.

Progressive Dividend Policy

- Committed to maintaining or growing the dividend through the cycle with an adjusted earnings cover of circa 2.5x.
- Deliver regular cash returns to shareholders.

Strategic investments

- Investment in structural changes to our business activities that typically tend to be infrequent.
- Complementary, disciplined M&A focused on accelerating revenue growth opportunities in faster growing markets.

Return excess cash to shareholders

- Return cash through share buyback programmes or payment of special dividends as appropriate.

Capital allocation framework

Morgan Advanced Materials has applied its capital allocation framework during 2024 as follows:

£96.1m
Capital investment

12.2p
Increased its full-year dividend to 12.2 pence

£13.1m
Invested £13.1 million in restructuring of the business

£10.0m
Launch of a share buyback programme

Maintain a strong balance sheet with solid investment grade credit metrics

- Review the principal risks of the Group and relevant financial parameters, both historical and projected, including liquidity, net debt and measures covering balance sheet strength and cash flow.
- These risks and financial parameters are considered by the Board when assessing the viability of the Group, as set out on pages 55 and 56.

Non-financial and sustainability information statement

'Our business model' on pages 4 and 5 provides an insight into the key resources and relationships that support the generation and preservation of value within Morgan Advanced Materials. All of our non-financial KPIs are presented together on pages 18 and 19. A summary of our principal and emerging risks, including those related to ESG matters, as well as a description of our risk management process, starts at page 43.

	Areas of impact	Related principal risks, pages 43 to 47	Outcome of policies, due diligence and impact of activities	Annual Report page references and relevant sections on our website
Employees	The Group has an overarching policy designed to attract, develop, reward, retain and engage talented people and support an inclusive, safe and ethical workplace. The Group policy is supplemented by a number of people policies specific to the business or jurisdiction. Our Environmental, Health and Safety (EHS) Policy is designed to promote a culture of 'zero harm' for our employees, contractors and visitors, and eliminate and control health risks proactively.	› Environment, health and safety › Business change and development	› Employee engagement is at 52%, from a survey conducted during the year › LTA rate, the headline measure for health and safety, was 0.13	› Our people and communities (pages 30 to 32) › Effective engagement with our stakeholders (pages 20 and 21) › Focusing on culture (pages 65 and 66) › Engaging with our workforce (pages 67 and 68) › ESG policies › ESG goals › Health and safety › DEI › Gender pay gap › Wellbeing
Environmental matters	Our EHS Policy sets out the Group's commitment to the protection of the environment in the communities where we operate, work and live. The Policy sets out our intention to reduce energy and water use, reduce our dependence on natural resources, protect biodiversity and aim to maximise the positive impact of our products. For our TCFD regulation disclosure, see our Responsible business section.	› External environment › Environment, health and safety	› Data gathering on GHG emissions › Audits under the EHS Policy › Annual self-certification › Our 'Speak Up' hotline › Internal audit processes	› A responsible business, incorporating TCFD (pages 26 to 42) › Environmental Policy › Sustainability and responsibility report › Net zero › Energy › Water
Social and community matters	Our sites take ownership of local community engagement, to support our strategic priorities and benefit local communities.	› Business continuity	› Our business and our employees are more deeply connected to our local communities	› A responsible business, incorporating TCFD › Effective engagement with our stakeholders › ESG policies › Community
Human rights	Our Human Rights Policy establishes our commitment to protect the human rights of everyone who works for the Group and all those who have dealings with us. The Policy is supplemented by the Morgan Code.	› Legal and regulatory	› No incidents of human rights abuse or modern slavery were identified during 2024 › Monitoring of compliance with the Morgan Code › Supplier due diligence processes › Publication of our Modern Slavery Statement on our website	› Effective engagement with our stakeholders › A responsible business, incorporating TCFD › ESG policies › ESG goals › Modern slavery statement › Human rights › Whistleblowing Policy
Anti-bribery, and anti-corruption	The Morgan Code; Bribery, Corruption & Facilitation Payments Policy; Gifts & Entertainment Policy; and Donations & Sponsorships Policy make up our key anti-bribery and corruption policies. Together these policies seek to prevent bribery and ensure that our business is undertaken in an ethical manner and in compliance with all applicable anti-bribery and anti-corruption laws.	› Legal and regulatory	› Regular training provided to employees, via e-learning modules, with high completion rates › Any reports of breaches in compliance are investigated and reported to the Audit Committee, and appropriate action is taken	› Focusing on culture (pages 65 and 66) › Risk management (pages 43 to 47) › Ethics and compliance › The Morgan Supplier Code of Conduct

A responsible business

We are committed to being a responsible business.

Aligned to our purpose and a key element of our strategy, we are taking steps to protect and preserve the natural environment. Our products and our manufacturing processes are designed, built and managed in a way that enhances their value to society and our environment. This benefits our customers enabling them to adopt and adapt to clean technologies that provide a more sustainable future.

We manufacture a number of products that make a positive contribution, making the world more sustainable and improving the quality of life. Through their life, our products typically save tens or hundreds of times the CO_2 emitted during manufacture.

Alignment to strategy

To improve the execution of our strategy and deliver our sustainability goals we have set three strategic execution priorities for the coming years:

1 Big positive difference

a. Keep our people safe, aiming for zero harm.

b. Create a diverse, inclusive and engaged company.

c. Reduce our environmental impact.

2 Delight the customer

a. Be the partner of choice for our customers.

3 Innovate to grow

a. Win in our core business, helping our customers become more sustainable.

b. Increase our exposure to four faster growing markets: Semiconductors, Healthcare, Clean Energy and Clean Transportation.

Contents

Our environment

We are making good progress towards our 2030 goals.

2030 environmental goal	2024 progress
Reduce absolute emissions directly from the company's operations and indirect emissions from purchased energy (scope 1 and 2) by 50% by 2030 from a 2015 baseline.	Total GHG emissions (tCO_2e) were 152,871 tonnes, a 3% decrease from 2023 and a 55% decrease over our 2015 baseline. This reduction was achieved through several energy efficiency projects across the group. See page 28.
Reduce total water withdrawal and water withdrawal in water stressed areas by 30% from a 2015 baseline.	Total water withdrawal was 1.61 million m^3; which is a 6% decrease over 2023 levels and a 31% decrease over our 2015 baseline. This reduction was driven by our investment in water recirculation projects through 2023 and 2024, better water management practices and changes in product mix water withdrawal intensity – measured at 1,459m^3/£m, compared to 1,543m^3/£m of 2023. Total water withdrawal in water stressed areas was 341,052m^3. This is 2% higher than 2023, reflecting business growth and some changes in product mix. We have declined by 21% compared to our 2015 baseline.
Reduce other indirect absolute emissions related to materials sourcing, logistics and services (scope 3) by 15% by 2030 from a 2019 baseline.	We completed a comprehensive scope 3 inventory screening exercise with a subsequent improvement in reporting methodology. Details of our scope 3 screening exercise can be found on pages 41 and 42 of the annual report.
Procure 80% renewable and nuclear electricity by 2025 and 100% by 2030.	In 2024, we reached the milestone of 75% green (renewable and nuclear) electricity. Our total energy consumption (fuel and electricity) was 916.0 GWh for 2024, which is 6% lower than 2023. We invested in a new solar photovoltaic (PV) system at our US Fostoria site, which is due to come on line next year and will increase our self-generation capability to 0.52% (of total energy) next year. See case study on page 28.

Climate Action
Pursuing Carbon Neutral Operations by 2050

We are committed to decreasing our carbon emissions and lowering our energy consumption. Our targets were validated as science-based (SBTi) targets in 2023 and are aligned with the below 2°C ambition for our scope 1 and 2 commitment.

63% of our manufacturing footprint (38 out of 60 sites in 2024) is certified to ISO14001 environmental management system standard, resulting in more efficient use of resources and reduction of waste. This demonstrates our commitment to continuous improvement and meeting the expectations of our customers.

Energy performance in 2024

Our scope 1 and 2 greenhouse gas (GHG) emissions come from our manufacturing operations and represent the part of our footprint that we can directly influence – by changing the way we use energy in our facilities.

- Scope 1 GHG emissions (tCO_2e) from stationary fuel combustion were 109,071 tonnes and scope 1 GHG emissions (tCO_2e) from process and mobile emissions were 1,940 tonnes (of which process emissions were 1,693 tonnes). For 2024, total scope 1 GHG emissions (tCO_2e) was 111,011 tonnes, which is a 0.4% increase over 2023 values and 46% decrease over 2015 value.
- Market-based scope 2 GHG emissions (tCO_2e)[1] were 41,860 tonnes, which is a 11% decrease over 2023 values and 69% decrease over 2015 values.

Our GHG emissions, such as carbon dioxide (CO_2), are mostly generated by the combustion of fossil fuels at various stages of our manufacturing processes. We track these using a reporting methodology based on Department for Environment, Food and Rural Affairs (DEFRA), which is applied globally (2024 Version 1, published 10th June 2024).

1. The scope 2 emissions figure was calculated using the market-based methodology. The location-based figure for the same period is 149,972 tCO_2e.

Climate action (continued)
Pursuing carbon neutral operations by 2050

Assurance

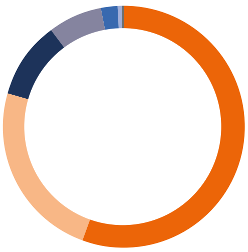
Our scope 1 and 2 GHG emissions data is verified to ISAE3000 standard by a third party and can be found on page 42 of this Report.

We have updated our calculation methodology during the year to strengthen the quality of our data. Details can be found in the Basis for Reporting, which is available on request at investor.relations@morganplc.com.

Our decarbonisation roadmap

We continue to improve the efficiency of our gas-fired kilns and move to electrically fired options for some kiln types, where feasible. For further information on our path to net zero, please see page 39 of our full Task Force on Climate-Related Financial Disclosures report.

Energy mix



Natural gas	**55.5%**
Renewable electricity	**24.0%**
Non-renewable, Standard Grid electricity	**10.5%**
Nuclear-backed electricity	**7.2%**
LPG/propane	**2.1%**
Fuel oil	**0.5%**
Renewable electricity generated locally and not grid connected (e.g. solar power)	**0.2%**

Other energy efficiency and 'green' generation projects in 2024

Energy efficiency

- Atlacomulco – compressed air including automatic shut-off of compressors (previously left running), and air leak monitoring and repair.
- Atlacomulco – Replacement of translucent roof panels – natural light.
- MMTCL Gujarat – moved from natural gas to electric oven for annealing.
- MTCS Shanghai – Recovery of waste heat (air compressors) to pre-heat domestic water.
- Redditch – Production optimisation – compressing of three shifts into two.
- SMC Shanghai – Compressed air external line replacement – reducing air leaks and air compressor heat recovery for use in domestic water system.
- TCK Korea – Compressed air energy monitoring lead to improved performance and reduced compressor size.
- TCK Korea – Wool-bin fan speed adjustment to reduce consumption during down periods

Green energy generation

- Fostoria – Solar farm on land adjacent to plant.
- SMC Shanghai – Solar panel system on the roof of the production site.

Case study

On-site solar installations reduce environmental impact

In 2024, at our Fostoria Plant, US, we have completed an on-site solar power installation, which will generate 3.1MkWh a year, and result in a 13% reduction in market bought electricity to support this site. The facility will be in use in 2025.

We aim to continue investment in renewable energy to drive progress towards our carbon neutral target.

Water conservation
Managing our impact

We use water to cool and clean our manufacturing equipment and components, and for sanitary purposes. In order to ensure responsible water use and recycling, our conservation initiatives target water use at manufacturing facilities with the higher consumption or those located in geographic areas where water is scarce. By improving our water usage we will positively impact the local communities in which we operate, and therefore society more generally.

For 2024, the list of water-stressed countries was revised to also include Belgium, Chile, and Singapore, in addition to Australia, China, India, Italy, Mexico, Spain, Turkey, and the UAE. Our sites in the state of California, USA, are included in our water stress figures, based on water stress issues within the state. Following this, we have restated our 2015 baseline and all metrics are now compared to the new baseline.

We have made investments in water cooling recycling systems (see case studies overleaf), and upgraded welfare facilities. We have also implemented rain water harvesting at some sites.

Other water saving projects in 2024

Water-stressed areas:

- MMTCL Gujarat: Conversion from conventional cooling tower to adiabatic cooling.
- MMTCL Gujarat: Low temperature evaporator water recycling.
- MMTCL Gujarat: Rainwater harvesting storage tank (WIP).
- Atlacomulco: Rainwater harvesting for bathrooms services.

Water reduction:

- Stourport: Closed loop water cooling of ball mills delivered significant water use reduction.

Case Study

Saving water through efficient reuse

In 2024, our Fostoria site, USA, successfully installed a new water cooling system on their high temperature furnace. This new system not only cools the furnace but also reuses the water within the system, promoting sustainability and water conservation.

The previous system was a single pass system that required large quantities of fresh water, but with the installation of the new system, we anticipate a saving of approximately 7.5 million gallons of water annually.

Case Study

Steps taken to reduce water consumption

In late 2023, our Stourport site, UK, invested in a water recirculation system to reduce water consumption. Site water consumption was reduced by 29% at the end of 2024 compared to the same period the previous year.

Our people and communities

Having people who bring a diverse range of talents and perspectives, and who feel engaged in their role, is of paramount importance to our long-term success.

Our Morgan Code is the set of principles which governs our behaviour and guides the actions we take. We use our 'Your Voice' engagement survey to listen to our people and take action where required. This helps us to achieve our strategic aim of delivering performance and value creation for our stakeholders.

<table>
<tr><th>Our aspirations</th><th>Our 2030 goals</th><th colspan="7">Progress in 2024</th></tr>
<tr><td rowspan="2">Zero harm to our employees.</td><td rowspan="2">0.10 lost time accident rate</td><td>LTA Rate</td><td>2024</td><td>2023</td><td>2022</td><td>2021</td><td>2020</td><td>2019</td></tr>
<tr><td>All personnel</td><td>0.13</td><td>0.19</td><td>0.28</td><td>0.22</td><td>0.18</td><td>0.14</td></tr>
<tr><td>Our employee demographics will be inclusive and reflective of the communities in which we operate.</td><td>40% of our leadership population will be female</td><td colspan="7">In 2024, 34% of our leadership population is female, compared to 30% in 2023.

We are supporting women through early careers and at the recruitment stage through women-centred events. We have female mentoring programmes and a thriving employee resource group, Women@Morgan, with country-based chapters to empower women across the globe.

We took part in a female-centred recruitment event in Europe – herCAREER and shared the inspiring stories of our female leaders.

We became a member of the Society of Women Engineers and a member of Women in Manufacturing (WiM), to help increase the influence of women in the manufacturing sector.

We helped inspire the next generation of material scientists when our Global Materials Centre of Excellence for Structural Ceramics, located at our Stourport UK site, hosted two students for a week of real life materials science experience, in partnership with Nuffield Research Placement.

You can find examples of our engagement on our website: morganadvancedmaterials.com</td></tr>
<tr><td>A work environment where all employees are valued and can do their best work.</td><td>Top quartile engagement score</td><td colspan="7">We supported our people to gain the valuable skills that help them develop and progress in their career, for example a targeted English language learning programme for 70 employees at our Shanghai site.

We are communicating with our people more effectively, providing our site workers with cross-company communications and helping them to understand the direct actions we have taken as a result of our 'Your Voice' engagement survey.

Our engagement score was 52% (2023 pulse survey 54%, 2022 53%). This was the first full survey since the 2023 cyber incident.

Although the overall engagement rate has remained similar over the last few years, analysis shows that where we have focused efforts on specific items we have seen positive changes, for example, scores linked to reward and safety have seen year-on-year improvements. We will continue this approach in 2025 and beyond.</td></tr>
</table>

Health, safety and wellbeing

We believe that everyone in Morgan Advanced Materials has a responsibility to keep themselves and each other safe. We rely on the expertise and diligence of our operational and safety team to uphold safety standards on our sites, ensuring all incidents are investigated so we can learn from them, and ensure appropriate controls are in place to prevent reoccurrence. We have biweekly reviews in place to review all severe incidents with the group CEO. There were no fatalities in the year, and no fatalities since 2012.

Our Group Environmental, Health and Safety (EHS) policy, available in local languages, is underpinned by a Company EHS framework, which provides guidance to our sites on how to put in place local EHS management processes. We also monitor compliance through EHS audits. We continue to maintain our thinkSAFE safety leadership programme, including our Visible Safety Leadership (VSL) and Don't Walk By (DWB) leading safety behavioural programmes, and embed our 'TAKE 5' programme to help employees to carry out simple safety checks to identify hazards and controls before starting any activity.

Protecting our people from the risks associated with exposure to hazardous materials is a fundamental part of our EHS management programme. This includes assessment and monitoring of controls as well as the provision of associated training. Every site has its own industrial monitoring plans to identify potential exposure against regulatory limits, and to set out its control measures to either reduce or remove exposure.

Progress in 2024

We successfully rolled our quarterly safety topics aligned with the key EHS challenges we are seeing in the business, whilst continuing to reinforce the 'TAKE 5' message with our teams. Our final quarterly topic for 2024 was on mental health and wellbeing.

Our people have access to an employee assistance programme in the UK and US, and we have trained mental health first-aiders or 'drop in' wellbeing clinics at other sites. Our sites also run local programmes to improve wellbeing, for example:

- Our New Bedford site invited a selection of furry friends from Peaceful Paws LLC, to help raise awareness of mental health issues and encourage people to seek help if needed.
- At our Lillebonne site the team organised a health awareness day, getting together to talk about health and specifically the prevention of breast and prostate cancer. The day gave our people the chance to speak to a health professional about prevention initiatives and support. Each participant left the day with a health box containing tests and information to help them monitor their health on a daily basis.

Case study

In 2024 our sites engaged in a number of community projects as follows:

- Our Atlacomulco, Mexico site collected and donated 146 items of winter clothes to the Red Cross, as part of their 'Sheltering a Morgan Heart' donation campaign.
- Our Atlacomulco, Mexico site collect bottle caps, donating these annually to the charity 'Fundación iEVO', which supports children with cancer and children with disabilities. Through this action the team are also helping to reduce plastic waste.
- Our MMTCL India team donated much-needed supplies to health centres and schools in their local community. The team demonstrated their commitment to their community through their support of education and healthcare. Their actions show the team's passion for education and healthcare access rights, to enable a fair start for everyone.

Our safety plans for 2025 and beyond

In 2025, we will continue to embed our 'TAKE 5' programme and maintain our focus on our ergonomics programme.

We will refresh our process safety, working with an external partner to reassess our process hazards and controls in relation to our high-risk processes. We will also be reviewing the associated maintenance programmes and taking the opportunity to roll out a process safety training programme to upskill local site teams around process safety risk management. Good process safety risk management ensures our sites and equipment are in good working order which helps reduce the risk of failures that could cause significant injury or harm to the environment.

We will also launch a number of EHS Standards and guidance in the business, which will align with our EHS Framework, to provide enhanced guidance to the sites on how to manage their EHS risks and controls.

Community

We aim to have a positive impact on the communities we serve, from supporting job creation and skills advancement to reducing energy and water consumption at our plants.

As our sites and operations are spread across the globe, we have the opportunity to work with many communities. We get involved at a local level and look to understand each community's priorities and concerns.

We want our people to have the freedom to support what they care about most. We share these stories through our internal social media platform Viva Engage, where you will often see the generous spirit and nature of our employees – from bake sales to cultural celebrations, and charity donations to sponsorship events.

- We partner with a number of educational establishments. In 2024, we were delighted to partner with the University of Birmingham to award our annual 'Morgan Advanced Materials prize', presented to the highest scoring ceramic material individual project.
- Our Women@Morgan China Chapter organised 'Pink Healing Journey', to care for the mental and emotional health of their colleagues. Our Thermal Products and Performance Carbon teams in China joined forces to focus on wellbeing.
- Members of our Greenville, South Carolina team gave up their time to volunteer for 'Hands on Greenville' 2024. Our people were part of a group of over 2,500 volunteers giving back to their local community. The team had the opportunity to help the Freetown Community Center clean up, both inside and out, just in time for their annual summer camp programme.
- In June our São Paulo, Brazil team came together in a month-long awareness campaign about blood donation and to voluntarily donate blood. June was chosen because it is a time when donations are often low, due to the arrival of winter with a greater need for donations and family holiday plans meaning many regular donors are not available.

Diversity and inclusion

We are committed to creating a diverse and inclusive culture as our people are the driving force behind our success. We aim to be open, engaging to all.

- In Shanghai the team opened 'Mommy's Cottage'; a safe space for female employees. Employees can use this space as a private space to express breastmilk or as a place to meet to discuss life as a new mum.
- On Veterans Day our St Marys, Pennsylvania, team celebrated the incredible service of their veterans with the commissioning of our new 'Veterans Tribute Wall'. This display, located in the front lobby, stands as a symbol of respect and appreciation for those who have served in the armed forces.

You can find examples of our engagement on LinkedIn.

Gender pay gap reporting

The UK Government introduced gender pay gap reporting regulations for companies with more than 250 employees. The phrase 'gender pay gap' refers to the difference in the average earnings of men and women within the same organisation.

In 2024, the average gender pay gap for our UK workforce was 17.6% (18.9% in 2023). Our full Gender Pay Gap Report is available on our website.

We met the board diversity targets set out in the Financial Conduct Authority's Listing Rules: our Board composition was 43% female, and the role of Senior Independent Director was held by a woman.

Workforce by gender: Members as at 31 December 2024

Male

Board
4
Male 57% (2023: 57%)

All leaders
336
Male 66% (2023: 70%)

Executive committee
6
Male 67% (2023: 67%)

All Employees
5,419
Male 64% (2023: 67%)

Senior leaders
35
Male 67% (2023: 74%)

Female

Board
3
Female 43% (2023: 43%)

All leaders
176
Female 34% (2023: 30%)

Executive committee
3
Female 33% (2023: 33%)

All Employees
3,060
Female 36% (2023: 33%)

Senior leaders
17
Female 33% (2023: 26%)

Task Force on Climate-Related Financial Disclosures (TCFD) reporting

Morgan Advanced Materials is reporting in line with UK Listing Rule 6.6.6R(8) by providing climate-related financial disclosures consistent with the TCFD recommendations in this report.

We consider our climate related financial disclosures to be consistent with nine of the recommendations, which are set out in the table below. We are adopting an explain stance for 'Strategy' requirements b) and c).

Scenario analysis has been completed for most risks and opportunities. From a transitional risk perspective, due to the business reliance on natural gas we have modelled the financial impact of GHG taxes using our 10 biggest sites in respect of GHG emissions output. From a physical risk perspective, the financial impact of Heat Stress and/or a Water Stress incident has been considered for the top 25 applicable sites (based on revenue, GHG emissions, water consumption and where most likely to be exposed to physical climate change). We also modelled the financial impact from sea level rise and coastal flooding events for 10 sites which were selected due to their low lying locations and proximity to the coast.

It was considered that the potential risk in the short term would not be material and therefore scenarios were examined over the medium and long-term time horizon. However, we recognise the importance of scenario analysis in the development of our strategy. As part of the 2025 strategy plan review, the glidepath to reduce reliance on natural gas will be reviewed and the long-term impact associated mitigation considered.

Following a comprehensive scope 3 inventory exercise and subsequent development of improved reporting methodology, we now consider ourselves compliant with 'Metrics and targets' requirement b).

The climate-related financial disclosures made by Morgan Advanced Materials comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and UK Government Climate-Related Financial Disclosure guidance.

Summary of disclosures:

Section	Requirement	Page
Governance	a) Describe the Board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	35
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	37-39
Risk management	a) Describe the organisation's processes for identifying and assessing climate related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisations overall risk management.	40
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes. b) Disclose scope 1, 2 and if appropriate, scope 3 GHG emissions and related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	40-41

Governance

Our climate-related risk and opportunities governance structure starts with the Board, and cascades down through the organisation, as outlined in the table overleaf.

Our Board has oversight of our climate change, environmental and corporate responsibility matters and ensures that our Executive team progresses as planned to meet our commitments and goals. The Board receives a written update from the Group Director for Environment, Safety and Sustainability four times a year on progress against climate-related activities and actions. A presentation and discussion of climate related matters is included as a standing topic in the CEO's report to the Board. The impact of major capital expenditure projects on our 2030 environment goals is also assessed as part of the Board review process.

The metrics reviewed at each meeting include:

- Progress towards our 2030 absolute scope 1 & 2 CO_2e emissions target[1]; and
- Progress towards our 2030 water withdrawal and water stress targets[1].

During 2024 the Board received external training on the Corporate Sustainability Reporting Directive (CSRD), and four internal updates from the Group Director EHS&S on the Group's strategy and progress against an in-year plan.

During 2024, a new structure for ESG governance was introduced to provide a more robust, tiered structure to governance. This new structure provides a more focused review process and a better escalation pathway to ensure our key ESG priorities are delivered.

ESG Governance structure

Board

Frequency: Four times per year
Chair: Ian Marchant
Attendees: Main Board

Reporting

Executive Sustainability Council

Frequency: Reports four times per year (prior to Board meeting)
Chair: Pete Raby
Attendees: Executive plus Group Function Senior Reps and Workstream Initiative Leads

Reporting & Escalations

Direction & Decisions

Workstream SteerCo

Frequency: Monthly
Chair: Group Finance Director
Attendees: Initiative Leads, Group EHS&S Dir., Group ESG Manager, Group Risk Lead, Group Director of Finance, GBU[3] ESG leads, Head of Financial Planning & Analysis, Group Comms Director

Reporting & Escalations

Decisions

Initiatives

Frequency: Monthly[2]
Chair: Initiative Lead
Attendees: GBU[3] Functional subject matter experts where required
Group EHS&S, Finance members where appropriate

1. See metrics and targets section.
2. Frequency may vary based on the initiative.
3. The segments of the business are referred to internally and historically as Global Business Units ('GBUs') and these terms are used interchangeably in the Annual Report.

Table 1 – Board and Management oversight of climate-related risks and opportunities

Board of Directors	› Has oversight of our climate change, environmental and corporate responsibility matters to ensure our Executive team progresses as planned to meet our commitments and goals. › Climate-related risks and opportunities are a scheduled Board agenda item four times per year and progress on environmental matters is reviewed four times per year, with updates on CO_2 and water progress in each meeting. › The competencies of the Board can be found on pages 59 and 60 of the Annual Report, which included skills and experience relevant to climate matters.
Chief Executive Officer	› Has overall responsibility for climate risk management and delivery of the sustainability strategy. › Environmental performance metrics, including CO_2 emissions and water usage, are reviewed each month with the GBU presidents as part of the monthly performance review cadence.
Nomination Committee	› Ensures the Board possesses the correct depth and balance of capabilities to support the Group's long-term position, including the expertise to assess the impact of climate change.
Audit Committee	› Supports the Board on matters relating to financial reporting, internal control and risk management. The Committee reviews the integrity of the Group's climate-related financial reporting and the process used to develop our TCFD-aligned disclosures and assesses climate-related risks for the purpose of monitoring management's progress in addressing them.
Remuneration Committee	› Responsible for remuneration policy, including the inclusion of sustainability-linked metrics and targets within performance-related pay. Greenhouse gas emissions targets are part of our Long-Term Incentive Plan (LTIP).[4]
Executive Sustainability Council	› Responsible for execution and monitoring of the sustainability strategy, including environmental and corporate responsibility matters, and the processes and controls regarding climate risks at a Group level. Includes GBU presidents. › Provides strategic direction, secures investment and resources. › Provides oversight and decision-making across the workstreams, manages escalation with a focus on outcomes an benefits.
Workstream SteerCo	› Monitors delivery against our net zero strategy through various workstreams, manages dependencies across projects. › Resolves risks and issued raised and identifies escalations. › Reports back to the Executive Sustainability Council.
Group Director, Environment Health, Safety and Sustainability (EHS&S)	› Reporting to the CEO, is responsible for developing further, and driving execution of, the ESG strategy. Manages and reports progress on environment and sustainability matters to the Executive team and to the Board of Directors. › Is a key part of the Group risk review process – which reviews current and emerging risks every six months and reports these to the Executive team. › Is a member of both the Workstream SteerCo and Executive Sustainability Council.
EHS&S Leadership Team	› Led by the Group Director EHS&S and comprising EHS&S leads from each of the GBUs, the team meets monthly to review strategy implementation and performance against 2030 targets.
Group Finance Director	› Reporting to the Group CFO, is responsible for overseeing ESG Compliance and reporting for the Group. › Chairs the Workstream SteerCo. and is a member of the Executive Sustainability Council. › Responsible for overseeing the risk management process for the Group, ensuring climate related risks are managed appropriately and reviewed on a six monthly basis.
GBU leadership teams	› Each GBU has a leadership team and they are responsible for sharing, reviewing and managing of both principal and emerging risks including climate risks. This includes related policy, guidelines and process, and is subject to Board oversight. › The GBUs develop business-specific risk registers and business continuity plans which are used in their annual strategic planning. These are presented to the Audit Committee and Executive Committees. › The individual GBUs monitor their own performance against ESG targets and implement climate-related policies and projects. › Representative from the GBU leadership team is a member of the Workstream SteerCo to ensure smooth rollout of workstream-related projects in the GBUs.

4. See Directors Remuneration Report pages 84 to 109.

Strategy

Identification of risks and opportunities

In late 2020, we conducted a comprehensive materiality assessment to establish our ESG priorities up to 2030. We obtained feedback from our Board and surveyed over 160 senior business leaders to determine what ESG means to our organisation. Additionally, we gathered input from internal and external stakeholders and assessed our business performance against key ESG topics. Based on this information we identified our sustainability impacts on the environment and society as well as the risks and opportunities that were material to our business, and set ambitious goals for the future.

During 2024, we reviewed this materiality assessment. We engaged a number of key internal and external stakeholders, to ensure the topics identified remained relevant, and to better understand our business strategy and resilience. Having considered the all-sector and sector-specific risks and opportunities in Tables A1.1 and A1.2 in the TCFD guidance, the information in the Table 2 summarises our material risks and opportunities across the appropriate time horizons.

Scenarios Chosen

- 1.5°C model considers swift implementation of the necessary regulatory measures to limit global temperature rise to 1.5C by 2100 in line with the Paris Agreement.
- <2°C model considers the current trajectory based on government pledges.
- 2–4°C model considers a medium-case scenario where warming is somewhat limited.
- >4°C model considers a scenario where no steps are taken to limit warming.

Transition scenarios were chosen to explore different potential approaches that governments and the international community could take when setting carbon prices, and how this could impact us in different regions. These were taken from World Energy Outlook 2022 – published by the International Energy Agency. The Net Zero Emissions (NZE) scenario was chosen to understand the effect on the business of rapid implementation, and the Announced Pledges Scenario (APS) was chosen to explore the current trajectory. Likelihood scores were assessed based on anticipated speed of adoption of these measures across the international community.

Physical scenarios were chosen to explore best (<2°C) , medium (2–4°C) and worse (4°C) impacts from physical climate change at individual sites. These were modelled using different Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSPs). For the physical risks, the likelihood of reaching each global temperature rise was considered. For example, it was considered to be almost certain that the world will experience a temperature rise of 1.5°C, whereas it is less likely that 4°C would be reached. This likelihood was then combined with the likelihood of an incident occurring at a Morgan Advanced Materials site to give a final result.

Climate-related materiality impacts

Climate-related materiality impacts are aligned with our broader risk assessment criteria, which is defined using adjusted operating profit* impact as follows:

- **1 – Negligible financial impact** (£0–£0.1 million), the lowest level are those risks where the Company can absorb the financial impact, and the reputational impact is relatively non-existent or negligible.
- **2 – Low financial impact** (£0.1–£1 million), with a potential to be made public via notices from regulatory bodies.
- **3 – Moderate financial impact** (£1–£5 million), with the potential to be known by the public or to damage our Company's reputation.
- **4 – High financial impact** (£5–£10 million), with the potential to impact customer confidence.
- **5 – Significant financial impact** (£10–£20 million) and/or reputational damage.
- **6 – Critical financial impact** (>£20 million) and/or reputational damage.

Likelihood assessments are aligned with our broader risk assessment criteria, and reflects the likelihood of the scenario and incident occurrence, where the risk probability is defined as follows:

- 1 – Rare 0–5%
- 2 – Low 5–10%
- 3 – Moderate 15–25%
- 4 – High 25–50%
- 5 – Significant 50–75%
- 6 – Inevitable >75%

Climate-related risks and opportunities

Climate-related risks and opportunities could impact the Group strategy over the short, medium and long term. These are aligned with our broader risk assessment criteria and are defined as follows:

- **Short term (0–3 years).** Detailed financial plans are developed, incorporating the strategic spending requirements to decarbonise our business and realise growth opportunities.
- **Medium term (3–10 years).** Aligns with our 2030 ESG targets. Each GBU develops transition plans within this time horizon to realise these targets.
- **Long term (10–25 years).** Aligns with our 2050 ESG ambitions. In this time horizon we expect to see a significant shift in technologies to allow us to decarbonise our business but realise that significant uncertainties exist and must be considered when developing long-term transition plans.

Strategic impact

1 Big positive difference
2 Delight the customer
3 Innovate to grow

Table 2 – Summary of our material risks and opportunities

Risk/opportunity & time horizon	How it impacts Morgan Advanced Materials	Link to our strategy/associated opportunity	Scenario likelihood/impact	Comments and response	Related metrics and targets
Transition risks & opportunities					
Reliance on natural gas Medium term 1. Impact of rising wholesale costs and GHG pricing instruments. 2. New manufacturing technology to reduce natural gas use and lower carbon output. 3. Damage to reputation.	Natural gas is widely used across the Group especially in our high-temperature furnaces. 1. Continued reliance on natural gas increases the Group's financial exposure with increasing wholesale costs. 2. Transitioning to lower carbon manufacturing processes requires investment. In many cases, the technology is not yet available to enable either electrification or other low carbon fuels (such as green hydrogen). 3. The reputational impact from being a carbon intensive business may deter potential employees and third parties that want to work with us.	1 2 3 Reducing the carbon footprint of key products will support our customers with their net zero ambitions. Investing in new and existing manufacturing processes to drive efficiency improvements will help mitigate financial exposure.	**Medium term** 1.5°C[5] Likelihood 4 Impact 3 <2°C[6] Likelihood 3 Impact 3 **Long term** <2°C[6] Likelihood 2 Impact 4	The results show an increasing likelihood and impact from reliance on natural gas across both scenarios. The modelling does not include rising wholesale prices, as this is already included in our strategic and financial planning which mitigates any significant risk. Our reputational damage has not been modelled. The long-term modelling has focused on below 2°C scenario under the basis that temperatures are already at 1.5°C in 2024 and we have assumed that, although in the medium-term temperatures might remain at 1.5°C, in the long-term temperatures will be above 1.5°C. GHG pricing instruments will likely begin to come into force closer to 2030. Based on current guidance the majority of our sites produce CO_2 emissions at a level lower than the thresholds. A key part of our transition plan before 2030 is our investment in R&D for key product families to establish their decarbonisation pathway. The cross-GBU furnace working group is working to establish efficiency improvement and decarbonisation opportunities. As an example, we are signatories of the Ceramics UK 'Towards Net Zero' initiative and are part of their Hydrogen research project. Our products help our customers to save energy. The impact from high fuel prices in recent years has been passed these on to our customers and we would expect to pass on carbon costs in the same way, enabling our customers to choose the most carbon efficient technology. Operational excellence plans are focused on efficiencies to run our processes to enable optimisation of gas consumption. Our pledge to increasingly source renewable and nuclear energy demonstrates our commitment to decarbonisation.	Commitment to reduce scope 1 and 2 emissions by 50% by 2030 from a 2015 baseline. Commitment to source 80% renewable and nuclear electricity by the end of 2025.
Growth in our faster growing markets Short to medium term	Increasing demand for semiconductors, healthcare, clean energy and clean transportation solutions to support the global net zero transition offers growth opportunity for Morgan Advanced Materials.	1 2 3 These markets align well with both our purpose and strategy. Our products support the global transition to a more sustainable future.	These segments contribute 22% of total sales.	Increasing decarbonisation drivers will increase demand for our products. We are investing in capacity to better serve these growing markets and have dedicated market specialists to ensure we address their needs. In these markets, We have newer products with high levels of differentiation and we continue to invest in R&D to develop products which meet the needs of tomorrow.	Revenue and % growth in our faster growing market. Investment in R&D.

5. Net Zero Emissions (NZE) scenario from World Energy Outlook 2022 – International Energy Agency.
6. Announced Pledges Scenario (APS) from World Energy Outlook 2022 – International Energy Agency.

Task Force on Climate-Related Financial Disclosures (TCFD) reporting continued

Strategic impact

1 Big positive difference
2 Delight the customer
3 Innovate to grow

Table 2 – Summary of our material risks and opportunities (continued)

Risk/opportunity & time horizon	How it impacts Morgan Advanced Materials	Link to our strategy/associated opportunity	Scenario likelihood/impact	Comments and response	Related metrics and targets
Physical risks & opportunities					
Heat stress Medium term	Heat stress at our manufacturing facilities could negatively affect our staff, plant and materials.	1 The health and safety of our employees is our top priority.	**Medium term** <2°C[7] Likelihood 3 Impact 2 2–4°C[8] Likelihood 4 Impact 2 >4°C[9] Likelihood 2 Impact 2 **Long term** <2°C[7] Likelihood 2 Impact 2 2–4°C[8] Likelihood 2 Impact 3 >4°C[9] Likelihood 2 Impact 3	Extreme heat events become more likely and impactful in the >4% scenario. Mitigations to protect employee health are relatively straightforward to implement. Our global manufacturing footprint and diversified supply chain means products could be manufactured at other facilities. The potential impacts from heat stress is considered as part of our ongoing manufacturing strategy. Mitigations such as the provision of air-conditioned rest rooms, cooling vests, alterations to shift working patterns to avoid working in the hottest hours of the day have been implemented at our sites which are most impacted by rising temperatures. This has enabled us to protect our employee health, but also maintain current productivity levels. These adjustments have been taken into account in our most up-to-date scenario analysis.	We are now monitoring heat stress incidents through our H&S reporting system. A 0.10 lost-time accident rate by 2030. Top quartile engagement score.
Water stress Medium term	Water is used in the manufacture of our materials. Drought events where process water is limited could impact our sites.	3 Innovating to reduce the process water used in our manufacturing processes reduces both the cost of the water and the energy required to dry the product.	**Medium term** <2°C[7] Likelihood 3 Impact 2 2–4°C[8] Likelihood 4 Impact 2 >4°C[9] Likelihood 2 Impact 1 **Long term** <2°C[7] Likelihood 2 Impact 2 2–4°C[8] Likelihood 2 Impact 3 >4°C[9] Likelihood 2 Impact 1	Drought events increase in duration in the >4% scenario. A key part of our transition plan before 2030 is our investment in R&D for key product families to reduce water use and share best practice in water conservation. Water conservation projects are ongoing at our facilities as part of our Operational Excellence programmes. In Gujarat, India we have begun installation of a recirculating cooling tower which will be commissioned in 2025. By reducing our consumption across our locations we mitigate the possibility of being forced to reduce operations. The water stress at a location is evaluated as part of our ongoing manufacturing strategy.	30% reduction in water withdrawal by 2030 from a 2015 baseline. 30% reduction in water withdrawal at water stressed sites by 2030 from a 2015 baseline.
Sea level rise Medium to long term	Some of our factories are in low lying locations. Flood events could damage plant and interrupt supply of product to customers.	2 Our global manufacturing footprint means products could be manufactured at other facilities, supporting our customers through any interruptions.	**Medium term** <2°C[10] Likelihood 3 Impact 3 2–4°C[10] Likelihood 4 Impact 3 >4°C[10] Likelihood 2 Impact 3	The impact from sea level rise and coastal flooding events was found to be moderate with flood damage, loss of production and potential protection or relocation costs the key impact. We have undertaken an analysis of our exposure to sea level rise and coastal events in our sites most at risk. Of our 60 manufacturing sites, four were identified as having >1% annual risk of flooding before 2050. Our analysis has shown the impact from sea level rise alone is low. This increases when coupled with the possibility of coastal events where we have considered the impact of annual to once in a thousand year flooding events. This risk is being actively considered as part of our risk management and ongoing review of our physical portfolio.	Impact analysis will be updated as new data becomes available. Metrics not developed.

7. Shared Socioeconomic Pathway 2.6 (SSP1-2.6).
8. Shared Socioeconomic Pathway 7.0 (SSP3-7.0).
9. Shared Socioeconomic Pathway 8.5 (SSP5-8.5).
10. Climate Central Coastal Screening Tool – https//coastal.climatecentral.org/

Impact of risks and opportunities on the business strategy

The first transition risk explored was our reliance on natural gas in the manufacturing process. Although only two of our sites are currently exposed to an emissions trading scheme, there is risk in the future that more of our operations will be exposed to carbon pricing instruments and the rising wholesale cost of natural gas, as well as potential access to affordable renewable energy and/or carbon-free energy. In the short to medium term financial planning decisions have already been made with climate in mind, including:

- Continuing investment in our green electricity tariff, where feasible, despite increasing energy costs.
- Investing in self-generation energy projects. In 2023 three solar PV systems were committed, with an additional PV system commissioned at our Fostoria, USA plant, which is due to come on line in 2025. In total Morgan Advanced Materials generated 1.7GWh renewable electricity on-site, an increase of 9% compared to 2023.
- Engagement of external support to create a roadmap to explore opportunities to invest further in renewable power purchasing agreements (PPAs) to secure renewable energy at a fixed price to gain energy price certainty.

Assuming annual growth in emissions linked to business growth, both the 1.5°C and >2°C scenarios predicted a similar impact in 2030, but increasingly diverged in 2040 and 2050, with higher impact in the 1.5°C scenario. The impacts of both scenarios continue to worsen in the longer term. The impact shows the potential costs to Morgan Advanced Materials of not being proactive in planning for decarbonisation and enacting our decarbonisation roadmap.

Our customer's exposure to carbon pricing mechanisms could also be an opportunity. Our products help our customers to become more efficient, by reducing losses in their manufacturing operations or in the operation of their product. For example, we can demonstrate how our thermal management solutions are supporting our customers to maximise throughput efficiency and minimise their carbon footprints.

We have significant transition opportunity in our faster growing market segments of semiconductors, healthcare, clean energy and clean transportation, over the short-term. Given the relatively short time horizon we have not run scenario analysis on these growth rates.

Heat stress and water stress scenario analysis examined potential changes in peak temperatures and drought months at 25 of our largest sites. Sea level rise risk was assessed for sites with a higher risk of flooding before 2050. Impact scorings were based on potential temporary interruptions to manufacturing operations. Changing physical risks are being actively considered as part of the ongoing review of our physical portfolio.

Our net zero roadmap

Preparing for the future

Identifying the big scope 3 contributors and solutions to help us decarbonise. GBU Glidepaths to decarbonise. We will also deliver on our water usage commitments.

- Conversion of some low temperature furnaces to electricity.
- Development of scope 3 emissions strategy.
- Life cycle assessment on some products.
- Engineering solutions to increase energy efficiency and water recycling.
- Inclusion of a shadow carbon price in capex business cases.
- Investing in R&D for carbon-free furnaces.

2024–2026 →

Scaling up

Starting to invest in decarbonising our business and value chain.

- Installation of pilot carbon-free furnaces.
- Further conversion of lower temperature furnaces to electricity.
- Working with our value chain to reduce scope 3 emissions.
- By 2026, 80% of our electricity will be renewable and nuclear.

2026–2030 →

Investment in key technologies

Investing in new technologies to transition the business to a greener future.

- By 2030 we will reduce our scope 1 and 2 emissions by 50%.
- We will source 100% renewable and nuclear-backed electricity.
- We will reduce our scope 3 emissions by 15%.

2030 →

- Conversion of higher temperature furnaces to electricity/alternative low carbon fuel.
- Working with our value chain to further reduce scope 3 emissions.
- Conversion of remaining furnaces to carbon-free alternatives.

2040 →

- Our ambition is to reach net zero scope 1 and 2 emissions by 2050.

2050

Business resilience

The resilience of the Group to these climate risks has been assessed. Our global footprint, strong market positions, and diverse portfolio is our strength. Our customer base is widely spread. We largely make products where we sell them with localised supply chains. In the event of a local shock, manufacturing of product could be transferred to other sites within the GBU.

Our scenario analysis around our natural gas reliance allows us to plan for changes in operating costs and balance our global manufacturing strategy.

As part of our strategic planning in 2025, we will look to further embed climate considerations into our financial and strategic planning processes. Our current assessment indicates that the impact of climate-related issued has not significantly impacted our financial performance or financial position, and we do not anticipate it will in the short to medium term.

Therefore, the climate-related threats and opportunities identified are emerging and/or operational risks that will continue to be monitored and evaluated. The most significant risks have been integrated into functional and divisional risk registers and they are reviewed by their functional owners.

Transition plan

The risks and opportunities considered by the Board have directly informed our strategy to deliver on our 2030 goals. These form the foundation of our net zero roadmap to ensure we achieve our targets.

We are making good progress. We have transitioned a number of lower temperature furnaces and ovens from natural gas to electric firing with good results and reduced water usage considerably through recycling. We have started to understand our scope 3 position and the opportunities in more detail.

Risk management

The Board recognises the need to understand and assess climate related risks. Risk management and internal control are fundamental to achieving the Group's strategic objectives.

Principal and emerging risks are identified both 'top-down' by the Board and the Executive Committee and 'bottom-up' through the GBUs and central functions. Senior executives including the CEO and Executive Committee are responsible for the management of the Group's principal risks, including climate related risks.

Further details on our procedures for identifying, assessing, and managing risk can be found on pages 43 to 47, in the Risk Management section of our Annual Report.

Our Workstream Steering Committee meets bi-monthly to oversee management of our most significant environmental and climate related risks.

The senior management teams for the different GBUs are responsible for developing risk mitigation and management strategies for the risks identified for their individual businesses. Each risk is assessed to determine its potential financial impact, and potential likelihood of materialising. Mitigating controls are identified and assessed to derive a net risk score, used for risk prioritisation.

Climate change is captured as part of the new combined principal risk, External environment, which covers transition and physical term risks listed on page 45 in the 'Risk Management' section of this Report.

The Board reviewed the preparedness of Morgan Advanced Materials to the principal risks with a significant potential impact at Group level twice during 2024. Additionally, the Audit Committee carried out a focused risk review of each GBU. These reviews included an analysis of the principal risks, and the controls, monitoring and assurance processes established to mitigate those risks to acceptable levels. The overall risk from climate change was assessed to have a high severity rating.

Metrics and targets

We have reflected on the most appropriate metrics and targets to help us manage our climate risks and opportunities effectively. These are identified in the climate impact tables on pages 37 and 38 and their values are summarised here. We have had our scope 1, 2 & 3 targets independently verified by the Science-based Targets initiative to ensure that our ambition is aligned with the UN Paris Agreement on climate change well below the 2°C scenario.

Our commitments are as follows:

- Morgan Advanced Materials commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2015 base year[11];
- Morgan Advanced Materials also commits to increase active annual sourcing of renewable and nuclear-backed electricity from 0% in 2015 to 80% in 2025 and 100% by 2030; and
- Morgan Advanced Materials further commits to reduce absolute scope 3 GHG emissions 15% by 2030 from a 2019 base year.

Metric description	Target type	Baseline year	Baseline value	FY 2030 target	2024 progress
Scope 1 & scope 2 GHG (tonnes)	Absolute	2015	342,694	171,347	152,871
Scope 3 GHG purchased goods & services (tonnes)	Absolute	2019	1,171,941	996,150	369,825
Water consumed in regions of high baseline water stress (m^3)	Absolute	2015	431,004	301,703	341,052
Commitment to source 80% renewable and nuclear electricity by 2025	Intensity	2019	1%	100%	75%

11. Climate central coastal risk screening tool – based on IPCC RCPs.

Our scope 1, scope 2 and selected environmental metrics have been assured by ERM CVS. A copy of the assurance statement can be found on our website[12]. Scope 1 and 2 GHG emissions are reported from manufacturing/production sites only, accounting for approximately 93.6% of Morgan's operational control based on personnel headcount distributed by sites globally.

In 2024, a comprehensive scope 3 inventory exercise and subsequent development of improved reporting methodology was completed. Our screening exercise, across all relevant categories, used spend and/or volume based data was retrieved from the Company's ERP[13] and/or finance systems, and emission factors[14] applied matched to activities in 2024 only.

Remuneration Committee integration of targets into Long-Term Incentive Plan

Sustainability measures represent 15% of total LTIP awards for Executive Directors, and these are linked directly to the business metrics for scope 1 and 2 GHG emissions. The balance of the award is focused on financial performance measures.

Introducing internal carbon pricing

In the next year, we will be introducing a shadow internal carbon price (ICP) to our capital investment business case assessment process. Although the ICP is not a real cost of the investment, it demonstrates what the impact would be of carbon taxation forecast for 2030, and we will use it to evaluate and compare potential investments.

Streamlined energy and carbon report

This report summarises our energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR); see table in Appendix, page 42. This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Also, it summarises in the appendix, the methodologies utilised for all calculations related to the elements reported under energy and carbon. Morgan Advanced Materials plc are a UK incorporated business and is also a main-market listed company. Under SECR legislation we are mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented in our most recent financial year, for our UK operations. An operational boundary has been applied for the purposes of the reporting.

For specific examples of actions taken within the year to reduce energy consumption please refer to page 28.

Methodology

This report (including the scope 1 and 2 consumption and CO_2e emissions data) have been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019). Global scope 2 calculations have been developed using a combination of sources – e-Grid for US locations; AIB (2023 version) where available for European countries, and IEA 2023 emission factors in all other cases globally. DEFRA Emissions Factor Database 2024 version 1 has been used across the majority of scope 1, utilising the published kWh calorific value (CV) and $kgCO_2e$ emissions factors relevant for reporting period for the year ending 31 December 2024.

12. www.morganadvancedmaterials.com/ESGAssurance/
13. Enterprise Resource Planning systems.
14. UK government GHG conversion factors for company reporting, IEA emission factors 2024, EcoInvent 3.0. Last reviewed in Oct. 2024.

Appendix – Responsible business

Scope 1 and 2 emissions and streamlined energy and carbon reporting

	Units	2024	2023	2022	2021	2020	2015
Scope 1 energy consumption	MWh	**533,674**	574,531	636,583	648,833	592,325	
UK	MWh	**34,655**	38,316	37,988	37,358	36,277	
Global excluding UK	MWh	**499,019**	536,215	598,595	611,475	556,048	
Scope 1 GHG emissions	tCO_2e	**111,011**	110,563	121,989	122,817	116,552	205,570
UK	tCO_2e	**7,357**	7,374	5,657	6,880	6,686	
Global excluding UK	tCO_2e	**103,654**	103,189	116,332	115,937	109,866	
Scope 2 energy consumption	MWh	**382,356**	395,366	423,955	417,835	387,177	
UK	MWh	**13,584**	14,198	15,205	15,083	15,673	
Global excluding UK	MWh	**368,772**	381,168	408,750	402,752	371,504	
Scope 2 GHG emissions (market-based)	tCO_2e	**41,860**	47,011	89,115	107,070	160,126	137,124
UK	tCO_2e	**0**	0	0	0	3,657	
Global excluding UK	tCO_2e	**41,860**	47,011	89,115	107,070	156,469	
GHG intensity	tCO_2e/£m	**139**	141	190	242	304	391
UK	tCO_2e/£m	**104**	169	106	179	276	
Global excluding UK	tCO_2e/£m	**141**	140	194	245	305	
Biogenic CO_2 emissions[15]	tCO_2e	**543**	719	978	877	501	1,368

Scope 3 emissions screening results

Morgan Advanced Materials scope 3 GHG emissions results (tCO_2e)		2024	2023	2022	2021	2020
Category 1	Purchased goods and services	**223,768**	410,641	474,257	439,775	394,744
Category 2	Capital goods	**49,763**	100,351	75,768	49,794	42,816
Category 3	Fuel and energy related activities	**30,751**	31,567	30,497	52,118	61,163
Category 4	Upstream transport	**13,598**	46,613	71,143	58,777	48,935
Category 5	Waste generated in operations	**15,293**	9,597	12,344	11,889	11,210
Category 6	Business travel	**8,427**	13,903	9,360	5,509	3,953
Category 7	Employee commuting	**27,914**	12,750	12,750	12,750	12,750
Category 8	Upstream leased assets	**–**	–	–	–	–
Category 9	Downstream transport	**190**	22,705	18,780	18,052	15,912
Category 10	Processing of sold products	**5**	26,995	30,361	28,116	28,477
Category 11	Use of sold products	**–**	53,146	49,843	43,389	39,837
Category 12	End of life of sold products	**148**	81,107	57,050	58,062	53,725
Category 13	Downstream leased assets	**–**	–	–	–	–
Category 14	Franchises	**–**	–	–	–	–
Category 15	Investments	**–**	–	–	–	–
	Total scope 3 GHG emissions (tCO_2e)	**369,857**	809,375	842,153	778,231	713,522
	Total scope 1 and 2 GHG emissions (tCO_2e)	**152,871**	157,574	211,104	229,887	276,678
	Total GHG emissions (tCO_2e)	**522,728**	966,949	1,053,257	1,008,118	990,200

Waste and recycling

	Units	2024	2023	2022	2021	2020	2019	2018
Total waste generated	metric tonnes	**34,972**	36,853	47,879	39,918	35,660	48,676	46,605
Waste generation intensity	metric tonnes/£m	**32**	33	43	42	39	46	45
Total waste recycled	metric tonnes	**16,905**	17,384	25,406	21,547	18,214	27,833	25,943
% recycling of total waste	%	**48**	47	53	54	51	57	56

15. Biogenic emissions result from the combustion of biological materials. These are considered carbon neutral and therefore reported separately. Emissions were calculated using the UK Government GHG Conversions Factors for Company Reporting (2024 version).

Risk management

We have an established risk management methodology which seeks to identify, prioritise and manage risks, underpinned by a 'three lines of defence' model comprising an internal control framework, internal monitoring and independent assurance processes.

Identifying and managing risk

The Board considers that risk management and internal control are fundamental to achieving the Group's strategic objectives. Principal and emerging risks are identified both 'top-down' by the Board and the Executive Committee and 'bottom-up' through the GBUs and central functions. Senior executives are responsible for the strategic management of the Group's principal and emerging risks, including related policy, guidelines and processes, subject to Board oversight.

Not all the risks identified as part of our risk management processes are considered principal risks. Principal risks are individual risks, or a combination of risks, which could result in circumstances that might threaten the Group's reputation or business model, its future performance, solvency or liquidity. As with all businesses operating in a dynamic environment, some risks may not yet be known, whilst other low-level risks could become material in the future.

Risk management governance

Board and Audit Committee

Principal and emerging risks formally reviewed throughout the year by the Board and the Audit Committee. Risk appetite set and threshold for principal risks agreed. Overall system of risk management reviewed by the Audit Committee on behalf of the Board.

Executive Management

Executive Management analyses risks and control effectiveness, sets policies and procedures, and has oversight of Group-level risk register.

'Speak Up' hotline

Audit reports

Frontline business operations
(Site leaders and shared service centre managers)

First line of defence

- Implement policies
- Operate controls
- Employee behaviours in line with the Morgan Code

GBU management and central functions
(GBU leadership team and Group-level functions)

Second line of defence

- Policy self-certifications
- Fraud risk assessments
- GBU-level risk registers
- Risk and control monitoring

Independent assurance
(Internal audit and other independent assurance providers)

Third line of defence

- Test of design and effectiveness of procedures and controls

Risk appetite

Our process aims to mitigate the significant risks faced by the Group in accordance with our risk appetite. During the biannual Board risk review, the Board concluded that its risk appetite remains largely unchanged from previous years.

Emerging risks

Emerging risks are 'new' risks that have the potential to crystallise in the future, but are unlikely to impact the Group during the next year. The potential future impact of such risks is often uncertain. They may begin to evolve rapidly or simply not materialise.

Key emerging risk

Generative artificial intelligence: The Group is monitoring developments in regulatory requirements of generative artificial intelligence, its potential wider impacts on our business model and strategy, as well as evaluating appropriate mitigating measures.

Risk analysis during the year

2024 risk and control assessments

During 2024, the Board reviewed the overall risk profile for the Group, which involved detailed discussion of risk assessment outputs provided by the GBUs and central functions. The Board shared its perspective on emerging risk areas, and principal risks relating to the Group's strategy for 2024 and beyond.

Members of the Board, Audit and Executive Committee received regular updates on the Group's principal risks and the steps taken to mitigate any potential impacts.

Changes in principal risk disclosures

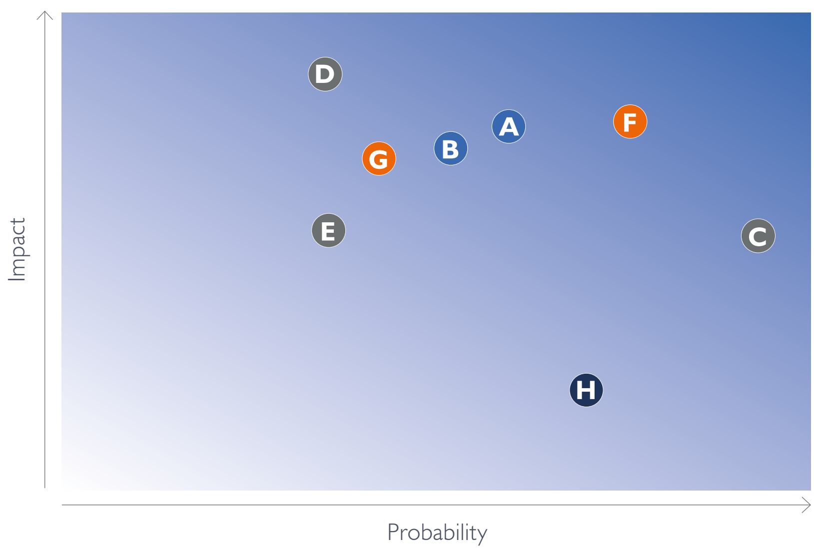
The Group's principal risks are interconnected and should be evaluated in a holistic manner. To gain a more comprehensive understanding of the risks, the Board has combined the principal risk disclosures for the Group, compared to previous years, as follows:

Previous stand-alone risk	New combined principal risk
Macro-economic and political environment	External environment
Climate change	
Pandemic	
Technical leadership	Business change and development
Operational execution/ organisational change	
Portfolio management	
Product quality, safety and liability	Business continuity
Supply chain/business continuity	
Environment, health and safety (EHS)	Environment, health and safety (EHS)
IT, cyber security and data management	IT infrastructure and security
Compliance	Legal and regulatory
Contract management	Contract management
Treasury	Key finance processes
Tax	
Pension funding	

Principal risks heatmap

The heatmap below illustrates the relative inherent positioning of our principal risks from the perspective of potential impact, and potential probability after mitigating controls.

Risk heatmap (net risks)



Key

- **A** External environment
- **B** Business change and development
- **C** Business continuity
- **D** Environment, health and safety (EHS)
- **E** IT infrastructure and security
- **F** Legal and regulatory
- **G** Contract management
- **H** Key finance processes

Risk category

- Strategic
- Compliance and legal
- Operational
- Financial

Strategic impact		Risk trends	
1	Big positive difference		Adverse
2	Delight the customer		Unchanged
3	Innovate to grow		Favourable

Principal risks and uncertainties

A. External environment

Strategic impact: 1 2 3

Risk trend: Adverse

Risk description and drivers

Events outside of the Group's control, such as geopolitical and macro-economic concerns, as well as other global events, such as pandemics and natural disasters, could adversely affect the environment in which we operate, and we may not be able to manage our exposure to these conditions and/or events. Current geopolitical uncertainty is increasing the risk trend.

These events could lead to; fluctuation in commodity prices and high inflation, potential for conflict or broader political issues, as well as introduction of tariffs and/or taxes which could adversely affect customer demand, the financial performance of the Group or cause sudden and unanticipated disruption to the Group's supply chain and wider operations.

Global climate change poses a number of short-term and longer-term challenges for our business. The expected changes are far-reaching and irreversible. Climate-related risks are addressed in greater detail on pages 35 to 44.

Key controls and mitigation

- We remain alert to the current geopolitical and macro-economic uncertainty and continue to monitor the potential impact on our business operations, as well as the broader markets we serve.
- The Group's diversified global footprint mitigates against geopolitical shocks.
- Regular monitoring of order books, cash performance, cost-control and other leading indicators to identify adverse trading conditions.
- Onboarding of dual source suppliers and alternative materials where available.
- Group Business Continuity Plan Policy, requiring appropriate planning at our highest risk sites.

B. Business change and development

Strategic impact: 1 2 3

Risk trend: Adverse

Risk description and drivers

The Group has a number of high-impact, strategically important transformation initiatives underway, temporarily increasing the risk trend; these initiatives require changes to systems, operational processes and organisational structures.

Failure to manage these projects successfully could result in disruption to daily operations, employee fatigue and could require significant execution involvement from management, serving as a distraction from other strategic priorities.

If this risk was to materialise, it could mean that anticipated benefits were not delivered, or were not delivered in accordance with anticipated timelines.

Key controls and mitigation

- Central and GBU project governance deployed, including Executive Committee and Board oversight of changes where required.
- Dedicated project managers overseeing project implementations.
- Regular monitoring and challenge of project overruns, expected improvements and savings against budgets.

Principal risks and uncertainties (continued)

Strategic impact	Risk trends
1 Big positive difference	Adverse
2 Delight the customer	Unchanged
3 Innovate to grow	Favourable

C. Business continuity

Strategic impact: 1 2 3

Risk trend: Adverse

Risk description and drivers

The Group's manufacturing processes, supply chain and product profiles introduce risks to the business continuity of the Group:

- Property facilities and processes might not be adequately maintained, making them unsuitable for our complex manufacturing operations. A number of property damage incidents have temporarily increased the risk trend.
- There are single-point (key supplier/key site) exposure risks within the Group's supply chain.
- Some of the products manufactured by the Group are used in potentially high-risk applications, for example in the aerospace, automotive, electric vehicle, medical and power industries.

If this risk was to materialise, it could lead to lack of competitive insurance including premiums and deductible levels, supply chain disruption, loss of customers and/or market share, adversely impacting the current and future financial performance of the Group.

Key controls and mitigation

- Development of Group property risk management framework.
- Onboarding of dual source suppliers and alternative materials where available.
- Quality management systems across the Group.
- Group insurance programme ensuring adequate protection.
- Maintaining strong customer relationships built on technical expertise and product quality.
- Continue building market differentiation capabilities and key partnerships.

D. Environment, health and safety (EHS)

Strategic impact: 1 2 3

Risk trend: Unchanged

Risk description and drivers

The Group operates a number of manufacturing facilities around the world, often involving risks related to heavy duty machinery, chemical use, movement of parts such as lifting or transportation, as well as energy, such as electricity and pressurised systems.

A serious accident in the workplace could lead to environmental damage or have a major impact on employees, their families, colleagues and communities. Such an incident could also result in legal claims, reputational damage and financial loss.

Key controls and mitigation

- The Group has a comprehensive EHS programme managed by the Group EHS and Sustainability Director, with clear standards and a comprehensive programme of audits to assess compliance.
- The Executive Committee approves annual priorities for EHS. These form the basis for individual sites' own priorities and plans and complement the Group's 'thinkSAFE' behavioural safety programme.
- KPIs are monitored by the Group Executive Committee and the Board. Our LTA rate was 0.13 (2023: 0.19); with the improvement reflecting our continued focus on employee safety and wellbeing.

E. IT infrastructure and security

Strategic impact: 1 2 3

Risk trend: Favourable

Risk description and drivers

It is critical that the Group's information technology and operational technology infrastructure are cyber resilient and the proprietary, confidential or otherwise protected information, intellectual property and personal data held and processed on them are appropriately secured.

Failure to defend ourselves against a cyber security threat/event could disrupt the availability, confidentiality and integrity of our IT systems. This could disrupt our key operations, make it difficult to recover critical data or services and irrevocably damage our assets.

Key controls and mitigation

- The IT strategy is reviewed by the Board annually.
- Regular external reviews to reduce the risk of successful cyber attacks, including vulnerability and penetration tests.
- Comprehensive cyber security framework to prevent, detect and respond to incidents, including hardware, Group policies and procedures on passwords and data management, and IT disaster recovery plan.
- Mandatory 'thinkSECURE' information security training programme for all employees.

Strategic impact		Risk trends	
1	Big positive difference		Adverse
2	Delight the customer		Unchanged
3	Innovate to grow		Favourable

F. Legal and regulatory

Strategic impact: 1 2 3

Risk trend: Adverse

Risk description and drivers

The Group must comply with relevant national and international laws and regulations, including those related to anti-bribery and corruption, trade/export compliance and competition/anti-trust activities, as well as data privacy laws. The increasing global legislative environment is adversely impacting the risk trend.

Failure to comply with such laws and regulations could result in civil or criminal liabilities and/or individual or corporate fines, debarment from government-related contracts or rejection by financial market counterparties and reputational damage.

Key controls and mitigation

- The Morgan Code outlines the Group's commitment to doing business ethically, and is implemented through a global suite of policies, standards and guidance.
- Mandatory ethics training for staff covers topics including anti-bribery and anti-corruption, anti-trust and trade controls.
- We provide a confidential ethics 'Speak Up' hotline to allow employees to raise concerns or possible wrongdoing.
- To strengthen export control, the Group runs a global 'thinkTRADE' programme.

G. Contract management

Strategic impact: 1 2 3

Risk trend: Unchanged

Risk description and drivers

The Group supplies components used in critical applications, which increases the risk of significant liabilities arising from a product fault.

Failure to manage contracts effectively could result in unlimited or high-liability contracts, financial loss and damage to customer relationships.

Key controls and mitigation

- The Group has an in-house legal function, supplemented by specialist external lawyers.
- High-risk contracts are subject to Group Legal review.
- Unlimited and high-liability contracts are subject to CEO approval.
- Group insurance programme ensuring adequate product liability protection.

H. Key finance processes

Strategic impact: 1 2 3

Risk trend: Unchanged

Risk description and drivers

The Group follows defined finance processes, including those over financial control, treasury, tax and pensions. There is a risk of errors in existing processes, or from new processes as a result of the ongoing change activities which inherently increases the risk profile.

Failure of key finance processes and controls could lead to misstatements of financial results due to error, omission, fraud or non-compliance with accounting standards and other applicable regulations. This could affect the reputation and performance of the Group, as well as expose it to legal and regulatory sanctions.

Key controls and mitigation

- Group policies and procedures including Internal Financial Controls Policy, treasury and tax policies, as well as a well-established pensions strategy and accompanying framework.
- Annual policy self-certification process for all GBUs.
- Quarterly internal financial control self-assessments for all relevant locations.

Review of operations

During 2024, the Group continued its focus on operational simplification by streamlining management structures and optimising plant operations. As part of this programme, the Group now manages performance across three distinct reporting segments, as detailed below.

The strategy for each of our segments aligns with the strategic execution priorities of the Group. Refer to pages 12 and 13 for details of our strategy. Refer to the Financial Review and note 3 to the consolidated financial statements for details regarding changes in segmental reporting under 'IFRS 8 – Operating Segments' arising as a result of this simplification.

Reporting segment	Nature of business	Products include
Thermal Products	Thermal Products manufactures high-performing products, systems and solutions for high-temperature environments. Our solutions are engineered to improve the safety of people and equipment in demanding environments, reduce emissions, energy consumption and costs in energy-intensive processes. Our products are used in industrial processing of metals, petrochemicals, cement, ceramics and glass, and by manufacturers of equipment for aerospace, automotive, marine and domestic applications. The business generates sales through a well-established distributor network as well as its own network of sales offices.	› High-performing crucibles › Foundry products › Furnace Industries furnace range › High-temperature insulating fibre products (Low biopersistent fibres, Superwool® family, RCF, Polycrystalline) › Microporous products (WDS®, Min-K®) › Firebricks and mortars › Heat shields
Performance Carbon	Performance Carbon specialises in developing and manufacturing cutting-edge carbon, graphite, and carbide products that deliver outstanding performance. Our expertise drives innovation, helping our customers achieve exceptional performance and efficiency. Our products and technologies are used to enable EVs to charge faster and drive longer, to maximise the efficiency of wind turbines, to support power generation across the world and to deliver water to drought affected regions. Our products for the security and defence sector help protect lives on land and in the air. The business has manufacturing sites across the world, supported by a comprehensive network of sales offices.	› Semiconductor consumables › Collector strips and carbon brushes › Graphite powders › Face seals › Sliding bearings › Shafts › Rotary vane pump components
Technical Ceramics	Technical Ceramics designs and manufactures advanced technical ceramics components from a portfolio of cutting-edge materials to address customer-specific technical challenges. Our products are designed to withstand demanding environments and we offer a wide range of advanced ceramic and glass materials, together with in-depth materials expertise and vast applications experience in a broad range of markets.	› Structural ceramic components › Engineered coatings › Ceramic cores › Ceramic-to-metal assemblies › Braze alloys › Ceramic tubes and rollers › Extruded products › Laser products › Semiconductor products › MACOR™ machinable glass ceramic

* The segments of the business are referred to internally and historically as Global Business Units ('GBUs') and these terms are used interchangeably in the Annual Report.

Key statistics	2024 Performance
At 31 December 2024, Thermal Products had 24 operating sites employing approximately 2,800 people globally. **Revenue** 2024 £418.2 million 2023: £454.4 million **Adjusted operating profit*** 2024 £40.0 million 2023: £40.2 million	Thermal Products reported revenue of £418.2 million in 2024, representing a decrease of 8.0% compared with £454.4 million in 2023. On an organic constant-currency* basis, year-on-year revenue decreased by 0.6%. Revenue performance was impacted by weak market conditions in the second half of the year across all key markets, particularly industrial and metals markets in China, Europe and the USA. Thermal products delivered operating profit of £31.1 million (2023: £29.5 million), with a 90 bps increase in operating profit margin of 7.4% (2023: 6.5%). This performance reflects a sustained focus on cost management across the business, with pricing and cost initiatives more than offsetting the impact of weaker trading performance. Adjusted operating profit* was £40.0 million (2023: £40.2 million) with an adjusted operating profit margin* of 9.6% (2023: 8.8%). Details of the specific adjusting items charge of £8.1 million (2023: £9.3 million) are included in note 6 to the consolidated financial statements.
As at 31 December 2024, Performance Carbon had 19 operating sites employing approximately 2,600 people globally. **Revenue** 2024 £345.2 million 2023: £327.2 million **Adjusted operating profit*** 2024 £55.1 million 2023: £50.0 million	Performance Carbon reported revenue of £345.2 million in 2024, representing an increase of 5.5% compared with £327.2 million in 2023. On an organic constant-currency* basis, year-on-year revenue increased by 9.3%. Revenue growth reflects good momentum in Clean energy and clean transportation, and in Aerospace and Defence markets, but more challenging conditions in semiconductor markets. Within Semiconductor markets, we saw lower demand for our SiC power semiconductor consumables in the second half of 2024. Performance Carbon delivered operating profit of £47.2 million (2023: £39.9 million), with a 150 bps increase in operating margin of 13.7% (2023: 12.2%). Adjusted operating profit* was £55.1 million (2023: £50.0 million) with an adjusted operating profit margin* of 16.0% (2023: 15.3%), reflecting cost synergies and efficiency gains achieved as a result of the merging of the former Electrical Carbon and Seals and Bearings businesses into one reporting segment. Details of the specific adjusting items charge of £7.6 million (2023: £9.3 million) are included in note 6 to the consolidated financial statements.
As at 31 December 2024, Technical Ceramics had 17 operating sites employing approximately 3,200 people globally. **Revenue** 2024 £337.3 million 2023: £333.1 million **Adjusted operating profit*** 2024 £39.2 million 2023: £36.0 million	Technical Ceramics reported revenue of £337.3 million in 2024, representing an increase of 1.3% compared with £333.1 million in 2023. On an organic constant-currency* basis, year-on-year revenue increased by 3.7%. Revenue growth was driven by Clean Energy and Healthcare in our faster growing markets, and Defence and Conventional Energy in the core, partially offset by weakness in global Industrial markets. Technical Ceramics delivered operating profit of £37.9 million (2023: £42.5 million), with a 160 bps decrease in operating margin of 11.2% (2023: 12.8%) with the prior year result benefiting from a £7.6 million credit relating to non-cash items, largely comprising a £5.7 million non-cash credit arising from a reversal of fixed asset impairments and a net £1.9 million provision release. Adjusted operating profit* was £39.2 million (2023:36.0 million) with an adjusted operating profit margin* of 11.6% (2023: 10.8%). Details of the specific adjusting items charge of £0.7 million (2023: credit of £7.6 million) are included in note 6 to the consolidated financial statements.

* Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

Group financial review

3.7%	11.7%	18.5%	1.4x
Organic constant-currency revenue growth	Adjusted operating profit margin	Return on invested capital	Net debt/EBITDA leverage ratio

Summary financial information for the year ended 31 December 2024

Summary income statement and key metrics	2024 £m	2023 £m	% change
Revenue	**1,100.7**	1,114.7	(1.3)%
Adjusted operating profit[1]	**128.4**	120.3	6.7%
Adjusted operating profit margin[1]	**11.7%**	10.8%	90 bps
Amortisation of intangible assets	**(1.7)**	(3.3)	(48.5)%
Specific adjusting items[1]	**(23.1)**	(25.1)	(8.0)%
Operating profit	**103.6**	91.9	12.7%
Net financing costs	**(19.0)**	(14.1)	34.8%
Profit before taxation from continuing operations	**84.6**	77.8	8.7%
Income tax expense	**(25.9)**	(22.2)	16.7%
Profit after taxation from continuing operations	**58.7**	55.6	5.6%
Basic EPS from continuing and discontinuing operations	**17.7p**	16.6p	6.6%
Adjusted EPS[1]	**25.5p**	25.0p	2.0%
Return on invested capital[1]	**18.5%**	17.6%	90 bps

Summary cash flow and key metrics	2024 £m	2023 £m	% change
Cash generated from continued operations	**162.9**	126.3	29.0%
Free cash flow before acquisitions, disposals and dividends[1]	**15.0**	14.6	2.7%
Cash and cash equivalents	**120.8**	124.5	(3.0)%
Net debt[1]	**226.2**	185.2	22.1%
Net debt[1] to EBITDA ratio	**1.4**	1.2	n/a
Total dividend per share	**12.2p**	12.0p	1.7%

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

Revenue

The Group recognised revenue of £1,100.7 million (2023: £1,114.7 million), a year-on-year decrease of 1.3% on a reported basis.

Market conditions were challenging in the second half of the financial year. In industrial markets, we saw declining order levels in Europe and China and a slowing of growth in the USA. In our faster growing markets, growth in semiconductor markets was impacted by stocking in customer supply chains and slower than anticipated growth in global sales of EVs. Reported revenue was significantly impacted by foreign exchange headwinds, largely related to the US dollar and sterling exchange rate.

Reflecting these dynamics, we saw organic constant-currency* growth of 2.5% in our core markets, with 7.6% growth in our faster growing markets. As a result, overall Group organic constant-currency* growth of 3.7% was marginally below our financial framework guidance of 4–7% growth.

Adjusted operating profit

The Group delivered adjusted operating profit* of £128.4 million (2023: £120.3 million) which was impacted by weaker trading performance in the second half. Pricing and operational efficiency measures delivered in 2024 more than offset inflation, and margin was also positively impacted by benefits delivered from our restructuring programmes.

Adjusted operating profit margin* of 11.7% increased by 90 bps versus prior year (2023: 10.8%), but remained below our financial framework guidance. On an organic constant-currency* basis, adjusted operating profit margin* increased by 130 bps compared to the prior year.

Amortisation of intangible assets

The Group amortisation charge was £1.7 million (2023: £3.3 million).

Specific adjusting items from continuing operations

Specific adjusting items were £23.1 million (2023: £25.1 million) and comprised the following:

	2024 £m	2023 £m
Specific adjusting items from continuing operations[1]		
Costs associated with the cyber security incident	**(1.1)**	(14.7)
Net restructuring charge	**(13.1)**	(3.5)
Design, configuration, customisation and implementation of a Global ERP system	**(5.2)**	–
Credit/(charge) in relation to the impact of Argentina's currency devaluation	**0.5**	(5.8)
Net business closure costs	**–**	(1.9)
Impairment of non-financial assets	**(4.2)**	(7.3)
Reversal of impairment of non-financial assets	**–**	8.1
Total specific adjusting items before income tax	**(23.1)**	(25.1)
Income tax credit from specific adjusting items	**2.5**	3.8
Total specific adjusting items after income tax	**(20.6)**	(21.3)

1. Details of specific adjusting items arising during the year and the comparative period are set out in note 6 to the consolidated financial statements.

In early 2024, the Group incurred expenditure of £1.1 million being the residual costs associated with the cyber incident which occurred in January 2023 (2023: £14.7 million).

"We have delivered robust financial performance against a challenging market backdrop, particularly in the second half of the year. We have continued our focus on cost management and extended business simplification programme, which will return the Group to target adjusted operating margins in 2025 and ensure we are well placed to capture growth as markets recover."

Richard Armitage
CFO

Expenditure of £13.1 million has been recognised in respect of our business simplification and restructuring programme (2023: £3.5 million). In total, once fully implemented, our simplification initiatives are expected to deliver cumulative annual benefits of approximately £27 million by 2026.

£ million	2023	2024	2025	2026	2027	Total
Adjusted operating profit benefit (incremental)	1	8	24	27	27	
Costs charged to specific adjusting items	(7)	(13)	(25)			**(45)**

The Group has accelerated investment in the development of a Global ERP system which is intended to replace over 30 different legacy systems across the Morgan network and which will further strengthen information security and the wider control environment. Expenditure of £5.2 million (2023: £nil) associated with the design, configuration, customisation and implementation of the system were presented as specific adjusting items in the income statement in 2024, in accordance with the Group's accounting policies.

In light of challenging trading conditions, the Group has conducted an impairment review and, where necessary, performed an impairment assessment in accordance with 'IAS 36 – Impairment of Assets'. As a result, the Group has recognised a net impairment charge of £4.2 million related to fixed assets held by our Thermal Products business in Europe.

The Group has recorded a cumulative total of £18.9 million impairment charges for assets which it continues to use (2023: £20.6 million). These impairments could be reversed if the businesses were to outperform significantly against their budgets and strategic plans.

A sensitivity analysis was carried out using reasonably possible changes to the key assumptions in assessing the value in use of these non-financial assets. This did not result in a material reversal of the impaired amounts in 2024.

Refer to note 6 to the consolidated financial statements for further details regarding specific adjusting items, including further details of the impairment review and key assumptions made.

Statutory operating profit

Statutory operating profit was £103.6 million (2023: £91.9 million).

Net financing costs

Net financing costs of £19.0 million (2023: £14.1 million) comprise net bank interest and similar charges of £15.8 million (2023: £11.7 million), net interest on IAS 19 pension obligations of £0.6 million (2023: £nil) and the interest expense on lease liabilities of £2.6 million (2023: £2.4 million) resulting from IFRS 16 – Leases.

Taxation

The Group tax charge from continuing operations, excluding specific adjusting items, was £28.4 million (2023: £26.0 million). The effective tax rate, excluding specific adjusting items, was 26.4% (2023: 25.3%). Note 8 to the consolidated financial statements provides additional information on the Group's tax charge.

On a statutory basis, the Group tax charge was £25.9 million (2023: £22.2 million), higher than the previous year reflecting increased taxable profit.

Tax risks

The Group follows a tax policy to fulfil local and international tax requirements, maintaining accurate and timely tax compliance whilst seeking to maximise long-term shareholder value. The Group adopts an open and transparent approach to relationships with tax authorities and continues to monitor and adopt new reporting requirements, for example those arising from the implementation of the OECD Base Erosion and Profit Shifting proposals within tax legislation across various jurisdictions.

The tax strategy is aligned to the Group's business strategy and ensures that tax affairs have strong commercial substance. Tax risks are set out in the 'Risk management' section, under the heading 'Key finance processes' on page 47.

Earnings per share

Basic earnings per share from continuing operations was 17.7 pence (2023: 16.4 pence) and adjusted earnings per share* was 25.5 pence (2023: 25.0 pence). Details of these calculations can be found in note 10 to the consolidated financial statements.

Foreign currency impact

The Group receives revenue and incurs expenses in a number of foreign currencies and, as such, movements in foreign exchange rates can materially impact the Group's financial results. Had foreign currency rates in 2024 remained consistent with 2023, the Group's adjusted operating profit would have been £10.7 million higher.

For illustrative purposes, the table below provides details of the impact on 2024 revenue and Group adjusted operating profit* if the actual reported results, calculated using 2024 average exchange rates, were restated for GBP weakening by 10 cents against the US Dollar in isolation and 10 cents against the Euro in isolation:

Increase in 2024 revenue/ adjusted operating profit[1] if:	Revenue £m	Adjusted operating profit[1] £m
GBP weakens by 10c against the US Dollar in isolation	42.3	4.4
GBP weakens by 10c against the Euro in isolation	19.8	3.2

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

The principal exchange rates used in the translation of the results of overseas subsidiaries were as follows:

	2024		2023	
GBP to:	**Closing rate**	**Average rate**	Closing rate	Average rate
USD	**1.25**	**1.28**	1.27	1.24
Euro	**1.21**	**1.18**	1.15	1.15

The potential impact of changes in foreign exchange rates is given in note 21 to the consolidated financial statements.

Changes in segmental reporting under IFRS 8 – Operating segments

As disclosed in the 2023 Annual Report and Accounts, during 2024 the Group has simplified its operating structure in order to support strategic execution. The business is now managed through three distinct segments, being Thermal Products, Performance Carbon and Technical Ceramics. These segments have been identified as the Group's reportable segments for the purposes of IFRS 8. Segmental reporting disclosures, including a restatement of prior year disclosures in accordance with the new segmental reporting structure, are set out in note 3 to the consolidated financial statements.

Cash flow

	2024 £m	2023 £m
Cash generated from continuing operations	**162.9**	126.3
Net capital expenditure	**(90.2)**	(58.5)
Net interest on cash and borrowings	**(15.3)**	(11.6)
Tax paid	**(29.2)**	(30.3)
Lease payments and interests	**(13.2)**	(11.3)
Free cash flow before acquisitions, disposals and dividends	**15.0**	14.6
Dividends paid to external plc shareholders	**(34.5)**	(34.2)
Net cash flows from other investing and financing activities	**(19.6)**	(17.8)
Net cash flows from discontinued operations	**0.1**	0.4
Exchange movement and other non-cash movements	**(2.0)**	0.3
Movement in net debt[2]	**(41.0)**	(36.7)
Opening net debt[2]	**(185.2)**	(148.5)
Closing net debt[2]	**(226.2)**	(185.2)
Lease liabilities	**(47.1)**	(47.1)
Closing net debt[2] and lease liabilities	**(273.3)**	(232.3)

2. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

The Group generated cash from continuing operations of £162.9 million (2023: £126.3 million) was £36.6 million higher than the previous year, reflecting a material improvement in working capital inflows as a result of focused initiatives across the Group.

Free cash flow before acquisitions, disposals and dividends* was £15.0 million (2023: £14.6 million). The Group incurred net capital expenditure of £90.2 million (2023: £58.5 million), reflecting strategic investments in semiconductor capacity and capability, investments in efficiency and continued investment in health, safety and environmental improvement programmes.

For the purposes of compliance with external debt covenants, net debt* is calculated excluding IFRS 16 lease liabilities. On this basis, net debt was £226.2 million (2023: £185.2 million), representing a net debt* to EBITDA* ratio of 1.4 times (2023: 1.2 times).

Commitments for property, plant and equipment and computer software for which no provision has been made are set out in note 25 to the consolidated financial statements. Treasury and risk management policies, which remain unchanged from the prior year, are set out in note 21 to the consolidated financial statements.

Liquidity

The Group had net cash and cash equivalents* of £111.5 million (2023: £124.5 million) and undrawn headroom on its available credit facilities of £279.3 million (2023: £187.9 million).

Capital structure

At the year end total equity was £389.3 million (2023: £398.6 million) with closing net debt* of £226.2 million (2023: £185.2 million).

Non-current assets were £597.3 million (2023: £544.3 million) and total assets were £1,077.1 million (2023: £1,038.2 million).

Details of undiscounted contracted maturities of financial liabilities and capital management are set out in note 21 to the consolidated financial statements.

Capital structure is further discussed in note 21 to the consolidated financial statements under the heading 'Capital management'.

Group financial review continued

Final dividend

The Board is recommending a final dividend, subject to shareholder approval, of 6.8 pence per share on the Ordinary share capital of the Group, payable on 13 May 2025 to Ordinary shareholders on the register at the close of business on 11 April 2025. The ex-dividend date is 10 April 2025.

Together with the interim dividend of 5.4 pence per share paid on 15 November 2024, this final dividend, if approved by shareholders, brings the total distribution for the year to 12.2 pence per share (2023: 12.0 pence).

A total dividend of 12.2 pence per share represents a dividend cover of adjusted EPS* of 2.1 times, which is lower than the medium-term target of 2.5 times dividend cover set out in our progressive dividend policy.

The Board remains committed to progressively growing the Ordinary dividend over the medium term.

Note 42 to the Company financial statements provides additional information on the Company's distributable reserves.

Share buyback

On 5 November 2024, Morgan Advanced Materials announced its intention to undertake a buyback programme of up to a maximum £40.0 million, excluding expenses. Shares purchased pursuant to the buyback programme will be cancelled and, as a result, it is expected that the buyback programme will enhance earnings per share over time.

On the same date, we entered into a non-discretionary agreement with Investec Bank plc ('Investec'), acting as riskless principal, to enable the Company to purchase up to £10.0 million, excluding expenses, of the Company's Ordinary shares. Under the terms of the agreement, Investec makes its trading decisions independently of and uninfluenced by the Company, in accordance with certain preset parameters. Tranche 1 will end no later than 31 March 2025.

As at 31 December 2024, the Group had purchased 1,825,090 shares, for total consideration of £4.7 million excluding fees and stamp duty. A liability for the value of shares contracted but not purchased at the balance sheet date has been recognised on the balance sheet, in accordance with 'IAS 32 – Financial Instruments: Presentation', with a corresponding adjustment to equity.

The Board is committed to commencing the second £10 million tranche of the buyback immediately after the first tranche has completed.

Post balance sheet events

There were no reportable post balance sheet events following the balance sheet date.

Guidance and outlook

Demand in a number of our end-markets is uncertain. Our current outlook for revenue in 2025 is for mid single digit organic decline and assumes no recovery in H2. Our simplification programme has been accelerated given the weaker demand which will underpin a return to a 12.5% margin during 2025, with a broadly similar H1/H2 adjusted operating profit* split.

Demand for semiconductor capacity has been impacted by the slower growth in BEVs leading to high customer inventory levels in the short term. We have scaled back investment accordingly and now expect to invest c.£60 million in semiconductor capacity (prior estimate £100 million) to deliver incremental revenues of £40 million and adjusted operating profit* of £12 million in 2027 (prior estimate £80 million revenue, £25 million adjusted operating profit*). We remain confident in the longer-term potential in semiconductors and we expect to resume our investment as the market recovers.

Our medium term guidance for overall capital expenditure is now around £90 million in 2025, £65 million in 2026 and £60 million in 2027.

We expect our effective tax rate, excluding specific adjusting items, to be within the 26-28% range.

We remain confident in achieving our medium-term financial framework.

Our financial framework is set out on page 12 of the Strategic Report.

We continue to monitor the situation with regard to potential tariffs. With such a wide range of potential tariffs being considered, and with the details of those unknown, it is not possible to estimate the impact at this stage. We have a global manufacturing footprint and largely we make products where we sell them which will allow some degree of mitigation, and if necessary we will consider alternative manufacturing locations. Guidance for 2025 assumes that there will be no direct impact on financial performance as a result of the implementation of tariffs.

Directors' statements

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 56. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the Financial Review on pages 50 to 54. In addition, note 21 to the consolidated financial statements includes the Group's policies and processes for managing financial risk, details of its financial instruments and hedging activities, and details of its exposures to credit risk and liquidity risk.

The Group meets its day-to-day working capital requirements through local banking arrangements underpinned by the Group's £230.0 million unsecured multi-currency revolving credit facility, which matures in November 2029. As at 31 December 2024, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £617.4 million. The amount drawn under these facilities was £338.1 million, which together with net cash and cash equivalents of £111.5 million, gave a total headroom of £390.8 million. The multi-currency revolving credit facility was £12.8 million drawn. The Group has no scheduled debt maturities until 2026.

The principal borrowing facilities are subject to covenants that are measured biannually in June and December, being net debt* to EBITDA* of a maximum of 3 times and interest cover of a minimum of 4 times, based on measures defined in the facilities agreements which are adjusted from the equivalent IFRS amounts.

The Group has carefully modelled its cash flow outlook, taking account of reasonably possible changes in trading performance, exchange rates and plausible downside scenarios. This review indicated that there was sufficient headroom and liquidity for the business to continue for the 18-month period based on the facilities available as discussed in note 21 to the financial statements. The Group was also expected to be in compliance with the required covenants discussed above.

The Board has also reviewed the Group's reverse stress testing performed to demonstrate how much headroom is available on covenant levels in respect of changes in net debt*, EBITDA* and underlying revenue*. Based on this assessment, a combined reduction in EBITDA* of 35% and an increase in net debt of 35% would still allow the Group to operate within its financial covenants. The Directors do not consider either of these scenarios to be plausible given the diversity of the Group's end-markets and its broad manufacturing base.

The Board and Executive Committee have regular reporting and review processes in place in order to closely monitor the ongoing operational and financial performance of the Group. As part of the ongoing risk management process, principal and emerging risks are identified and reviewed on a regular basis. In addition, the Directors have assessed the risk of climate change and do not consider that it will impact the Group's ability to operate as a going concern for the period under consideration.

After making enquiries, and in the absence of any material uncertainties, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of 18 months from the date of signing this Annual Report and Accounts. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a period significantly longer than 12 months. The viability assessment period remained at five years to 31 December 2029 in the line with impairment review testing and the strategic planning process. The Directors consider this an appropriate period over which to provide its viability statement based on management's reasonable expectations of the position and performance of the Company and the dynamics in the markets in which it operates. Taking into account the Group's current position and the potential impact of the principal risks documented on pages 43 to 47 of the Annual Report, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2029.

To allow the Directors to make this assessment, a business base case has been built up, initially using a detailed, bottom-up approach, and then applying what the Directors consider to be an appropriate set of assumptions in respect of growth, margins, working capital flows, capital expenditure, dividends, refinancing of borrowing facilities and all other matters that could have a significant impact on the financial performance and liquidity of the Group. The resulting base case provides the Directors with EBITDA*, net debt* and finance charge headroom relative to current bank covenants.

The Directors' assessment also included a review of the financial impact on revenue, EBITDA*, net debt*, and the adequacy of the financial headroom, relative to a severe but plausible combination of principal risks crystalising that could threaten the viability of the Company. The Directors also considered the likely effectiveness of the potential mitigations that management reasonably believes would be available to the Company over this period.

While the review has considered all the principal risks identified by the Group, the following were focused on for enhanced stress testing:

Scenarios modelled	Link to principal risks and uncertainties
Macro-economic The risk of adverse impact on our business from macro-economic factors that affect the performance of Morgan or investments in specific countries or regions. The sensitivity analysis performed considered impacts on the Group's revenue, adjusted operating profit* and working capital following a worldwide downturn in trading due to macro-economic dislocation.	External environment risk
Political The possibility that Morgan could suffer losses or disruptions due to political changes or events in a country or region. The sensitivity analysis performed considered impacts on the Group's revenue, adjusted operating profit* and working capital following the sudden cessation of business within a material geography.	External environment risk
Organisation change The possibility of adverse impacts of changes in Morgans structure, culture, processes, systems or strategies. The sensitivity analysis performed considered impacts on the Group's revenue, adjusted operating profit* and working capital following unexpected staffing shortages caused by inadequate change management.	Business change and development risk
Trade compliance breach The failure of a sanctions screening programme and non-compliance with export regulations. The sensitivity analysis performed considered impacts on the Group's revenue, adjusted operating profit* and working capital as well as additional legal costs.	Legal and regulatory risk

The combined impact of the above four scenarios results is a 12.0% reduction in the Group's revenue and 46.0% reduction in the Group's adjusted operating profit* in 2025 before taking mitigating actions. In this worst-case scenario the Group remains within banking covenants.

As part of the ongoing risk management process, principal and emerging risks are identified and reviewed on a regular basis. There are a number of mitigating actions the Group takes to manage and reduce risk, further details of which can be found in the 'Risk management' section on pages 43 to 47.

The Group has significant financial resources including committed and uncommitted banking and debt facilities, as outlined in the going concern statement. In assessing the Group's viability, the Directors have assumed availability of debt capital markets and that the existing banking and debt facilities will remain in place or mature as intended.

While this review does not consider all of the possible risks that the Group could face, the Directors consider that the approach adopted, and the work performed, is reasonable in the circumstances of the inherent uncertainty involved and that it allows the Board to confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2029.

This Strategic Report, as set out on pages 2 to 56, has been approved by the Board.

On behalf of the Board

Winifred Chime
Company Secretary

27 February 2025

Governance

"The guiding principle of the Board is to do the right thing with respect to all our stakeholders and the environment."

Ian Marchant
Non-executive Chair

Contents

Chair's letter to shareholders

I am pleased to present our Governance Report, setting out the Board's activities during the year, as we continue to drive long-term value creation for all our stakeholders.

Board's focus during the year

We understand that robust governance practices are essential in supporting our business objectives. The Board has continued to ensure progress is being made against our strategic priorities and towards our medium-term targets, whilst maintaining an appropriate engagement in near-term operational and commercial matters. We have also spent time engaging with the business, and taken steps to ensure the Board itself continues to be appropriately effective, including undertaking an external board performance review which is set out on page 69.

We have continued our dialogue with our stakeholders throughout the year, details of which can be found on pages 20 and 21 and 67 and 68. Our stakeholders remain front of mind in our decision-making.

The Board visited seven Morgan Advanced Materials sites in North America in September 2024, meeting with the local management team and holding employee listening sessions at each site to enhance our understanding of the business and operational culture and the opportunities to improve the employee experience. Details of the visits can be found on page 63.

We continued to oversee the acceleration of our IT modernisation programme. The Board received several presentations during the year from management on advances with our IT systems and infrastructure, acceleration of our Group ERP programme and tools which have been deployed to improve the security posture of the business.

Board Committees' focus during the year

The work of the Board is supported by the hard work of our Committees, who have assisted with important governance matters during the year. For example:

- The Audit Committee has led the review of our approach to compliance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and 2024 UK Corporate Governance Code ('2024 Code').
- The Nomination Committee has supported the Board with the CEO succession plan that was announced in January 2025 and is set out on page 82, and we look forward to achieving a seamless transition from Pete to Damien in July 2025.
- The Remuneration Committee has reviewed our Remuneration Policy to ensure it remains appropriate prior to its renewal at the forthcoming AGM, and details of the Committee's work is set out on pages 84 to 86.

More detail on the Board and Committee activities during the year can be found in the remainder of the report.

Focus for 2025

One of the key priorities for the Board in 2025 will be supporting Damien in his new role as well as ensuring that the new non-executive Directors are successfully onboarded and there is a smooth transition with the outgoing Directors.

The Board will also continue to oversee the delivery of our strategy and in particular the delivery of the capital investment programme, restructuring programme and strategic priorities.

Ian Marchant
Non-executive Chair

Board of Directors

Ian Marchant
Non-executive Chair

Committees
N R

Appointed: Chair Designate and non-executive Director from February 2023. Non-executive Chair and Nomination Committee Chair in June 2023.

Skills and contribution:
Ian is a highly strategic and successful leader with more than 35 years of wide-ranging experience at major businesses, bringing a strong track record of value creation and listed board experience. Ian has significant expertise in governance, finance, regulation, renewable energy and climate change mitigation.

Past experience:
Ian served as CEO of SSE plc from October 2002 to June 2013; prior to this he was Finance Director of SSE and Southern Electric plc. He is a seasoned non-executive Director and Chair, having served as Chair of Thames Water Utilities Ltd and John Wood Group plc and on the board of Aggreko plc.

External appointments:
Non-executive Director of Fred. Olsen Ltd and arbnco Ltd.

Richard Armitage
CFO

Appointed: May 2022.

Skills and contribution:
Richard has broad experience including financial management, investor relations, capital markets, M&A and commercial management, gained through roles at several listed and privately owned chemicals and consumer goods companies.

Past experience:
Prior to joining Morgan Advanced Materials, Richard was CFO at Victrex Group plc from 2018 to 2022. During this time, he was responsible for finance, IT, legal and corporate development, as well as the development of the Group's Chinese businesses. Richard was CFO of Samworth Brothers from 2014 to 2018 and CFO of McBride plc from 2009 to 2014.

External appointments:
Senior Independent Director, Chair of the Audit Committee and interim Chair of the Remuneration Committee at NWF Group plc.

Pete Raby
CEO

Appointed: August 2015. Pete will retire as CEO on 1 July 2025.

Skills and contribution:
Pete has a strong technical background and extensive experience in planning and executing business strategy across global technology and manufacturing operations. As CEO, he leads the Executive Committee and is responsible for our overall performance. The Group's environment, health, safety and sustainability team reports directly to Pete, enabling him to keep the Board apprised on the establishment of goals, management of risks and opportunities, reporting and related governance procedures in that area.

Past experience:
Before joining Morgan Advanced Materials, Pete was President of the Communications and Connectivity sector of Cobham plc. Pete demonstrated strong leadership across a range of senior strategy, technology and operational positions at Cobham over a nine-year period. Prior to Cobham, Pete was a partner at McKinsey & Company, specialising in strategy and operations in the aerospace, defence and power and gas sectors.

External appointments:
Non-executive Director of Hill & Smith plc.

Jane Aikman
Independent non-executive Director

Committees
A N R

Appointed: Non-executive Director and Audit Committee Chair in July 2017.

Skills and contribution:
Jane is a Chartered Accountant with significant financial experience and knowledge of growing manufacturing, technology and marketing businesses, gained in a variety of senior executive positions. Jane brings a valuable perspective from her role as CFO of Inside Ideas Group Limited.

Past experience:
Jane previously held CFO positions at Arqiva Group Limited, KCOM Group plc, Infinis plc, Wilson Bowden plc, Pressac plc and Phoenix IT Group plc, latterly where she was also Chief Operating Officer. Jane was a non-executive Director of Halma plc from 2007 and chaired its Audit Committee from 2009 until her departure in July 2016.

External appointments:
Group Director and Group CFO of Inside Ideas Group Limited.

Helen Bunch
Independent
non-executive Director

Committees
A N R

Appointed: Non-executive Director from February 2016. Remuneration Committee Chair in January 2019. Helen will retire from the Board following the Company's AGM in May 2025.

Skills and contribution:
Helen has significant experience of driving business performance, forging long-term relationships and building businesses in new markets, with a background encompassing corporate governance and customer relations. Helen is Executive Managing Director of Wates Residential and a member of the Wates Group Executive Committee, a construction sector pioneer in creating social value, with strong ESG credentials.

Past experience:
Helen joined Wates in 2006 and has undertaken a variety of roles including Group Strategy Director, Managing Director of Wates Retail Limited and Managing Director of Wates Smartspace Limited. Prior to Wates, Helen gained knowledge and experience in global businesses including ICI.

External appointments:
Executive Managing Director of Wates Residential Limited, non-executive Director of Modulaire Group.

Clement Woon
Independent
non-executive Director

Committees
A N R

Appointed: May 2019.

Skills and contribution:
Clement has broad managerial experience in globally operating technology and consumer-related industries. He has a strong track record of renewing traditional industries and revitalising growth through strategic interventions, and in-depth experience and knowledge of markets within the Asia Pacific region.

Past experience:
From August 2016 to March 2020, Clement was Group CEO of Saurer Intelligent Technology Co. Ltd, a €1 billion textile machinery and components business listed on the Shanghai Stock Exchange. Clement continued to serve on the board of Saurer as non-executive Director until August 2021. Prior to this, Clement was Advisor and Co-CEO of Jinsheng Industry Co Ltd, an industrial company in China with diverse interests including biotech, automotive and textiles. Previously Clement held various senior positions including Division CEO of Leica Geosystems AG, President and CEO of SATS Ltd, and CEO Textile division of OC Oerlikon AG.

External appointments:
Non-executive Director and Remuneration Committee Chair of Elementis plc.

Alison Wood
Senior Independent Director

Committees
A N R

Appointed: November 2024.

Skills and contribution:
Alison is a highly experienced non-executive Director with a significant background in international industrials. She brings deep governance expertise gained across numerous listed businesses, having served as Chair, Senior Independent Director and Remuneration Committee Chair of several FTSE 350 businesses.

Past experience:
In her executive career, Alison was Global Director of Strategy and Corporate Development at National Grid plc from 2008 to 2013. She was central to the strategic development of BAE Systems plc in her role as Group Strategic Development Director from 2004 to 2008.

External appointments:
Chair of Galliford Try Holdings plc, Senior Independent Director and Remuneration Committee Chair of Oxford Instruments plc and Chair of Remuneration Committee of TT Electronics plc. Alison will step down from the board of TT Electronics plc after its AGM in May 2025.

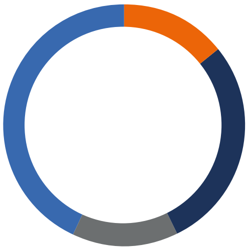
Directors who resigned during the year
Laurence Mulliez, who was appointed as a non-executive Director from May 2016 and then Senior Independent Director in December 2017, resigned from the Board in November 2024.

Committees
- Committee Chair
- A Audit
- N Nomination
- R Remuneration

Governance overview

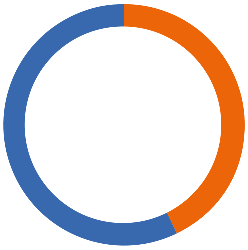
Board composition

Board balance of roles



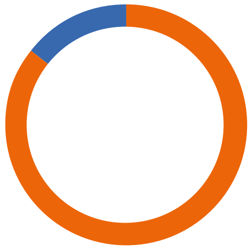
Chair (independent on appointment)	1
Executive Directors	2
Senior Independent Director	1
Independent non-executive Directors	3

Gender



Female	3
Male	4

Ethnic origin



White British	6
Southeast Asian	1

Non-executive Director tenure

0–3 years	2
4–6 years	1
7–9 years	2

Desired/required skills, experience, attributes

	Ian	Alison	Helen	Jane	Clement	Pete	Richard
Leadership and business operations	●	●	●	●	●	●	●
Strategy development	●	●	●	●	●	●	●
Commercial	●	●	●	●	●	●	●
Accounting and finance	●			●			●
Audit, risk management and assurance	●	●	●	●	●	●	●
Remuneration/People	●	●	●	●	●	●	
Corporate governance	●	●	●	●	●	●	●
Engineering and Industrial sector	●	●		●	●	●	●
Technology/Innovation/ R+D	●				●	●	
International business		●	●	●	●	●	●
M&A/Portfolio management	●	●	●	●	●	●	●
Safety/Environmental/Sustainability	●	●	●		●	●	
Significant change/Large transformation	●	●	●		●	●	

Director attendance at meetings of the Board and its Committees

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Ian Marchant	8/8	4/4[1]	4/4	4/4
Pete Raby	8/8	4/4[1]	4/4[1]	4/4[1]
Richard Armitage	8/8	4/4[1]	–	–
Jane Aikman	8/8	4/4	4/4	4/4
Helen Bunch	8/8	4/4	4/4	4/4
Laurence Mulliez[2]	6/6	2/3	3/3	2/2
Clement Woon	8/8	4/4	4/4	4/4
Alison Wood[3]	2/2	1/1	1/1	2/2

1. Attended by invitation.
2. Laurence Mulliez resigned from the Board on 1 November 2024.
3. Alison Wood joined the Board on 1 November 2024.

Key Board activity

The table below summarises some of the key matters the Board considered in 2024.

Activity	Link to strategic execution priorities	Link to stakeholders	Link to principal risks
Strategy			
GBU strategy reviews	1 2 3	I,C,S,E,Co	A,B,C,D,E
IT strategy	2 3	I,E,C,S	B,C,E
M&A strategy	3	I,C,S	A,B,C
Group portfolio strategy	3	I,C,S,E	A,B,C
ESG strategy	1 2	I,C,S,E,P,Co	A,C,D,F
Defence strategy	3	I,E	A,B,C
Capital allocation	3	I,C,S E,Co	A,B,C
Geographical markets – outlook and implications	3	I,C,S,E	A,B,C
Operational and commercial			
IT transformation and cyber security posture	1 2 3	E,C,S,I	B,C,E
ERP transformation update	2 3	E,S,C	B,C,E,H
Approval of capital expenditure	2 3	C,S	A,B,C,D,H
Financial and risk management			
Approval of 2025 budget	1 3	I,E,S	A,B,C,D, E,F,G,H
Approval of 2023 annual results and 2024 interim results and dividends	3	I,E,P	A,B,C,F,H
Brokers updates and investor feedback	1 3	I	A,B,C
Approval of £40.0 million share buyback programme	1 2 3	I,E,P	A,B,C,H
Approval of new debt facility	1 2 3	I,E	A,B,C,H
Insurance renewal	1	E,S,C	C,G
Treasury update	3	I,C,S,E,P	A,B,C,H
Principal risks review	1 2 3	I,C,S,E,C,P	A,B,C,D, E,F,G,H
People			
2023 and 2024 'Your Voice' survey results	1	E	B,C,F
Pension update	1	E,P	C,F,H
Talent, leadership, capability and succession update	1	E	A,B,C
Governance			
AGM	1	I	F
Modern slavery & supplier engagement	1	S	F
External board performance review	1	I,E	F
Monitoring and assessment of culture	1	E	F
UK Corporate Governance Code compliance	1	I,C,S,E,P,Co	F

Standing agenda items

CEO's report	Covering topics such as: › safety and environmental progress and performance; › strategy; › business, markets and customers; › acquisitions and divestments; › investor relations; › information systems and technology; › key project and GBU updates; › EHS and sustainability matters; and › people updates.
CFO's report	Covering topics such as: › Group and GBU financial performance; › Dividend Policy; › investor engagement and feedback; › capital allocation; › refinancing; and › pensions.
Company Secretary's report	Covering topics such as: › governance and regulatory matters; › Board process; › NED employee engagement; › litigation update; and › share register analysis.
Non-executive Directors-only session	› The non-executive Directors meet without management present.

Key to strategic execution priorities

1 Big positive difference
2 Delight the customer
3 Innovate to grow

Key to stakeholders

I Investors
C Customers
S Suppliers
E Employees
P Pensioners and pension trustees
Co Communities

Key to principal risks

A External environment
B Business change and development
C Business continuity
D EHS
E IT infrastructure and security
F Legal and regulatory
G Contract management
H Key finance processes

Strategic oversight by the Board

The more we understand our customers, their businesses, markets and technical challenges, the more effective we can be at providing them with a solution.

Setting strategy

The Board reviews and agrees the strategy for the Group and reviews aspects of strategy at Board meetings during the year. The Board considers a wide range of matters when setting Group strategy including, but not limited to:

- Market overview;
- Trends, including megatrends and those affecting customer behaviour;
- Competitor environment;
- Investor sentiment and shareholder returns;
- GBU strategies;
- ESG and sustainability matters;
- Finance;
- Capital allocation; and
- People and talent.

How governance contributes to the delivery of strategy

Details of how opportunities and risks to the future success of the business have been considered and addressed can be found in the Strategic Report on pages 2 to 56. Details of the sustainability of the Company's business model can be found in the Strategic Report on pages 4 and 5. Details of the Group's governance framework which underpins the delivery of strategy can be found on page 70. An overview of our strategy can be found in the Strategic Report on pages 12 and 13.

The Board monitors progress against the strategic execution priorities underpinning delivery of the Group strategy:

1. Big positive difference
2. Delight the customer
3. Innovate to grow

Board meeting and visit to North American sites – September 2024

In September, the Board visited seven sites in North America: Augusta; East Stroudsburg; Fairfield; Fostoria; Greenville; Hudson; and New Bedford, to immerse the Board in, and deepen their understanding of, the Group's business. The Directors also took part in a series of employee engagement sessions across the seven sites, which helped the Board to build a picture of workforce sentiment and to see Morgan Advanced Materials' culture 'in action'. The engagement sessions also provide a valuable opportunity and platform for the workforce to share their views and perspectives directly with the Board. Outcomes following the engagement sessions were shared with the Board and follow-up actions agreed and prioritised.

The Board meeting covered the strategic reviews for the Performance Carbon and Technical Ceramics GBUs. The GBU Presidents and Finance Directors attended the meeting to provide a comprehensive update on their strategies, covering performance against their strategic priorities, key markets, macro-economic factors including challenges and growth opportunities, and workforce engagement and talent management.

Image features Edie Venezia, celebrating 50 years at Morgan Advanced Materials' Fairfield site, with Pete Raby, CEO.

Strategic execution priorities

1. Big positive difference

Progressing 2030 goals

Protect the environment

- 50% reduction in scope 1 and scope 2 CO_2e emissions.
- 30% reduction in water use in high and extremely high-stress areas.
- 30% reduction in total water usage.

Provide a safe, fair and inclusive workplace

- 0.10 lost-time accident rate.
- 40% of our leadership population will be female.
- Top-quartile engagement score.

What did the Board consider and approve?

Monitored progress against 2030 goals, ensuring clear and continued linkage to sustainable outcomes.

- Reports from the EHS&S Director on the progress towards 'zero harm', training being deployed to all employees focusing on our safety culture, process safety risk management approach, investment in safety improvements and progress against our commitments to reduce waste, manage our water consumption and reduce our emissions.
- Succession plans for the Executive Committee members and senior management.
- The results of the 2023 and 2024 'Your Voice' employee engagement surveys.
- Updates on workforce planning, focusing on critical talent and targeted programmes for diversity, pipelines, training and development.

What were the material stakeholder considerations?

- **Full stakeholder benefit**
  The ability of the Group's 2030 goals to deliver value for shareholders, stakeholders and society by driving towards net zero at pace, and in a socially just way.
- **Embedded in culture**
  Employees and GBUs continue to embrace the long-term vision and make progress against our 2030 goals.
- **Clear tracking of progress**
  Shareholders engaged on the Group's 2030 goals, citing the importance of quantifiable criteria and meaningful linkage including when considering remuneration metrics.

2. Delight the customer

Investment in product and service offerings

Shape our product and service offerings further based on customer needs, with the overall objective of making our business more customer-centric.

What did the Board consider and approve?

Opportunities to better align our product and service offerings to meet the needs of our customers.

- Capital investments to tailor our product, service and support offerings more closely to customer needs, based on customer feedback gathered during 2024 which enabled us to understand our customer segments in more detail.
- Reports from the GBU Presidents as part of their updates to the Board and in the CEO Report on changes affecting key customers and their markets.

What were the material stakeholder considerations?

- **Addressing customer needs**
  The outputs and performance levels to deliver on stated customer priorities, including customer service, maintaining focus on safety, quality, delivery, inventory and productivity.

3. Innovate to grow

Sustainable solutions to support the energy transition

Develop a diversified portfolio of sustainable solutions including:

- **Aerospace:** Leading material for high efficiency engines.
- **Clean energy:** Increasing lifetime and performance of solar, wind and energy storage.
- **Clean transportation:** Superior materials for longer lifetimes.
- **Healthcare:** Best-in-class materials and miniaturisation technology.
- **Semiconductors:** Higher performance materials for the most demanding process steps.
- **Industrial:** Higher efficiency solutions for industrial customers.

What did the Board consider and approve?

Opportunities to support the growth of the Group's portfolio of sustainable solutions and to maintain a sustained pipeline of development opportunities.

- Capital investments in our core markets to provide our customers with products and solutions that make them more sustainable.
- Capital investments to increase our exposure to our four faster growing markets that reflect global trends: semiconductors, healthcare, clean energy and clean transportation.

What were the material stakeholder considerations?

- **Strategic proposition**
  To ensure an acceptable investment case, the opportunities and risks of each investment are assessed across a range of criteria, including: fit with strategy, geographic and market economics, policy and societal context, revenue certainty and future return profile.
- **Risk and portfolio diversification**
  Diversification across geographies and technologies creates optionality, mitigates development risk and exploits existing in-house capabilities.

Focusing on culture

Our culture is underpinned by our purpose: to use advanced materials to make the world more sustainable, and to improve the quality of life.

We work together to deliver our strategy and reliably solve problems in an ethical, safe and sustainable way. As a business with a global footprint, we strive to work collaboratively, value our differences and treat each other fairly to deliver a positive outcome for our stakeholders.

How the Board measures and assesses culture

The Board is responsible for monitoring and assessing our culture. The Chair ensures that the Board is operating appropriately and sets the Board's culture which in turn forms the culture of the Company. The CEO, supported by the Executive Committee, is responsible for ensuring the right culture and behaviours are embedded throughout the business, its operations and in all dealings with our stakeholders.

At least annually, the Board measures the culture of the Group using internal and external metrics which also enable it to identify further actions to ensure our culture remains appropriate. The 2024 Code reiterates the importance of culture. The Board reviewed the 2024 Code guidance during the year to ensure that the Company is taking a holistic and broad approach to aligning culture and strategy and ensuring it remains embedded within the Group. The Board considered the following:

- **Safety** – an area of paramount importance to our people, customers and partners. The CEO updates the Board on safety progress and performance in every Board meeting. The Board receives an update from the EHSS Director at Board meetings through the year which contains safety statistics, both leading and lagging indicators, progress on safety initiatives and against the plan of work for the year, and details of serious incidents and root cause analysis. Safety performance is also part of presentations to the Board by the Presidents of the GBUs, proposals for capital expenditure, key risks and other ad hoc presentations to the Board. This enables the Board to gauge 'tone at the top'.
- **Employee engagement** – we conduct an annual employee engagement survey, 'Your Voice'. The survey was conducted in June 2024 to provide feedback to senior management and the Board on employee satisfaction. Group-wide and site-specific actions are identified and implemented to address the issues raised. This provides the Board with rich insight into culture, areas of strong performance and areas of improvement across the Group.

  We have not made progress on the overall engagement rate over the last five years despite a lot of effort across our business to improve the employee experience. In 2025, we will be working more closely with a small number of sites where engagement levels are below average, looking to understand the root causes more deeply and work with our people to address them as well as taking action on a Group wide basis.

Further information on the actions taken during the year in relation to the 2023 'Your Voice' survey can be found on page 66

- **Whistleblowing** – we have an independent 'Speak Up' service through EQS to enable employees, customers, suppliers and other third parties to report any concerns or wrongdoing anonymously without any fear of retaliation. The whistleblowing service and related internal procedures are structured to ensure that all reports are reviewed and investigated independently from the area of the business to which they relate. All reports are copied to and reviewed by the global ethics and compliance function. This helps to ensure transparency and enables any trends to be identified and addressed. Comprehensive information on the whistleblowing reports made is provided to the Audit Committee at each meeting and to the Ethics and Compliance Steering Committee, which comprises the members of the Executive Committee, Ethics and Compliance Director, Head of Internal Audit and Group Company Secretary. The updates to the Audit Committee include details of incident reports received in the period between meetings as well as details of ongoing investigations. The summary of reports to the 'Speak Up' hotline presented to the Audit Committee provided an insight into the frequency and type of issues being raised by employees and whether safety or ethics was a particular concern.
- **Workforce engagement** – the non-executive Directors heard directly from employees during employee listening sessions held during 2024. The non-executive Directors asked open questions and listened to the feedback from employees. Together with the Board site visits and presentations to the Board by those below the Executive Committee, this helps the Board to gauge the culture of the organisation.

Further information on workforce engagement can be found on pages 67 and 68

- **Alignment of remuneration and culture** – the Remuneration Committee sets remuneration for the Executive Directors and Executive Committee members and oversees remuneration for senior leaders and the wider organisation, with incentives designed to support delivery of the strategy and the establishment of the appropriate culture, desired behaviours and values. The Board, through some listening sessions, discusses Executive Director remuneration with employees as a further input to the impact on culture.

Further information on the Remuneration Policy can be found on pages 88 to 96

Focusing on culture continued

Culture in action

'Your Voice' survey

Your Voice

Our annual employee engagement survey, 'Your Voice', provides employees with the opportunity to give feedback on what is working well and what we could be doing differently to make Morgan Advanced Materials a great place to work. The results of the survey provide actionable feedback to improve the employee experience and offer the Board a Group-wide snapshot of how employees rate our culture and employee engagement.

'Your Voice' 2023 was run as a 'pulse' survey during late 2023, with the results presented at the Board meeting in February 2024. The outcome of the June 2024 survey was presented to the Board in December 2024. The results showed that employees recognise the priority we give to health and safety, that our strategy and purpose are clear and that we work hard to exceed the expectations of our customers with innovative products and solutions. Based on these results, there continues to be strong alignment with our purpose, the Code, our strategy and the desired culture. Next steps and action plans were developed at Group, GBU and site levels. Broad initiatives in response to the surveys were communicated to our employees throughout the year.

Our people said	What we did
Talent acquisition We need to do more to attract people to Morgan Advanced Materials	› We launched a new employer brand featuring case studies on our employees. › We raised our employer profile by attending global career events.
Performance management Our performance management system is too complicated	› We launched a refreshed performance management system, emphasising coaching and development.
Employee retention We need to do more to retain people to deliver our strategy	› We reviewed reasons employees may leave and improved our hiring processes, so potential employees have a better understanding of Morgan Advanced Materials and our expectations before they join. › We expanded our ERGs and highlighted their activities through internal communications and sharing platforms. › We introduced childcare concierge services in the USA and Germany.
Reward and recognition Get reward and recognition right everywhere	› We rolled out an employee discount scheme. › We introduced a real-time recognition programme as part of our refreshed performance management system. › We regularly benchmark the compensation packages we offer. › We gave all employees an additional vacation day as a 'thank you' following the cyber incident in 2023.
Technology Provide better technology to allow our people to be as productive as possible	› We are improving IT provisions at our sites. › We replaced ageing laptops. › We rolled out cloud software, ran training sessions to upskill employees and enabled access to artificial intelligence (AI) tools for certain users. › We are implementing a global data platform to support GBUs with core reporting capabilities and to act as a data backbone for future requirements. › We developed a new ERP solution to replace ageing Group systems.

Engaging with our workforce

The Board is at the forefront of the journey to Morgan Advanced Materials making a 'big positive difference' and is keen to understand employee views and the impact its decisions have on them.

For this reason, the Board took the decision that all non-executive Directors should have the opportunity to engage with the workforce, rather than limit this important role to a designated non-executive Director. Furthermore, given the global nature of the business, having all of the non-executive Directors participate increases the Board's reach.

The non-executive Directors participated in employee engagement initiatives and carried out a full programme of activities during the year, further details of which can be found on page 68.

Typically, at each engagement session the non-executive Directors have informal sessions with the site teams without managers present. No specific topics for discussion are set and teams are encouraged to share their work experiences, challenges and ideas. The engagement sessions provide valuable insights for Board discussions, ensuring employee voices are considered in decisions shaping the future of Morgan Advanced Materials.

The outputs from the sessions are fed back to the leadership team for further discussion with the CEO and Group HR Director and are then reported to the next Board meeting. Follow-up discussions are held with site managers/function leads to convey key themes, foster a positive culture and, where specific matters are raised, to ensure they are considered and addressed appropriately.

In addition to employee engagement sessions, the Board also undertakes other meetings with employees, for example, during Board visits to Group facilities and other events.

The Board finds the engagement methods described to be effective, despite not being one of the suggested methods in the Code. Its effectiveness will be kept under review.

Feedback received from employee listening sessions

Positive feedback	Improvement areas	Actions taken
Reward and recognition Colleagues welcomed receiving information on the role of the Remuneration Committee in setting executive pay, the procedure for determining executive remuneration and how executive remuneration aligns with wider Company pay policy. Adjustments made by Group to pay/pay structures were well received, recognising that this helped to attract talent. Receiving information on the process used to review blue- and white-collar pay rates was also welcomed.	More clarity on the pay and grading structure, rationale for annual increases and bonus calculation was raised. The need to regularly review the pay benchmarking data, particularly in regions affected by high inflation, was recognised.	Communication is issued explaining our reward philosophy and how we set annual increases. We take into account our market position, inflation, market movement and affordability. Our intention is to be competitive in every market in which we operate. Changes are being made to the performance management system and bonus communication. Specific rules for reviewing salaries in high inflation countries/environments like Argentina and Turkey are in place, allowing the Company to implement multiple salary increases per year, as necessary.
Training and career progression Several colleagues praised the access to training and development opportunities at Morgan Advanced Materials. Leadership development courses were described as enabling collaboration across GBUs, functions and countries. They were diverse and inclusive, with positive acknowledgement of the encouragement and support for the courses from managers.	Some colleagues raised a lack of understanding on the opportunities for career and salary progression.	Changes to the performance management system would encourage better conversations on career progression. Better signposting of the information on career development available on the intranet would be considered.
Culture Colleagues were engaged, positive about management and expressed a good sense of unity amongst colleagues in many sites, emphasising the 'family and caring' culture.	Some colleagues at a site expressed concern in terms of how people were spoken to.	We want to ensure that every person at Morgan is treated with respect and feels valued. Site-specific actions were taken to address concerns about standards of ethical behaviour at the site. The 'Respect at Work' initiative is being rolled out to ensure every person at Morgan Advanced Materials is treated with respect and feels valued.

Engaging with our workforce continued

Engagement with employees and other stakeholders

Non-executive Directors and employee listening activities	2024	Engagement with other stakeholders
	Feb	The Chair met with the Chair of the independent trustee of the UK pension scheme.
The Chair visited the site in Kempten, Germany and attended the Catalyst Leadership Development Programme in Germany. Virtual listening session with IT function, attended by Laurence Mulliez and Clement Woon.	**Mar**	
Virtual listening sessions with non-executive Directors and colleagues on the Ignite/Spark Leadership Development Programme on executive pay.	**Apr**	Following publication of the 2023 results, one-to-one meetings were held with institutional investors and potential investors. The Board reviewed the feedback from investors and potential investors to gauge investor sentiment and establish whether their expectations have been met. Meetings were held with banks to present 2023 results. The Chair met with major shareholders to understand their views on governance and performance against the strategy. He provided feedback on those meetings to the Board.
	May	The 2024 AGM was held in London. Shareholders were able to ask questions in person or submit them in advance of the meeting. The Board encouraged shareholders to appoint the Chair of the AGM as their proxy and provide voting instructions in advance of the meeting in accordance with the instructions in the Notice of AGM. At the AGM, all resolutions were passed.
The Chair and Jane Aikman attended a virtual listening session with the Thermal Products team in Daegu, Korea.	**Jun**	
Helen Bunch and Clement Woon attended a virtual listening session with the Performance Carbon team in Luxembourg.	**Jul**	
	Aug	Following publication of the interim results, meetings were held with institutional shareholders and potential investors. The Board reviewed the feedback from investors to gauge investor sentiment and establish whether their expectations have been met. Meetings were held with banks to present 2024 interim results.
The Board attended the Augusta, East Stroudsburg, Fairfield, Fostoria, Greenville, Hudson and New Bedford sites in the USA and participated in employee engagement sessions in persons.	**Sep**	
Board site visit and employee listening sessions with Technical Ceramics colleagues in Rugby, UK.	**Nov**	Following publication of the Q3 trading update, meetings were held with institutional shareholders and potential investors. The Remuneration Chair wrote to the top 20 shareholders to understand their views on our approach to 2025 Remuneration Policy and Executive Director remuneration in general.
Virtual listening session with Technical Ceramics colleagues in San Juan del Rio, Mexico, attended by Jane Aikman and Helen Bunch.	**Dec**	

Quarterly leadership calls held for the top 100 leaders with the CEO and members of the Executive team

Ad hoc meetings were held with brokers and institutional investors throughout the year

Assessing Board performance

An external review of the Board's performance was undertaken during the year, facilitated by Clare Chalmers Limited (CCL), which has no other relationship with the Company or the individual Directors and is independent.

This year's review built upon the learnings and outputs from the last three years performance reviews, and focused on the following areas:

- The practical arrangements of the Board;
- The Board's decision-making process;
- How well-placed the Board is to add value to the business (how it inputs to and oversees strategy, risk management, people and culture, and performance); and
- How well it considers the Company's stakeholders (including workforce engagement and remuneration, shareholder engagement, ESG and sustainability, customers and suppliers).

The review, which also covered the performance of the Board's Committees and individual Directors, was conducted using a multi-faceted approach, which is detailed below.

Step one

CCL:

- Observed the November 2024 Board meeting to witness the Board 'in action';
- Interviewed the Board Directors, Group Company Secretary, Group HR Director, President of Thermal Products and Group Finance Director; and
- Reviewed documentation, including Board and Committee papers.

Step two

Upon conclusion of the activities described in step one, CCL met with the Chair to discuss the draft report and presented the final report of their findings and recommendations to the Board, following which actions were agreed.

Step three

The Chair met with individual Directors to evaluate their performance.

Led by the Senior Independent Director, the non-executive Directors met without the Chair present to appraise the Chair's performance.

The Board Committees reviewed the outcome of the Committee-specific performance review findings.

The Board concluded that it, its Committees and the individual Directors had continued to operate effectively and fully discharged their responsibilities during 2024.

Strengths identified

- The Board is well balanced with good dynamics, openness and diversity. Plenty of attention is paid to succession planning, with a view to carefully manage transitions and handovers. The wider Management team get good access to the Board.
- Changes to meeting arrangements have enabled the Board to be more agile and effective, generating more focused meetings and greater time for discussion.
- The Board's approach to workforce engagement continues to be a strength, enhanced with the addition of virtual listening sessions led by two directors, supplementing in-person visits. The Board receives good insights and feedback from these sessions.

Areas of focus and actions proposed

- Use the opportunity of upcoming non-executive Director appointments to pivot the Board's composition more towards the strategic needs of the business, now and for the future.
- Consider opportunities for the Board to hear more about customers.
- Further develop the Board training programme, with a focus on strategic and operational areas.
- Review the KPIs to track the main drivers of performance in each area.

Recommendations from the 2023 Board performance review	Actions taken during 2024
Continued development of quality of HR data available to the Board.	The Group HR Director provided an update to the Board at its meeting in July, which also covered progress on collaboration, retention and reward.
Further discussions on risk and risk appetite should take place, in light of the worsening macro-economic environment, the advancement of technology and increasing regulation.	The Group's principal and emerging risks were reviewed by the Board in July and December, during which the Board members were able to discuss risks and concerns not fully captured or recognised on the risk register.
Individual non-executive Directors should visit more of the Company's sites, where possible.	The non-executive Directors visited seven sites in North America and the Rugby, UK site. The Chair also visited the Kempten site in Germany.
Review how to help the Board better understand the progress of customer focus and Morgan Advanced Materials' social and community impact.	Detail was provided to the Board on the various activities underpinning the 'delight the customer' execution priority by the GBU Presidents. The Board received updates on the Company's social and community impact and supplier matters at its meetings. Briefings were also provided by site management teams during Board site visits in September (USA) and November (Rugby, UK), to help the Board better understand Morgan Advanced Materials' impact in these areas.

UK Corporate Governance Code 2018 compliance statement

The Corporate Governance Report, which includes the principal Committee Reports and Directors' Report, explains how the Board has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 ('the Code'), which is available at frc.org.uk, throughout the year ended 31 December 2024.

Application of Code principles

The table below sets out how the Board has applied the Code principles during 2024.

Board leadership and Company purpose

A. The role of the Board

The Board is responsible for Morgan Advanced Materials' system of corporate governance. As such, Directors are committed to developing and maintaining high standards of governance that reflect evolving good practice.

The Board provides strategic and entrepreneurial leadership within a framework of strong governance, effective controls and an open and transparent culture. This enables opportunities and risks to be assessed and managed appropriately. The Board also sets our strategic aims and risk appetite, makes sure that we have the financial and human resources in place to meet our objectives, and monitors our compliance and performance against targets. Lastly, the Board ensures that we engage effectively with all our stakeholders and consider their views in setting our strategic priorities. The Section 172 statement detailing how the Board has engaged with the Group's stakeholders and approached decisions made during the year can be found on pages 22 to 24.

Governance framework

Board

Audit Committee

Helps the Board monitor decisions and processes designed to ensure the integrity of financial reporting, the independence and effectiveness of the external auditor and robust systems of internal control and risk management.

Nomination Committee

Helps the Board determine its composition, and that of its Committees, which is regularly reviewed and refreshed, so they can operate effectively and have the right mixture of skills, experience and background.

Remuneration Committee

Helps the Board ensure that Remuneration Policy and practices reward employees and executives fairly and responsibly, with a clear link to corporate and individual performance.

Executive Committee

- Drives Group and segment strategic implementation.
- Delivers operational, financial and non-financial performance.
- Reviews health, safety and environmental performance, drives improvement and embeds our safety culture.
- Approves Group policies and reviews their implementation and effectiveness.
- Leads on assessment and control of risk.
- Oversees prioritisation and allocation of resources.

Disclosure Committee

- Assists and informs the Board concerning the identification of inside information.
- Recommends how and when the Company should disclose such information.
- Ensures any such information is managed and disclosed in accordance with all applicable legal and regulatory requirements.

General Purpose Committee

Approves:

- Opening of/changes to bank accounts;
- Arrangements with financial institutions;
- Guarantees and indemnities;
- Substantive intra-Group loans;
- Intra-Group dividends and capital restructuring; and
- Awards under the Company's share schemes (after Remuneration Committee approval) and any Employee Benefit Trust-related loans.

Board leadership and Company purpose (continued)

A. **The role of the Board** (continued)	There is a formal schedule of matters reserved for the Board, reviewed and approved annually, that sets out the structure under which the Board manages its responsibilities, providing guidance on how it discharges its authority and manages the Board's activities. Our governance framework means we have a robust decision-making process and a clear framework within which decisions can be made and strategy can be delivered. Our delegated authority framework ensures that decisions are taken by the right people at the right level, with accountability up to the Board, and enables an appropriate level of debate, challenge and support in the decision-making process. The Board met eight times in 2024. All Directors continue to act in what they consider to be in the best interests of the Company, consistent with their statutory duties. Further details of 2024 Board meetings, including information on the Board's assessment of strategic and operational matters, are set out on page 63, attendance on page 61, and skills, experience and biographical information on pages 59 and 60. A description of Morgan Advanced Materials' business model is set out on pages 4 and 5. An assessment of the principal risks facing the Group is included on pages 43 to 47. Potential conflicts of interest are reviewed annually and powers of authorisation are exercised in accordance with the Companies Act 2006 and the Company's Articles of Association. During the year, if any Director has unresolved concerns about the operation of the Board or the management of the Company, these would be recorded in the minutes of the meeting.
B. **The Company's purpose, values and strategy**	Our purpose is to use advanced materials to make the world more sustainable and to improve the quality of life. The Board believes that a healthy culture, which drives the right behaviours, protects and generates value, and helps employees engage with the Morgan Code, will lead to the successful delivery of our strategy. It is responsible for defining our values and setting clear standards from the top. Our Chair leads the way by ensuring the Board operates correctly and with a clear culture of its own which can be promoted to our wider operations and dealings with all stakeholders. Our CEO, with the help of the Executive Committee, is responsible for the culture within our wider operations. The Board regularly receives reports that enable it to assess our culture, ensuring it consistently supports our strategy and purpose. For more information, see pages 65 and 66.
C. **Resources and controls**	The Board approves the Group's annual budget ensuring that sufficient resources are available to achieve objectives. The Board retains ultimate responsibility for risk management and internal controls, with detailed oversight carried out by the Audit Committee. The Board sets the Group's risk appetite. This sets out the principal risks facing the Group and the nature and extent of risk the Board is willing for the Group to take to achieve the Group's strategic objectives. For more information, see pages 43 to 47.
D. **Shareholders and stakeholders**	The Board acknowledges the importance of forming and retaining sound relationships with all stakeholder groups. Accordingly, the Board reviewed and discussed the Group's key stakeholders along with the engagement mechanisms in place to ensure that they support effective, two-way communication. These are kept under periodic review to ensure ongoing effectiveness. The Board engaged actively throughout 2024 with shareholders and other stakeholders. A full programme of formal and informal events, institutional investor meetings and presentations is held throughout the year. This programme of shareholder engagement aims to ensure that the performance, strategies and objectives of the Group are clearly communicated to the investment community and provides a forum for institutional shareholders to address any issues. Morgan Advanced Materials engages proactively with the investment community and sell-side and buy-side analysts and accommodates requests for meetings and calls with senior management from existing and potential institutional investors. The programme is led by the Executive Directors. The Board is regularly kept informed of investor feedback, stockbroker updates and detailed analyst reports. For more information, see pages 61 and 68. The Board receives regular management information and considers the impact of decisions on relevant stakeholders, as described further in the Section 172 statement on pages 20 to 22. Across the Group, there is an active programme of engagement with our key stakeholders including our colleagues. For more information, see page 68.
E. **Workforce policies and practices**	The Board has overarching responsibility for the Group's workforce policies and practices and delegates day-to-day responsibility to the CEO and Group HR Director to ensure that they are consistent with the Company's values and support its long-term success. Employees can report matters of concern confidentially through our 'Speak Up' hotline. The Audit Committee routinely reviews reports generated from the disclosures and ensures that arrangements are in place for investigation and follow-up action as appropriate.

Division of responsibilities

F. **Role of the Chair**	Ian Marchant leads the Board in an open and transparent manner, encouraging debate and challenge. He plays a pivotal role in fostering the effectiveness of the Board and the individual Directors both in and outside the boardroom. He joined the Board on 1 February 2023 and became the Chair in June 2023. He was considered independent upon his appointment as Chair. The Chair works with the Group Company Secretary to ensure that sufficient time is available to discuss agenda items for each Board meeting and to ensure that papers are of a high standard and circulated in a timely manner.

Division of responsibilities (continued)

G. Balance of the Board	The Board comprises the CEO, CFO, Chair and four independent non-executive Directors. For more information, see page 61. The roles of the Chair and CEO are separate, with distinct accountabilities set out in their role profiles. The CEO is responsible for the day-to-day leadership and management of the business, in line with the strategic framework, risk appetite and annual and long-term objectives approved by the Board. The CEO cascades his authority through a delegated authority framework which is approved by the Board. The Board undertakes an annual review of the independence of each non-executive Director and in 2024 continued to consider each non-executive Director to be independent.
H. Non-executive Directors	The non-executive Directors provide an independent view on the running of our business, governance and boardroom best practice. They oversee and constructively challenge management in its implementation of strategy within the Group's system of governance and the risk appetite set by the Board. The expected time commitment of the Chair and non-executive Directors is agreed and set out in writing in a Letter of Appointment. Prior to any new Director appointment, the Board considers whether each non-executive Director has sufficient time to devote to their role with the Company. This is reassessed by the Nomination Committee annually and considering any changes to a non-executive Director's external commitments during the year. The Committee is satisfied that their other duties and time commitments do not conflict with those as Directors. Alison Wood was appointed as Senior Independent Director in November 2024. She is available to liaise with shareholders who have concerns that they feel have not been addressed through the normal channels of the Chair, CEO and CFO. She also leads the annual performance review of the Chair (see page 69), and as necessary, provides advice and judgement to the Chair, and serves as an intermediary for other Directors. The Board considered Alison Wood's other external commitments and was comfortable that she had sufficient time to devote to her role before agreeing her appointment as a Senior Independent Director. After each Board meeting, the non-executive Directors and the Chair meet without the Executive Directors.
I. The Company Secretary	As Group Company Secretary, Winifred Chime is responsible to the Chair for ensuring that all Board and Board Committee meetings are properly conducted, that Directors receive appropriate information prior to meetings to enable them to make an effective contribution, and that governance requirements are considered and implemented. The appointment and removal of the Group Company Secretary is a matter for the Board.

Composition, succession and evaluation

J. Board appointments	The Nomination Committee and, where appropriate, the full Board, regularly review the composition of the Board and the status of succession to both senior executive management and Board-level positions. Directors have regular contact with, and access to, succession candidates for senior executive management positions. The process for Alison Wood's appointment is set out on page 83. The Nomination Committee continues the search for two new non-executive Directors. The Company engaged the independent executive search agency Korn Ferry to assist with the search. For further information on the search process, see pages 82 and 83. All Directors retire at each AGM and may offer themselves for re-election or election by shareholders. With the exception of Helen Bunch who will be retiring following the Company's AGM in May 2025, all the Directors will retire at the 2025 AGM and offer themselves for re-election or election (as appropriate). The Notice of AGM will give biographical details of those Directors seeking re-election or election, including their experience and the contribution each Director brings to the Board and its Committees. The terms of appointment for non-executive Directors and service contracts for Executive Directors are available for inspection at the Company's registered office and will be available to view at the AGM.
K. Skills, experience and knowledge of the Board	The Nomination Committee regularly reviews the balance, composition and structure of the Board, including reviewing the skills of each non-executive Director against a skills matrix. This identifies the key skills, knowledge and experience relevant to the markets in which we operate and for the effective operation of the Board and leadership of the Group, as well as any focus areas in terms of succession planning. For more information on Board skills, experience and knowledge, see page 61. The Nomination Committee keeps the length of service of each Board member under review and recommends the reappointment of the non-executive Directors and any extensions to their term. It ensures that Board recruitment is commenced in a timely manner to regularly refresh the membership of the Board. The Chair and Group Company Secretary ensure that new Directors receive a full induction and that all Directors continually update their skills and have the requisite knowledge and familiarity with the Group to fulfil their role. The individual training and development needs of each Director are considered by the Chair on an annual basis. The Board receives detailed technical updates on corporate governance and other regulatory changes, presentations from external specialists or internal managers, training via online platforms, and takes part in site visits to ensure its skills, knowledge and experience are kept up to date.

Composition, succession and evaluation (continued)

L. **Annual evaluation**	Each year, the Board undertakes either an internal or external Board performance review. An external Board performance review is required at least every three years. In any year where an external Board performance review does not take place, an internal performance review is conducted instead. An external performance review of the Board, its Committees and individual Directors, was conducted this year. Performance reviews of individual Directors, including the Chair, are carried out on an annual basis. A summary of the 2024 performance review can be found on page 69.

Audit, risk and internal control

M. **Audit functions**	The Audit Committee comprises four independent non-executive Directors and the Board delegates several responsibilities to the Audit Committee, including oversight of the Group's financial reporting processes and internal control, and the work undertaken by the external and internal auditor. The Committee also supports the Board's consideration of the Company's viability statement and its ability to operate as a going concern. The Audit Committee Chair provides regular updates to the Board on key matters discussed by the Committee. For more information, see page 75.
N. **Fair, balanced and understandable assessment**	The Strategic Report, set out on pages 2 to 56, sets out the performance of the Company, the business model, strategy, and the risks and uncertainties relating to the Company's future prospects. When taken as a whole, the Directors consider the Annual Report is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's performance, business model and strategy. The process which supports the Board's confirmation that the presentation of results is fair, balanced and understandable is set out in the Audit Committee Report on page 76.
O. **Risk management**	The Board determines the nature and extent of the principal risks the organisation is willing to take to achieve its strategic objectives. A robust assessment of the principal and emerging risks facing the Group was carried out during the year, including those risks that would threaten the Group's business model, future performance, solvency or liquidity and reputation. Further details on the principal risks can be found on pages 43 to 47. The Board and Audit Committee monitor the Group's risk management and internal controls systems and conduct an annual review of their effectiveness. Throughout the year, the Board has directly, and through delegated authority to the Executive Committee and the Audit Committee, overseen and reviewed all material controls, including financial, operational and compliance controls. See pages 43 to 47 and 77 and 78.

Remuneration

P. **Remuneration policies and practices**	The Company aims to reward employees fairly and its Remuneration Policy is designed to promote the long-term success of the Company while aligning the interests of both the Directors and shareholders. The Remuneration Policy was last approved by shareholders at the 2022 AGM. Our proposed new Remuneration Policy, following consultation with key investors and obtaining their views, will be put to a shareholder vote at the AGM in May 2025. The Directors' Remuneration Policy is set out on pages 88 to 96.
Q. **Policy on executive remuneration**	The Remuneration Committee, on behalf of the Board, sets the remuneration of the Chair, the Executive Directors and Executive Committee members. It also reviews the remuneration of certain senior management. In setting remuneration, the Remuneration Committee seeks to ensure it is aligned with the Group's remuneration principles which are applicable to all colleagues. No Director is involved in determining their own remuneration outcome. See from page 108 for more information on the work of the Remuneration Committee.
R. **Remuneration outcomes**	When determining remuneration outcomes, the Remuneration Committee takes account of wider circumstances relevant to that decision, including Group and individual performance. The Remuneration Committee has discretion to amend the final vesting level of incentives if it does not believe that it reflects underlying performance and may also apply malus and clawback in certain circumstances.

Report of the Audit Committee

I am pleased to present the Audit Committee Report for 2024, which provides insight into key areas considered by the Committee during the year in discharging its responsibilities in relation to financial reporting, risk management, internal control, the internal audit function and interaction with the Group's external auditor, Deloitte LLP.

Jane Aikman, a Chartered Accountant, has chaired the Committee since July 2017 and has recent and relevant financial experience and competence in accounting and auditing gained from her current external executive role and prior CFO roles.

The Committee as a whole has competence in the sectors in which the Group operates. All Committee members are independent non-executive Directors. Committee member biographies are set out on pages 59 and 60.

- The Board Chair, the Executive Directors, key members of Senior Management and senior representatives of the external auditor attend Committee meetings by invitation. Meeting attendance can be found on page 61.
- At the end of each meeting, Committee members meet with the external auditor, the Head of Internal Audit and the Ethics and Compliance Director without the Executive Directors or other members of management present.
- Between meetings, the Committee Chair keeps in contact with the CFO, the Group Finance Director, the external auditor, the Head of Internal Audit and the Ethics and Compliance Director as necessary.

The Committee's terms of reference are available on the Company's website, morganadvancedmaterials.com.

Committee members

Jane Aikman (Chair)
Helen Bunch
Clement Woon
Alison Wood (member from 1 November 2024)
Laurence Mulliez (member until 1 November 2024)

While the Committee's primary focus centred on the accuracy of the Group's financial reporting, during the year, the Committee also oversaw and received regular updates on work across functional areas of Morgan Advanced Materials such as ethics and compliance, risk and internal audit. Several segment risk reviews took place, in addition to the annual internal controls and risk review that is undertaken, providing the Committee with a holistic view of risk.

We monitored reports raised through the ethics hotline and ensured that executive management responded to these quickly and appropriately. The Committee reviewed the key themes and trends in the number, type and source of these reports to gain an understanding of how effectively the Morgan Code is embedded. This information has been used by the Board as part of its assessment of Morgan Advanced Materials' culture.

The Committee continues to monitor external ESG and climate-related reporting which either applies to Morgan Advanced Materials or which we may need to report on in future years, to both ensure readiness and that appropriate disclosures are made. In July, the Committee received a briefing on the Corporate Sustainability Reporting Directive (CSRD). A CSRD roadmap has been put in place, to ensure readiness for reporting in 2026.

Further information on the matters considered by the Committee throughout the year can be found overleaf.

Deloitte completed their fifth full audit of the Group, which was Jane Makrakis's final year as lead audit partner. Jane worked closely with James Hunter, the new lead audit partner, to facilitate a comprehensive handover, with James shadowing Jane throughout the 2024 year-end audit process. The Committee also reviewed and agreed the independence and effectiveness of the audit process, in establishing positive relationships and providing a good level of service to the Group, while seeking continual improvements in the audit of Morgan Advanced Materials.

The Committee's performance was reviewed as part of this year's external Board performance review. The outcomes from the Board performance review, including the Committee's review, can be found on page 69 and show that the Committee is continuing to work well, is fully discharging its responsibilities and contributing effectively to the Group's overall governance framework.

One of the Committee's areas of focus for 2025 will be considering any actions required ahead of our reporting against the 2024 UK Corporate Governance Code ('2024 Code'), particularly in relation to provision 29. Controls implementation work is underway to streamline controls across the Group.

Jane Aikman
Committee Chair

Strategic impact

1 Big positive difference
2 Delight the customer
3 Innovate to grow

Key activities in 2024

Financial reporting 1 2 3	> Reviewed and discussed reports from the CFO on the financial statements, considered management's significant accounting judgements and the policies being applied, and assessed the findings of the statutory audit in respect of the integrity of the financial reporting of full- and half-year results. > Reviewed the 2024 Annual Report and Accounts and provided a recommendation to the Board that, as a whole, it complied with the 2018 UK Corporate Governance Code principle to be "…fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy". > Received updates on the 2024 Code requirements and a briefing on the CSRD.
Internal controls and risk management 1 2 3	> Reviewed the effectiveness of the Group's risk management and internal control systems and integration of the components of the risk framework into Board and Committee reporting, prior to making a recommendation to the Board. The Committee also reviewed reports from the GBU Presidents and Finance Directors on their key risks, how these risks are managed and an assessment of the control environment, on an annual basis. > Monitored fraud reporting and incidents of whistleblowing, including a review of the adequacy of the Group's whistleblowing processes and procedures, prior to reporting to the Board on this activity. > Oversight of the Group's ethics and compliance programme and monitored progress in compliance with the Morgan Code across the Group. > Oversight and monitoring of the Group's key taxation issues and tax strategy.
Internal audit 1 2 3	> Considered internal audit reports presented to the Committee and satisfied itself that management had resolved or was in the process of resolving any outstanding issues or actions. > Reviewed and approved the updated internal audit plan for 2024 and the internal audit plan and approach for 2025. > Reviewed the quality and effectiveness of the internal audit function.
External audit 1 2 3	> Approved the 2024 full-year audit plan. Oversaw the 2024 statutory audit, including the key audit risks and level of materiality applied by Deloitte, audit reports from Deloitte on the financial statements and the areas of particular focus for the 2024 audit. > Assessed the effectiveness of Deloitte and made a recommendation to the Board on the reappointment of Deloitte as the external auditor. > Agreed the statutory audit fee for the 2024 audit. > Reviewed and approved the non-audit services, and related fees, provided by Deloitte for 2024. > Reviewed the findings of the Financial Reporting Council's (FRC) Audit Quality Inspection in relation to Deloitte. > Oversaw the transition to the new lead audit partner, James Hunter, from 2025.

Financial reporting

Fair, balanced and understandable reporting	
At the request of the Board, the Committee has considered whether, in its opinion, this Annual Report and Accounts, taken as a whole, is "…fair, balanced and understandable…" and whether it provides the "…information necessary for shareholders to assess the Company's position, performance, business model and strategy".	In making its assessment, the Committee undertook the following process: - Considered the questions which need to be answered to evaluate whether the Annual Report and Accounts meets the fair, balanced and understandable test; - Considered the steps taken to ensure integrity and completeness of the accounting records; - Reviewed the methodology used to construct the narrative sections of the Annual Report; - Reviewed the disclosure judgements made by the authors of each section and considered the overall balance and consistency of the Annual Report; - Received confirmation from external advisors that all regulatory requirements are satisfied; - Received confirmation of verification of content from the authors of each section; - Received confirmation from the CFO that the narrative reports and consolidated financial statements are consistent; and - Made a recommendation to the Board to assist it in determining whether it is able to make the statement that the Annual Report and Accounts taken as a whole is fair, balanced and understandable. The Board approved the Committee's recommendation that the 'fair, balanced and understandable' statement could be made, which can be found in the Directors' Responsibility Statement on pages 113 and 114 of this Annual Report.

Significant issues

The Committee considered aspects of the financial statements that require significant accounting judgements or where there is estimation uncertainty, including the appropriateness of those judgements and estimates by management, and made an assessment as to whether suitable accounting policies have been adopted and applied. Details of accounting policies can be found in note 1.

The significant areas of judgement considered by the Committee in relation to the 2024 consolidated financial statements, and how these were addressed, are described below. Deloitte provided detailed reports on these areas to the Committee.

Significant issues and judgements

Specific adjusting items

In the consolidated income statement, the Group presents specific adjusting items separately. In the judgement of the Directors, as a result of the nature and value of these items they should be disclosed separately from the underlying results of the Group.

The Group believes that these alternative performance measures, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

Details of specific adjusting items arising during the year and the comparative period are given in note 6 to the consolidated financial statements.

How the Committee addressed these issues

The Committee reviewed the key assumptions underpinning the accounting for specific adjusting items for the half- and full-year results, including receiving presentations from Deloitte on this matter.

Inventory valuation

At a number of our sites, local management used a manual process to calculate the inventory provision at 31 December 2024 due to system limitations following the cyber security incident in early 2023.

The manual process followed was consistent across these sites and in line with Group policy. The methodology used replicated the provision calculation that would have been automated within our ERP systems.

How the Committee addressed these issues

The Committee reviewed the key assumptions underpinning the inventory valuation process and overall balance sheet prudence. They also received the views of Deloitte on these matters.

Significant issues and judgements (continued)

Impairment of non-financial asset (excluding goodwill)	How the Committee addressed these issues
The Group monitors the performance of individual assets and cash-generating units at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement where the carrying amount of an asset exceeds its recoverable amount. Additional disclosure is included in note 6 to the consolidated financial statements.	The Committee reviewed the key assumptions that underpin the value-in-use calculations, including receiving the views of Deloitte on these matters.

Internal control and risk management

The Committee assists the Board in fulfilling its responsibilities relating to the adequacy and effectiveness of the control environment and risk management systems. The Group's systems of risk management and internal control has been in place for the year under review and up to the date of approval of the Annual Report.

The Committee, on behalf of the Board, undertakes an annual review of the effectiveness of the Group's systems of risk management and internal control and did so again for the year under review. These systems are consistent with the FRC's guidance on internal control requirements contained within the Code. The review conducted in February 2025 comprised:

- A review of the relevant Principles and Provisions in the Code and the changes arising from the 2024 Code;
- A review of the Company's governance structures;
- A review of the sources of assurance and the Company's three lines of defence model, including policies, annual self-certification process, reports from specialist functions such as the ethics and compliance, tax, treasury and legal functions, and internal audit reports;
- A review of all material controls, including financial, operational and compliance controls, and risk management systems, including the improvements achieved in 2024 and identification of further areas for improvement; and
- The Committee and Board receive regular risk management reports and together they ensure that there are adequate internal controls in place and that these are functioning effectively.

The Directors consider that the Group's systems of risk management and internal control provides reasonable, but not absolute, assurance in the following areas: that the assets of the Group are safeguarded; that transactions are authorised and recorded in a correct and timely manner; and that such controls would prevent or detect, within a timely period, material errors or irregularities. The systems are designed to mitigate and manage risk, rather than eliminate it, and to address key business and financial risks. The majority of internal financial controls are manual; this is driven by a diverse IT landscape and the Group's geographical breadth; as such, there is a heavy reliance on central review controls. The Directors are satisfied that an appropriate amount of time and consideration is dedicated to the review and challenge of results, judgements and estimates – both by the segment and the Group leadership team.

The main features of the Group's systems of risk management and internal control and for assessing the potential risks to which the Group is exposed are summarised as follows.

Control environment

The Group's control environment is underpinned by the Morgan Code and its associated policies and guidelines. The Group policies cover: financial procedures; environmental, health and safety practice; ethics and compliance (for example, anti-bribery and anti-corruption, anti-trust and anti-competitive behaviour and trade compliance); and other areas such as IT and HR. There is a Limits of Authority Policy, which describes the matters reserved for the Board and the delegations granted to the CEO and other executives. The Group operates various programmes to improve the control environment and management of risk. These include the Group's ethics and compliance programme and the Group internal audit function, which present updates to the Committee at each meeting. In addition, the Committee receives reports from the Presidents and Finance Directors of each segment on their key risks, how these risks are managed and an assessment of the control environment, on an annual basis.

Part of the ethics and compliance programme is the provision of an externally managed, independent whistleblower ('Speak Up') hotline which is made available for the workforce to raise concerns. Any reports made to the hotline are investigated by senior management, with reports made to the Committee at each meeting. The Committee oversees the progress and outcome of any investigations arising from reports made to the hotline or directly to management, where there is a concern regarding ethical conduct. The reports investigated have varied in their nature and materiality, with certain matters requiring the support of external advisors and giving rise to disciplinary action against employees for breaches of Group policies.

The segment Presidents and other senior operational and functional management make an annual statement of compliance to the Board confirming that, for each of the businesses for which they are responsible, the consolidated financial statements are fairly presented in all material respects, appropriate systems of internal controls have been developed and maintained, and the businesses comply with Group policies and procedures or have escalated known exceptions to an appropriate level of management.

Financial reporting

Risk management systems and internal controls are in place in relation to the Group's financial reporting processes and the process for preparing consolidated accounts. These include policies and procedures which require the maintenance of records which accurately and fairly reflect transactions and disposals of assets, provide reasonable assurance that transactions are recorded as necessary to allow the preparation of consolidated financial statements in accordance with IFRS, and the review and reconciliation of reported data. Representatives of the businesses are required to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the period. The Committee is responsible for monitoring these systems and controls.

Performance monitoring

The Board and the Executive Committee hold regular, scheduled meetings, at which they monitor performance and consider a comparison of forecast and actual results, including cash flows and comparisons against budget and the prior year. Segment management teams also meet regularly to review performance. Executive Committee members visit sites on a regular basis.

Risk management

The Board undertakes a formal assessment of the Group's principal and emerging risks at least twice a year. The identification, assessment and reporting of risks is a continuous process carried out in conjunction with operational management. Appropriate steps are taken to mitigate and manage all material risks, including those relating to the Group's business model, solvency and liquidity. The Board, either directly or through the Committee, receives updates on risks, internal controls and future actions from both a segment and Group perspective. The Executive Committee collectively reviews risk management and internal controls for all principal Group risks. The Group's risk management system, which is described in more detail on pages 43 to 47, supports the Directors' statements on going concern and viability on pages 55 and 56.

Risk factors

The Group's businesses are affected by several factors, many of which are influenced by macro-economic trends beyond Morgan Advanced Materials' control; nevertheless, as described above and in the Strategic Report, the identification and mitigation of such risks are regularly reviewed by the Executive Committee and the Board. These risk factors are further discussed in the 'Risk management' section on pages 43 to 47.

Internal audit

The Group's internal audit function provides objective assurance of the adequacy and effectiveness of risk management and internal control systems. It also may recommend improvements. While the Head of Internal Audit reports administratively to the CFO, appointment to, or removal from, this role requires the consent of the Committee Chair. The Head of Internal Audit is accountable to the Committee Chair, attends all scheduled Committee meetings and meets with Committee members without the presence of executive management.

Each year's internal audit plan is approved by the Committee. The plan is focused on higher-risk areas and any specific areas or processes chosen by the Committee. It is also aligned with any risks identified by the external auditor and ethics and compliance team. The Committee is given regular updates on progress, including any material findings, and can refine the plans as needed. The Committee ensures that there are adequate resources in place for the function to carry out the plan. Reports showing the ratings and key findings from each audit are provided to the Committee.

The Committee challenges management over the key findings, discusses key themes identified by the internal audits and guides management in identifying areas of focus to continuously improve controls. Actions arising from internal audit reviews are agreed with management and the Committee monitors progress on any outstanding actions.

In the latter part of 2024, the Committee reviewed the effectiveness of the function by way of an externally facilitated review carried out by BDO LLP. The review evaluated the function's compliance with the Internal Audit Standards and assessed the wider performance of the function and its ability to add value to the organisation. The review was conducted through a questionnaire taking into consideration relevant professional and regulatory requirements, interviews carried out with key stakeholders and a review of the work of the function and its reports to the Committee. The outcome of the review was discussed at the Committee's meeting in February 2025. We are satisfied that the quality, experience and expertise of the internal audit function are appropriate for the business and that the function was objective and performed its role effectively. We also monitored management's response to internal audits during the year. We are satisfied that improvements are being implemented promptly in response to the findings and believe that management supports the effective working of the function.

External auditor

External auditor, including independence and Non-Audit Services Policy

The external auditor, Deloitte, has processes in place to safeguard its independence and objectivity, including specific safeguards where it is providing permissible non-audit services, and has confirmed in writing to the Committee that, in its opinion, it is independent.

No Committee member has declared any connection with the external auditor. In addition, the Company has a Non-Audit Services Policy ('Policy') which was revised in 2025 and is in line with the FRC's revised Ethical Standard 2024. The Policy states that:

- Certain non-audit services may not be provided. The external auditor may not review their own work, make any management decisions, create a mutuality of interest and/or put themselves in the position of advocate;
- Any permissible non-audit work proposed to be placed with the external auditor with a total fee between £50,000 and £200,000 must be approved in advance by the Committee Chair. Projects above £200,000 must be approved in advance by the Committee, with any such proposal being submitted in writing to the CFO, who would in turn seek approval from the Committee. All permissible non-audit work, regardless of value, must be approved by the Group Financial Controller. Work which includes multiple phases is treated as a single project for approval purposes;
- The prior approval of the Committee is required for any non-audit work which, when added to the fees paid for other non-audit work, would total more than 60% (previously 80%) of the audit fee; and
- The value of non-audit fees must not under any circumstances exceed 70% of the average Group statutory audit fee incurred in the last three consecutive financial years.

To safeguard the objectivity and independence of the external auditor, the Company ensures that any non-audit services to be provided by the auditor are given prior approval by the Committee where required under the Policy.

In 2024 the proportion of the auditor's fees for non-audit work relative to the audit fee was 1.2% (or £41,000), (2023: 0.7%).

In the opinion of the Committee, the auditor's objectivity and independence were safeguarded despite the provision of a limited number of non-audit services by Deloitte during 2024.

Auditor effectiveness

The Committee discussed the quality of the audit during the year and considered the performance of the external auditor as a separate agenda item at its meeting in February 2025. The Committee conducted a full review following the 2024 year end to gather feedback and look for continuous improvement opportunities. The Committee considered all aspects of the auditor's performance, based on a review of the effectiveness of the external audit process, which was conducted through a questionnaire taking into consideration relevant professional and regulatory requirements. The questionnaire was completed by each Segment Finance Director and relevant Group functional teams. In addition to the questionnaire, the following external auditor areas were reviewed:

- Independence confirmation;
- Audit methodology, use of a component auditor and audit scope and coverage;
- Assessment of materiality and areas of audit focus, consideration of appropriate audit procedures, professional scepticism, appropriate management challenge, clarity and candour in reporting; and
- The FRC's Audit Quality Review findings for Deloitte for the 2023–24 cycle of reviews and Deloitte's proposed actions to address these findings as a firm.

The Committee concluded that the external audit process in respect of the financial statements for the year ended 31 December 2024 was effective. The Committee confirmed Deloitte's independence before recommending its reappointment for approval by shareholders at the AGM on 8 May 2025.

External audit rotation

Deloitte was appointed by shareholders as the Group's statutory auditor in 2020 following a formal tender process. For 2024, Deloitte continued to provide external audit services to the Group. This year was Jane Makrakis's fifth year as lead audit partner. James Hunter will take over from Jane as lead audit partner from 1 January 2025. The Audit Committee considers annually the need to tender the audit for audit quality or independence reasons. There are no contractual obligations in place that restrict the Group's choice of statutory auditor. The external audit contract will be put out to tender at least every 10 years. The Committee considers that it would be appropriate to conduct an external audit tender by no later than 2030.

The Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the FRC's 'Audit Committees and the External Audit: Minimum Standard'.

Report of the Nomination Committee

I am pleased to present the Nomination Committee Report for 2024, which provides insight into key areas considered by the Committee during the year in discharging its responsibilities to ensure that the Board has the requisite mixture of skills, knowledge and expertise to provide robust oversight, and to identify and respond effectively to current and future opportunities and challenges.

The Committee is comprised solely of non-executive Directors and is chaired by the Chair of the Board. Biographies of the Committee members can be found on pages 59 and 60.

- The Group Company Secretary is secretary to the Committee and attends all meetings.
- The CEO and Group HR Director attend all scheduled meetings by invitation. Meeting attendance can be found on page 61.

The Committee's terms of reference are available on the Company's website, morganadvancedmaterials.com.

Committee members

Ian Marchant (Chair)
Jane Aikman
Helen Bunch
Clement Woon
Alison Wood (member from 1 November 2024)
Laurence Mulliez (member until 1 November 2024)

The Committee performs a vital role in reviewing the composition and balance of skills and experience on the Board, enabling it to lead the process for appointments to the Board, keep under review the leadership needs of the Group and ensure plans are in place for orderly succession to Board and senior management positions.

During the year, the Committee led the succession planning process for Pete Raby resulting in the appointment of Damien Caby as CEO designate. The Committee also supported the search to identify Laurence Mulliez's successor as Senior Independent Director, Alison Wood, who joined the Board in November 2024. Further information on the recruitment processes for both roles can be found on pages 82 and 83.

Succession planning will continue to be a key focus for the Committee in the coming year, to replace existing Directors reaching the end of their nine-year tenure. Further information on our succession planning activities can be found on pages 82 and 83.

During the year, the Board reviewed succession planning and talent strategy for the Executive Committee members, with a particular focus on our aim to foster diversity within the leadership population, to ensure that our leadership is representative of the Group's stakeholders. Details of our diversity progress can be found on pages 81 and 82.

The Committee's performance was reviewed as part of the external Board performance review, with areas for development identified for the Committee and action plans agreed. I am pleased to report that the Committee continues to work well and is fully discharging its responsibilities, while contributing effectively to the Group's overall governance framework.

Ian Marchant
Committee Chair

Key activities in 2024

Board and Committee composition	Continued a global search for independent non-executive Directors and considered potential Board candidates. Recommended the appointment of Alison Wood as Senior Independent Director, following the departure of Laurence Mulliez this year. Reviewed Director independence. Reviewed Board and Committee structure, size and composition, ensuring that they remain appropriate. Reviewed the Board's Inclusion and Diversity Policy, and assessed progress against its objectives.
Succession planning	Reviewed and endorsed succession plans for the Board and its Committees. Recommended the appointment of Damien Caby as CEO designate. Continued to provide input to the succession plans for the Executive Committee (excluding the CEO), ensuring alignment with the Group's Inclusion and Diversity Policy. Discussed the percentage target for senior management positions to be occupied by ethnic minority executives by 2027 and progress in meeting its target for the number of women in senior management positions by 2030. Reviewed and endorsed updates to the Board's skills matrix.
Board performance reviews	Monitored implementation of recommendations following the 2023 internal Board and Committee performance reviews. Appointed CCL to undertake the 2024 external performance review of the Board and its Committees.
Corporate governance	Monitored the fulfilment of the requirements, principles and expectations of the Code. Reviewed Directors' declarations on potential conflicts of interest. Considered each Director's capacity to allocate sufficient time to discharge their responsibilities effectively. Considered the annual re-election and election of Directors at the 2025 AGM. Reviewed the Committee's terms of reference.

Inclusion and diversity

The Board's Inclusion and Diversity Policy, which also applies to all Board Committees, reflects the Board's belief in the benefits of diversity and that more diverse companies attract and retain the best talent and achieve stronger overall performance.

The Board considers an extensive definition of diversity when setting policies and appointing Directors, including diversity of age, gender, ethnicity, sexual orientation, disability, nationality, educational and professional experience, socio economic background, personality type, culture and perspective. The Committee takes diversity into account in broader discussions on succession planning and talent development, and supports management in its wider commitment to promoting diversity.

Our intention is to at least maintain the current level of diversity, in order that the Board's composition can more closely reflect the Group's workforce, stakeholders and society more generally. It is however acknowledged that in periods of Board change, there may be times when this balance is not maintained.

The percentage of women on the Group's Executive Committee is 33%. At 31 December 2024, 33% (2023: 31%) of senior management, defined in accordance with the Code as the members of the Executive Committee including the Company Secretary and their direct reports, were women. Our aim is to have at least 40% of senior leadership roles held by women by end of 2030 and at least 18% held by individuals from an ethnic minority by the end of 2027.

Statement on compliance against regulatory Board diversity targets

The Board confirms that as at 31 December 2024, being the reference date selected by the Board for the purposes of this disclosure, the Company met the regulatory Board diversity targets set out in LR 6.6.6(9)(a) of the FCA's Listing Rules (LRs).

As at that date, 43% of Board members were women, exceeding the FTSE Women Leaders Review target. One of the senior Board positions (Senior Independent Director) is held by a woman. Both the Audit Committee Chair and the Remuneration Committee Chair are women. The Board currently has one Director of Southeast Asian origin, meeting the Parker Review target. The Company submitted data to both the FTSE Women Leaders Review and the Parker Review during 2024. There have been no changes to the Board's diversity since 31 December 2024 and the date on which this Annual Report is approved.

Board and Executive Committee diversity as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage in executive management
Men	4	57	3	6	67
Women	3	43	1	3	33
Not specified/Prefer not to say	–	–	–	–	–
White British or other White (including minority-white groups)	6	86	4	8	89
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	14	–	1	11
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group	–	–	–	–	–
Not specified/Prefer not to say	–	–	–	–	–

This disclosure, and the calculation as to whether targets have been met, is based on data collected from the individuals on joining Morgan Advanced Materials.

Inclusion and Diversity Policy

The Board has agreed objectives for achieving gender, ethnic and cultural diversity on the Board and its Committees. Fulfilling these objectives will enable Morgan Advanced Materials to achieve its three strategic execution priorities.

With the planned refreshment of the Board into future years, the Inclusion and Diversity Policy will inform and steer the Committee in identifying candidates and sets the tone for the wider Group's diversity aspirations, in particular in the context of developing its leadership population. To promote diversity and inclusion, the Board will:

- Consider all aspects of diversity when reviewing the composition and effectiveness of the Board and its Committees;
- Only engage with executive search firms which are accredited under the Voluntary Code of Conduct for Executive Search Firms, or which have a proven track record in sourcing diverse candidates, when seeking to make new appointments;
- Ensure that candidate lists include individuals from a broad and diverse range of backgrounds and that all candidates with the requisite skills and capability are considered, including those with less 'traditional' track records than the corporate mainstream;
- Agree new Board appointments based on merit against the objective criteria set;
- Review senior management succession planning annually and monitor the development of a diverse pipeline of future senior leaders, reflecting the composition of Morgan Advanced Materials' workforce;
- Set the tone and provide visible support for the Group's diversity and inclusion objectives, including the fostering of an inclusive culture, role-modelling and promoting inclusive leadership; and
- Review and challenge the goals and progress of senior management in improving inclusion and diversity.

Succession

The Committee continued to review the plans for orderly succession so that the right balance of appropriate skills, diversity and experience is represented on the Board, building on the work previously undertaken. The Committee also recognises that building a broad and diverse talent pipeline for executive succession is a key priority to lead the growth of Morgan Advanced Material's business going forward.

In addition to executing the CEO succession plan, the Committee continued to manage a phased succession programme for non-executive Directors, with two Directors to be recruited in 2025. Korn Ferry, an external search consultancy, was selected to lead the search for the Directors, following a tender process. Korn Ferry is independent and has no other connection with the Company or individual Directors.

CEO succession

The Committee led a thorough and inclusive process to identify Pete Raby's successor as CEO during the year. All the non-executive Directors were involved in the process which began by reviewing the skills and experience that would be required in any potential successor.

Russell Reynolds (RR) were then engaged as search consultants to help support the process and identify suitable external candidates. RR is independent and has no other connection with the Company or individual Directors.

RR compiled a longlist of candidates which was considered before being reduced to a proposed shortlist. To ensure fairness and consistency, RR interviewed both the internal and external shortlisted candidates before they were interviewed by members of the Board. The non-executive Directors collaborated closely during the process, regularly regrouping to discuss progress and views on the candidates. The shortlist was very strong, and after a final discussion, the Committee recommended to the Board that Damien Caby succeed Pete as CEO. Damien's appointment was subsequently approved by the Board.

The usual recruitment process for a non-executive Director is described below.

Stage 1

The Committee devises a candidate specification, factoring in the balance of skills, knowledge, experience, diversity and geographical representation on the Board, and the desired skills and experience required to complement the existing membership and support the implementation of the Group's strategy.

Stage 2

A longlist of candidates for the role is produced, taking the identified requirements into consideration.

Stage 3

Shortlisted candidates are interviewed by Committee members and later by other Board members. Background and due diligence checks are undertaken for the preferred candidate(s), including consideration of whether the individual(s) would have sufficient time to devote to their role with the Company.

Stage 4

The Committee makes a recommendation for the appointment to the Board, considering Board members' views. Any new Director appointed must be elected by shareholders at the next AGM.

Stage 5

Directors receive a comprehensive induction programme following their appointment, comprising a balance of knowledge-based sessions with internal functions and external advisors and site visits to provide exposure to Morgan Advanced Materials' businesses and working environments. Delivery is in phases, with information material to the role provided in the early stages.

Senior Independent Director induction

Following Alison Wood's appointment in November, she received a thorough induction, which encompassed:

- A comprehensive pack of documentation and materials relevant to Morgan Advanced Materials' business and Alison's role, including information such as key contacts, Board Committee Terms of Reference, the Schedule of Matters Reserved for the Board, the Share Dealing Code, Board and Committee meeting dates and forward planner, and Group and GBU strategy updates. As Alison will be taking on the role of Remuneration Committee Chair in 2025, her induction also included materials on the approach to remuneration at Morgan Advanced Materials; and
- One-to-one meetings scheduled with the Executive Directors, the Executive Committee members, certain senior management personnel and with senior representatives of the Company's external auditor, remuneration advisor and brokers.

Alison attended the November Board meeting which took place at the Technical Ceramics site in Rugby, UK. Alison joined her Board colleagues on a tour of the site and participated in employee engagement sessions, to help build her understanding of Morgan Advanced Materials' business and to hear directly from employees about their experience of working at Morgan Advanced Materials. Alison will visit other sites in 2025.

Senior management succession

The Committee reviewed the Group's senior management talent pipeline during the year, their development and own succession plans, as well as progress against the talent and development framework. The Committee has visibility of emergency successors and those identified as medium-term and long-term successors, and reviews the development programme for these individuals to understand their strengths and skill gaps.

Board members engaged with Executive Committee members and their direct reports throughout the year during formal presentations at Board meetings, as well as at Board dinners. This provided the opportunity for them to get to know some of the individuals identified in the succession plans.

The Committee monitors the impact of the diversity and inclusion strategy on appointments that are made and their progress within the Company, including at the level of those who report to the Executive Committee, to develop a pipeline of diverse talent that will serve to widen the pool of candidates for Board and leadership positions in the future. The Committee will continue to work with the CEO and Group HR Director on senior management succession.

Remuneration Report

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024. As in previous years, this report is split into three sections: this Annual Statement, the Policy Report – which will be subject to a binding shareholder vote at the 2025 AGM – and the Annual Report on Remuneration.

The cost of living remains a challenge in many countries and during the year we have continued to keep our direct labour remuneration packages in each location under review. Where appropriate we have again implemented additional salary increases during 2024 to support our colleagues – with a particular focus on lower-paid employees. We have also maintained our focus on the safety measures that protect our employees while they work, leading to a reduction in LTAs. Our 'thinkSAFE' programme and the Morgan Code are well-embedded into the organisation, and we have continued to roll out leadership development programmes to give our leaders the skills necessary for them – and by extension the Group – to succeed.

Committee members

Helen Bunch (Chair)
Jane Aikman
Ian Marchant
Laurence Mulliez
(until 1 November 2024)
Alison Wood
(from 1 November 2024)
Clement Woon

It has been a challenging year for Morgan Advanced Materials and the wider industry, with markets weakening sharply during the second half of the year. Despite these challenges we have delivered 3.7% organic revenue* growth for the 2024 financial year. We continue to invest in our faster growing markets and are well-placed to grow quickly and expand margins as markets recover.

2024 Committee activity

As a Committee, we remain focused on ensuring that senior executive remuneration is fit for purpose and aligned with the interests of key stakeholders (our employees and shareholders in particular), and that our governance practices and processes adhere to the provisions of the UK Corporate Governance Code. During the year, the Committee met four times, with its responsibilities including determination of incentive outcomes, and approving remuneration packages for the Company's Chair and Executive Directors. With the requirement to put the Remuneration Policy to a binding vote at the 2025 AGM, the Committee also conducted a thorough review of the current Remuneration Policy (which was approved by 96.5% of shareholders at the 2022 AGM) in the context of our pay philosophy, the UK Corporate Governance Code, and recent developments in remuneration governance and best practice. This review concluded that the current framework continues to support Group strategy and culture, as well as providing strong alignment of Executive Director and stakeholder interests. As a result, and having consulted with our largest shareholders in November 2024, no material changes are proposed to the Remuneration Policy which we intend to operate for up to a further three years. Further details regarding the activities of the Committee can be found in the 'Remuneration governance' section at the end of this Report.

2024 remuneration outcomes

Following a comprehensive review of performance in 2024, the Committee determined that payouts of 60% of the 2024 annual bonus opportunity for the CEO and 57% for the CFO were appropriate. Further details are set out on pages 97 to 99.

As committed to in last year's report, the Committee also reviewed the value at vesting (in March 2024) of the 2021 LTIP award to ensure that any gain reflected the Group's performance rather than a windfall due to general stock market rises since the time of grant. Given the relatively strong share price position at the time of the grant, the Committee concluded that the value realised on vesting of the 2021 LTIP award did not represent a windfall gain.

The Committee also determined that the 2022 LTIP award will partially vest, at 26.9% of the maximum, based on performance against the targets set at the time of grant. The Committee will again review the value of the 2022 LTIP award at vesting, to ensure that any gain reflects the Group's performance rather than a windfall due to general stock market rises since the time of grant; however, the Committee presently considers the risk of windfall gain unlikely given Morgan Advanced Materials' share price at the time of grant.

In all cases and in keeping with its usual approach, the Committee reviews the formulaically derived incentive outcomes in the context of the Group's underlying performance. The Committee concluded from this review that a bonus outturn around target levels and modest vesting under the 2022 LTIP appropriately reflects Morgan Advanced Materials' underlying performance over the relevant time horizons. As a result, the Committee determined that no discretion needed to be applied in respect of 2024 remuneration outcomes.

Changes to the leadership team

On 16 January 2025, the Board announced Pete Raby's intention to step down from the Board on 1 July 2025 and retire from the Group on 31 August 2025. In line with the Remuneration Policy, Pete will be eligible to receive a 2025 annual bonus (pro-rated for his period of service and subject to the achievement of the performance targets set at the start of the year). He will not receive a 2025 LTIP award. A further announcement regarding the terms of Pete's departure will be made later in the year and disclosed fully in next year's report.

It was also announced that, following a rigorous internal and external search and selection process, Damien Caby will be promoted from his current position as President, Thermal Products Division to succeed Pete as CEO. The Committee has set Damien's package in line with the Remuneration Policy and, in doing so, has taken into account Damien's experience but also the fact that this will be his first Executive Director role. Accordingly, Damien's salary on appointment has been set at €720,000 (a circa 10% discount to his predecessor), which the Committee intends to increase to market levels over the next two years subject to his performance and development in role (noting that this may necessitate higher percentage increases than awarded to the wider employee population over this timeframe). Damien's maximum annual bonus opportunity will be set at 150% of salary (in line with his predecessor) and his annual LTIP opportunity will be 175% of salary (below the Policy limit of 200% of salary at which Pete Raby's LTIP opportunity was set). Damien, a French national resident in Germany, has agreed to be appointed as CEO under a UK service contract consistent with that used for the other Executive Directors. He will be eligible for a pension contribution of 8% of salary (aligned to the pension contribution levels available to the wider UK workforce), whilst his other benefits will include the grossed up value of reimbursing reasonable and proper travel expenses incurred in commuting to the Group's head office in Windsor.

Implementation of Policy in 2025

In keeping with our usual approach, salary increases have been determined by the Committee in the context of the continued performance of the Group in 2024, labour market conditions, and the average salary increase awarded to the wider workforce. The process for reviewing Executive Director salaries takes into account individual and Group performance, demonstration of the defined Leadership Behaviours and salary position relative to the relevant market, and remains consistent with the approach taken for the entire professional population. In this context, the Committee determined to award salary increases of 3% for both the CEO and CFO (compared to the average increases of 4.75% and 3% for colleagues in the wider UK workforce with similar performance ratings to the CEO and CFO respectively). Notwithstanding his upcoming retirement, the Committee considered it appropriate to award the CEO a salary increase given that he will remain employed in active service for the majority of the financial year. The Committee also approved a 3% increase to the Chairman's fee, and the Chairman and Executive Directors approved a similar 3% increase to the non-Executive Directors' base fee for 2025.

The Committee also reviewed the structure of the annual bonus and LTIP to ensure that the framework remains appropriately aligned with our strategic aims and culture, motivates and rewards management for delivering sustainable performance, and supports retention.

No changes are proposed to the performance linkage of the annual bonus for 2025 as measures remain aligned to Morgan Advanced Materials' key objectives including ESG measures being covered in the Executive Directors' personal objectives and therefore reflected in the personal performance element of the bonus. The annual bonus performance ranges for adjusted operating profit* and year-end working capital have been set to reflect the Group's budget as well as the continued economic volatility externally (and the potential impact this may have on performance outcomes) Annual bonus targets are considered to be commercially sensitive at this time but will ordinarily be disclosed in next year's Remuneration Report. For the LTIP, it is proposed to amend the ESG measure from carbon reduction to carbon intensity, to balance our stated longer-term ambition to reduce carbon emissions by 50% by 2030 (from a 2015 baseline) with our strategy to realise the Group's growth potential (which will increase absolute emissions even as the Group becomes more efficient in its use of carbon).

Under this element, targets will be set at -3% to -7% carbon intensity reduction per year over the three-year performance period. The EPS performance range for the 2025 LTIP will be set at 4% to 11% per annum over the three-year performance period. This is in line with the performance range pre-cyber incident (having been temporarily increased in 2024 to take into account the previously reduced base level resulting from the impact of the cyber incident). The Committee considers this to be appropriately challenging in the context of the Group's strategic plan, external market factors and broker forecasts. No changes are proposed to the TSR (Total Shareholder Return) benchmarks and relative TSR performance range (median-upper quartile). It is proposed to maintain the ROIC* range for that element of the Executive Directors' 2025 LTIP at 17% to 20%, to reflect our latest expectations for performance over the three-year performance period.

Maximum annual bonus opportunities for 2025 will be unchanged at 150% of salary. However, in recognition of the Group's cost-efficiency measures, the Committee approved a proposal by the management team to apply a one-off 30% reduction to LTIP award opportunities for the 2025 cycle. Details of the awards to be granted are set out within this on page 102.

This report is consistent with the current reporting regulations for Executive Director remuneration and, as in prior years, includes a 'Remuneration at a glance' section summarising the key elements of Executive Director remuneration. I hope we have been successful in continuing to achieve the clarity and transparency that will be of help to our shareholders. The Committee believes that the Group's Remuneration Policy remains fit for purpose for the next three years, and that the approach we adopt in implementing the Policy continues to drive the right behaviours and align closely with strategy, the delivery of which will underpin success for all stakeholders. We look forward to your support at the upcoming AGM, my last as Committee Chair and following which Alison Wood will succeed me in this role. I would like to extend my personal thanks to my fellow Committee members for their valuable contribution and counsel over the past six years, as well as to shareholders for their continued support for the Group's Remuneration Policy and the Committee's approach to its implementation.

Helen Bunch
Committee Chair

Remuneration at a glance

Components of remuneration

Salary + Pension and benefits = Fixed total
+ = Total remuneration
Annual bonus + LTIP = Variable total

Key features of how our executive Remuneration Policy will be implemented in 2025

Fixed components

Base salary		Policy
Pete Raby (CEO)	£664,000[1]	Executive Directors' salaries are generally reviewed each January, with reference to individual and Group performance, experience and salary levels at companies of similar sector, size and complexity.
Damien Caby (as CEO)	€720,000[1] (on appointment)	
Richard Armitage (CFO)	£473,470	

Pension and other benefits

Pension		Benefits (estimated values)		Policy
Pete Raby (CEO)	8% of salary[1]	Pete Raby (CEO)	£14,815[1]	Pension contributions (and/or cash in lieu thereof) for Executive Directors are aligned with the level of contributions available to the UK workforce. Other benefits can include company car/car allowance, health insurance and, where appropriate, relocation allowances and other expenses.
Damien Caby (as CEO)	8% of salary[1]	Damien Caby (as CEO)	€16,500[1,3]	
Richard Armitage (CFO)	8% of salary	Richard Armitage (CFO)	£13,579	

Variable components, annual bonuses

Maximum opportunities for 2025 (no change)		Performance measures weighting		Policy
Pete Raby (CEO)	150% of salary[1]	Adjusted operating profit*	40%	**Maximum award opportunity: 150% of base salary** Performance measures are set by the Committee at the start of the year and are weighted to reflect a balance of financial and strategic objectives. Sixty-seven per cent of any annual bonus paid is delivered in cash with the remainder deferred into shares and released after a further period of three years. Fifty per cent of the bonus opportunity is paid for on-target performance.
Damien Caby (as CEO)	150% of salary[1]	Year-end working capital	40%	
Richard Armitage (CFO)	150% of salary	Strategic personal objectives	20%	

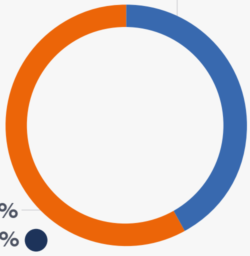
LTIP

Maximum opportunities for 2025		Performance measures weighting		Policy
Pete Raby (CEO)	No award[2]	TSR vs FTSE All-Share Industrials Index	15%	**Maximum award opportunity: 200% of base salary** The award levels and performance conditions on which vesting depend are reviewed prior to the start of each award cycle to ensure they remain appropriate. Vested shares are subject to a post-vesting holding period of two years. The vesting of awards is usually subject to continued employment and to the Group's performance over a three-year performance period. Twenty-five per cent of an award vests for achievement of the threshold level of performance.
Damien Caby (as CEO)	122.5% of salary (one-off reduction from 175%)	TSR vs peer group	15%	
		EPS growth	27.5%	
Richard Armitage (CFO)	105% of salary (one-off reduction from 150%)	Group ROIC*	27.5%	
		ESG (carbon intensity)	15%	

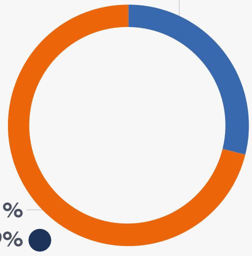
1. All figures above are annualised and will be pro-rated according to service in the year.
2. Pete Raby will not receive a 2025 LTIP Award.
3. Excludes health insurance – payments are equivalent to employer national insurance contributions.

Pay at risk

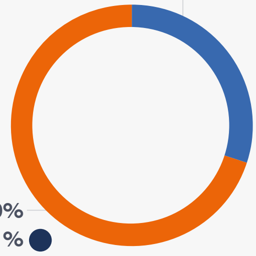
Pete Raby (outgoing CEO)[1,2]



Damien Caby (as CEO)[1,3]



Richard Armitage



Illustrations of the potential future reward opportunity for Executive Directors, and the potential mix between the different elements of remuneration under different performance scenarios can be found on page 93

Shareholding requirements

Pete Raby (CEO) 200% of salary (current shareholding 318.3%)

Damien Caby (as CEO) 200% of salary

Richard Armitage (CFO) 200% of salary (current shareholding 93.3%)

1. All figures above are annualised and will be pro-rated according to service in the year.
2. Pete Raby will not receive a 2025 LTIP Award.
3. Excludes health insurance – payments are equivalent to employer national insurance contributions.

This report covers the period 1 January 2024 to 31 December 2024 and provides details of how the Remuneration Committee has operated and implemented the Remuneration Policy, approved by shareholders at the 2022 AGM, during the year under review. The Policy Report sets out the Policy that is proposed to apply for up to the next three years from 8 May 2025, subject to shareholder approval at the 2025 AGM. The proposed implementation of this Policy for the 2025 financial year is summarised on pages 85 to 87.

The Remuneration Committee keeps the Remuneration Policy under periodic review to ensure it remains aligned with the Group's strategy, reinforces the Group's culture, and is in line with the principles set out in the UK Corporate Governance Code in relation to Directors' remuneration. This includes ensuring that performance-related elements are transparent, stretching and rigorously applied, as well as reflecting the views and guidance of institutional investors and their representative bodies.

1. Policy report

Key principles of the Remuneration Policy

The Remuneration Committee aims to ensure that all executive remuneration packages offered by Morgan Advanced Materials are competitive and designed to promote the long-term success of the Company by ensuring that we are able to attract, retain and motivate Executive Directors and senior executives of the right calibre to create value for shareholders.

The Committee ensures that a significant proportion of the total remuneration opportunity is performance-related, with an appropriate balance between short-term and long-term performance, and is based on the achievement of measurable targets that are relevant to, and support, the business strategy through the execution of the Policy.

Summary of Morgan Advanced Materials plc's proposed 2025 Remuneration Policy

This section of the Report sets out the proposed Remuneration Policy for Executive Directors and non-executive Directors which, since it still effectively supports Group strategy and provides strong alignment of Executive Director and stakeholder interests, remains unchanged (except from the minor updates outlined below) from that which was approved by shareholders at the Company's AGM on 5 May 2022. This Policy will be submitted for approval by shareholders at the Company's AGM on 8 May 2025 and, if approved, it is intended that it will be effective for a period of up to three years from that date. The only updates to the Policy report published in the 2021 Annual Report are: (i) page numbers; (ii) the section on performance measure selection (which has been updated to relate to 2025 incentive cycles); and (iii) the pay scenario charts (which have been updated to reflect the implementation of Policy for the 2025 financial year).

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Fixed pay			
Base salary Provides the fixed element of the remuneration package. Set at competitive levels against the market.	Base salaries are generally reviewed each January, with reference to an individual's performance (and that of the Group as a whole), their experience, and the range of salary increases applying across the Group. The Committee also considers salary levels at companies of similar sector, size and complexity when determining increases.	Our policy is to pay salaries that are broadly market-aligned, with increases applied in line with the outcome of the annual review. Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. Salary increases for Executive Directors will normally be within the range of increases for the general employee population over the period of this Policy. Where increases are awarded in excess of those for the wider employee population, for example in instances of sustained strong individual performance, if there is a material change in the responsibility, size or complexity of the role, or if an individual was intentionally appointed on a below-market salary, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.	An Executive Director's performance (and that of the Group as a whole) and also their demonstration of the defined Leadership Behaviours, are taken into account when making decisions in relation to base salary.
Pension Provides post-retirement benefits for participants in a cost-efficient manner.	Defined contribution scheme (and/or a cash allowance in lieu thereof).	Contributions (or cash in lieu thereof) are – and, for any new appointments, will be – aligned with the level of contribution available to the UK workforce at that time.	Not applicable.
Benefits Designed to be competitive in the market in which the individual is employed and to reflect individual circumstances.	Can include company car/car allowance, health insurance and, where appropriate, relocation allowances and other expenses.	Benefits and their values vary by role and are reviewed periodically relative to the market. It is not anticipated that the cost of benefits provided will change materially year-on-year over the period for which this Policy will apply. The Committee retains the discretion to approve a higher cost in exceptional circumstances (for example, relocation expenses, expatriate allowances etc.) or in circumstances where factors outside the Group's control have changed materially (for example, market increases in insurance costs). Benefits in respect of the year under review are disclosed in the Annual Report on Remuneration.	Not applicable.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Variable pay			
Annual bonus Provides a direct link between annual performance and reward. Incentivises the achievement of specific goals over the short term that are also aligned to the long-term business strategy. Deferred bonus supports retention and provides additional alignment with the interests of shareholders.	Performance measures are set by the Committee at the start of the year and are weighted to reflect a balance of financial and strategic objectives. At the end of the year, the Remuneration Committee determines the extent to which these have been achieved. To the extent that the performance criteria have been met, up to 67% of the resulting annual bonus is paid in cash. The remaining balance is deferred into shares and released after a further period of three years, subject to continued employment only. Cash and deferred share bonuses awarded for performance will be subject to malus and clawback until the end of the deferral period. Further details of our Malus and Clawback Policy are set out at the end of this table. Dividends may accrue over the deferral period on deferred shares that vest. Any dividends that accrue will be paid in shares at the end of the vesting period.	Up to 150% of salary. The payout for threshold performance may vary year-on-year but will not exceed 25% of the maximum opportunity.	Bonuses for the Executive Directors may be based on a combination of financial and non-financial measures. The weighting of non-financial performance will be capped at 30% of the maximum opportunity. The Committee retains discretion to adjust the bonus outcome if it considers that the payout is inconsistent with the Company's underlying performance when taking into account any factors it considers relevant. Further details are set out in the Annual Report on Remuneration on pages 96 to 109.
Long-Term Incentive Plan (LTIP) Aligns the interests of executives and shareholders with sustained long-term value creation. Incentivises participants to manage the business for the long term and deliver the Company's strategy.	The Remuneration Committee has the authority each year to grant an award under the LTIP. The award levels and performance conditions on which vesting depends are reviewed prior to the start of each award cycle to ensure they remain appropriate. Vested shares are subject to a post-vesting holding period of two years. Awards are subject to malus and/or clawback for a period of five years from the date of grant. Further details of our Malus and Clawback Policy are set out at the end of this table. Dividends may accrue on vested shares during the holding period.	Under the Policy, the LTIP provides for a conditional award of shares up to an annual limit of 200% of salary. 25% of an award vests for achievement of the threshold level of performance.	The vesting of awards is usually subject to continued employment and the Group's performance over a three-year performance period. This is currently based on a combination of TSR, EPS, ROIC* and ESG measures. The Committee has discretion to extend the performance period and adjust the measures, their weighting, and performance targets prior to the start of each cycle, to ensure they continue to align with the Group's strategy. The Committee also retains discretion to adjust the vesting outcome if it considers that the level of vesting is inconsistent with the Company's underlying performance when taking into account any factors it considers relevant. Further details of the measures attached to the LTIP awarded in the year under review (and the coming year) are set out in the Annual Report on Remuneration on pages 96 to 109.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Sharesave A voluntary scheme, open to all UK employees, which aligns the interests of participants with those of shareholders through any growth in the value of shares.	An HMRC-approved scheme where employees may save up to a monthly savings limit out of their own pay towards options granted at up to a 20% discount. Options may not be exercised for three years.	Up to the savings limit as determined by HMRC from time to time, across all Sharesave schemes in which an individual has enrolled.	None.

Malus and Clawback Policy

Malus and clawback will apply to the annual bonus and LTIP (as set out above) in cases of error in determining performance, corporate failure, misconduct or material misstatement in the published results of the Group or where, as a result of an appropriate review of accountability, a participant has been deemed to have caused in full or in part a material loss for the Group as a result of reckless, negligent or wilful actions or inappropriate values or behaviour, including (but not limited to) significant breaches of EHS codes, fraud, or other events which may cause serious reputational damage. Cash bonuses will be subject to clawback, with deferred shares subject to malus over the deferral period. LTIP awards are subject to malus and clawback over the vesting period to the fifth anniversary of grant. These timeframes reflect the periods over which the Company's processes and systems are likely to uncover any of the listed trigger events.

Payments under existing awards

The Company will honour any commitment entered into, and Directors will be eligible to receive payment from any award granted, prior to the approval and implementation of the Remuneration Policy detailed in this Report (i.e. before 8 May 2025), even if these commitments and/or awards fall outside the above Policy. The Company will also honour any commitment entered into at a time prior to an individual becoming a Director if, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company. Details of these awards will be disclosed in the Annual Report on Remuneration.

Difference in policy between Executive Directors and other employees

The Remuneration Policy for other employees is based on principles broadly consistent with those described in this Report for the Executive Directors' remuneration. Annual salary reviews across the Group take into account individual and business performance, demonstration of the defined Leadership Behaviours, experience, local pay and market conditions, and salary levels for similar roles in comparable companies.

All executives are eligible to participate in an annual bonus scheme. Opportunities and performance measures vary by organisational level, geographical region and an individual's role. Other senior executives participate in the LTIP on similar terms to the Executive Directors, although award sizes and performance measures may vary according to each individual, and by organisational level. Below this level, executives are eligible to participate in the LTIP and other share-based incentives by annual invitation.

Use of discretion

To ensure fairness and align Executive Director remuneration with underlying individual and Group performance, the Committee may exercise its discretion to adjust, upwards or downwards, the outcome of any short- or long-term incentive plan payment (within the limits of the relevant Plan Rules) for corporate or exceptional events including, but not limited to: corporate transactions, changes in the Group's accounting policies, minor or administrative matters, internal promotions, external recruitment and terminations. Any adjustments in light of corporate events will be made on a neutral basis, meaning that they will not be to the benefit or detriment of participants.

Any use of discretion by the Committee during the financial year under review will be detailed in the relevant Annual Report on Remuneration.

Performance measure selection

The Committee considers carefully the selection of performance measures at the start of each performance cycle, taking into consideration the macro-economic environment as well as specific Group strategic objectives.

Annual bonus measures are selected to reinforce the Group's short-term KPIs. Because these can change from year to year (in line with the Remuneration Policy), information on the rationale for the selection of bonus measures for each year will be detailed in the relevant year's Annual Report on Remuneration.

LTIP performance measures are reviewed periodically to ensure they continue to align with the Company's strategy, as well as provide an appropriate balance between growth and returns, internal and external performance, and absolute and relative performance.

For 2025 awards, the TSR element of the LTIP award will continue to comprise two parts. One-half of the TSR element will vest subject to the Group's performance relative to a TSR benchmark comprising the 80 constituents of the FTSE All-Share Industrials Index.

This benchmark is robust to merger and acquisition activity and comprises companies that are subject to the same market influences as Morgan Advanced Materials plc. The remaining half of the TSR element will vest subject to our performance relative to a TSR benchmark comprising 15 listed international carbon, ceramics and other materials companies. This benchmark was selected to complement the FTSE All-Share Industrials Index with a group of companies that better reflect our business, the markets in which we operate and the geographical footprint of the Group. For each part of the TSR award, the vesting performance range is calibrated to be stretching and in line with common market practice for FTSE TSR-based long-term incentives.

EPS targets are set taking account of multiple relevant reference points, including internal forecasts, external expectations for future EPS performance at both Morgan Advanced Materials plc and its closest sector peers, and typical EPS performance ranges at other FTSE 350 companies. LTIP EPS performance ranges are set to represent demanding and challenging performance targets over the three-year performance period.

ROIC* targets are set using a similar approach to the EPS targets, after consideration of external reference points and reflecting the returns required to meet and exceed the Group's internal strategic plan.

The ESG measure is based on carbon intensity, with targets aligned to Morgan Advanced Materials' overall strategic goals.

Share ownership guidelines

In order to encourage alignment with shareholders, Executive Directors are required to build and maintain an individual shareholding in the Company equivalent to at least 200% of base salary. The required level of shareholding is expected to be achieved within five years of an Executive Director's appointment. Executive Directors' shareholdings are reviewed annually by the Committee to ensure progress is being made towards achievement of the guideline level of shareholding. If it becomes apparent to the Committee that the guideline is unlikely to be met within the timeframe, the Committee will discuss with the Director a plan to ensure that the guideline is met over an acceptable timeframe.

From 2019, Executive Directors have also been subject to a post-employment shareholding requirement. Executive Directors are required to hold shares at a level equal to the lower of the share ownership requirement or the actual shareholding on departure for a period of one year from departure date. The Group's relatively short business cycle ensures the Board has good visibility within a 12-month period of the quality of decision-making and, in addition, unvested awards for good leavers subsist to the normal vesting date (albeit pro-rated for time), ensuring incentive outcomes remain linked to the Group's performance beyond the date of cessation. The Committee retains the discretion to modify the post-employment shareholding requirement in certain, extraordinary circumstances; for example, on a change of control during the period or if a conflict of interest arises with an Executive Director's next appointment.

Current Executive Director shareholdings are set out in the Annual Report on Remuneration on page 106.

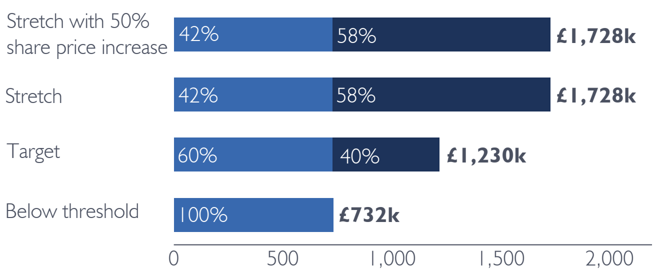
External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may accept external appointments as non-executive Directors of other companies and retain any fees received. Details of external directorships held by Executive Directors along with fees retained are provided in the Annual Report on Remuneration on page 101.

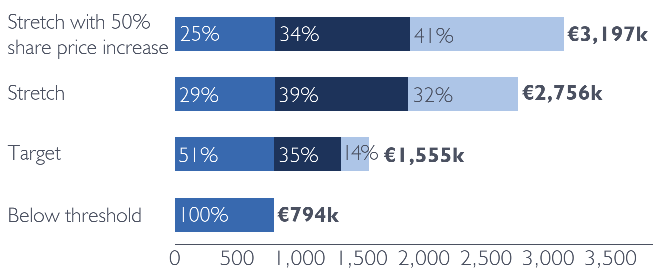
Pay for performance: scenario analysis

The graphs below provide detailed illustrations of the potential future reward opportunity for Executive Directors, and the potential mix between the different elements of remuneration under four different performance scenarios; 'Below threshold', 'Target', 'Stretch' and 'Stretch with 50% share price appreciation'. These have been updated to illustrate the potential opportunity under the 2025 packages approved for Executive Directors.

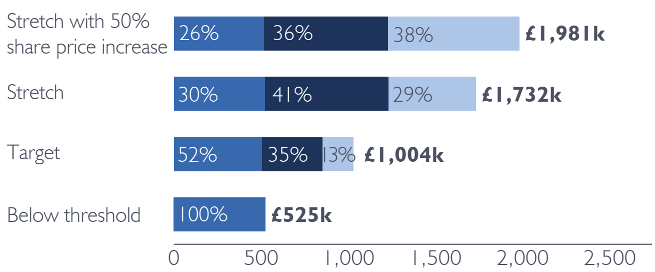
Pete Raby (outgoing CEO)[1,2]



Damien Caby (as CEO)[1,3]



Richard Armitage (CFO)



- Fixed total (base salary, pension and benefits)
- Annual bonus
- LTIP

1. All figures above are annualised and will be pro-rated according to service in the year.
2. Pete Raby will not receive a 2025 LTIP Award.
3. Excludes health insurance – payments are equivalent to employer national insurance contributions.

The potential reward opportunities illustrated above are based on the Policy, which will be submitted for approval at the 2025 AGM, applied to the annualised base salary in effect at 1 January 2025 (or, for Damien Caby, his salary on appointment as CEO). Annualised figures are shown for the incoming and outgoing CEOs; these will be pro-rated for time served in the role. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2025 (assuming a full year of tenure in role, and before mandatory deferral into shares). The LTIP is based on the face value of awards to be granted in 2025 (these have been reduced for 2025 on a one-off basis, from 175% to 122.5% of salary for the incoming CEO and from 150% to 105% for the CFO; Pete Raby will not receive a 2025 LTIP award). It should be noted that any awards granted under the LTIP in a year do not normally vest until the third anniversary of the date of grant. This illustration is intended to provide further information to shareholders on the relationship between executive pay and performance. The value of the LTIP assumes no change in the underlying value of the shares once an award is made, apart from in the 'Stretch with 50% share price increase' scenario. The following assumptions have been made in compiling the above charts:

Scenario	Annual bonus	LTIP	Fixed pay
Stretch with 50% share price increase	Maximum annual bonus	Performance warrants full vesting (100% of the award). LTIP award value has additionally been uplifted by 50%.	Latest disclosed base salary, pension and benefits.
Stretch	Maximum annual bonus	Performance warrants full vesting (100% of the award).	
Target	On-target annual bonus	Performance warrants threshold vesting (25% of the award).	
Below threshold	No annual bonus payable	Nil vesting.	

Details of Executive Directors' service contracts

The Executive Directors are employed under contracts of employment with Morgan Advanced Materials plc. Contracts may be terminated on 12 months' notice given by the Company or on six months' notice given by the Executive Director concerned. The following table shows the date of the contract for each Executive Director who served during the year:

Executive Director	Position	Date of appointment	Date of service agreement	Notice period[1] From employer	Notice period[1] From employee
Pete Raby	CEO	1 August 2015	30 January 2015	12 months	6 months
Richard Armitage	CFO	30 May 2022	16 September 2021	12 months	6 months

1. The incoming CEO, Damien Caby, will also have a notice period of 12 months from the employer and 6 months from the employee.

Exit Payments Policy

The Group's policy on exit payments is to limit severance payments on termination to pre-established contractual arrangements comprising base salary and any other statutory payments only. In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans.

The Group may terminate the employment of an Executive Director by making a payment in lieu of notice equal to base salary, together with the fair value of any other benefits to which the executive is contractually entitled under his or her service agreement, for the duration of the notice period.

The Remuneration Committee will exercise discretion in making appropriate payments in the context of outplacement or the settling of legal claims or potential legal claims by the departing Executive Director, including any other amounts reasonably owing to the Executive Director, for example, to meet legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice.

On termination of an Executive Director's service contract, the Remuneration Committee will consider the departing Director's duty to mitigate his or her loss when determining the timing of any payment in lieu of notice. There is no automatic entitlement to bonus or the vesting of long-term incentives on termination. However, the table that follows summarises the Policy on how awards under the annual bonus, LTIP and deferred bonus plan will normally be treated in specific circumstances, with the final treatment remaining subject to Committee discretion:

Treatment of awards on cessation of employment and a change of control

Reason for cessation	Calculation of vesting/payment	Time of vesting
	Annual bonus	
All reasons	The Committee may determine that a bonus is payable on cessation of employment, and the Committee retains discretion to determine that the bonus should be paid wholly in cash. The amount of bonus payable will be determined in the context of the time served during the performance year, the performance of the Group and of the individual over the relevant period, and the circumstances of the Director's loss of office. If Group or individual performance has been poor, or if the individual's employment has been terminated in circumstances amounting to misconduct, no bonus will be payable.	
	Mandatory deferred bonus share awards	
Injury, disability, death, redundancy, retirement, or other such event as the Committee determines	Awards will normally vest in full (i.e. not pro-rated for time).	At the normal vesting date, unless the Committee decides that awards should vest earlier (for example, in the event of death).
Change of control	Awards will normally vest in full (i.e. not pro-rated for time). Awards may alternatively be exchanged for equivalent replacement awards, where appropriate.	On change of control.
All other reasons	Awards normally lapse.	Not applicable.
	LTIP awards	
Injury, disability, death, redundancy, retirement, or other such event as the Committee determines	Awards will normally be pro-rated for time and will vest based on performance over the original performance period (unless the Committee decides to measure performance to the date of cessation).	At the normal vesting date, unless the Committee decides that awards should vest earlier (for example, in the event of death).
Change of control	LTIP awards will be pro-rated for time and will vest subject to performance over the performance period to the change of control. LTIP awards may alternatively be exchanged for equivalent replacement awards, where appropriate.	On change of control.
All other reasons	Awards normally lapse.	Not applicable.

The Remuneration Committee retains discretion, where permitted by the plan rules, to alter these default provisions on a case-by-case basis, following a review of circumstances and to ensure fairness for both shareholders and participants.

Approach to recruitment remuneration

External appointment

In cases of hiring or appointing a new Executive Director from outside the Group, the Committee may make use of all existing components of remuneration, as follows:

Pay element	Policy on recruitment	Maximum
Salary	Based on: the size and nature of the responsibilities of the proposed role, current market pay levels for comparable roles, the candidate's experience, implications for total remuneration, internal relativities and the candidate's current salary.	–
Pension	Option to join the defined contribution scheme available to the wider workforce. If the Executive Director is ineligible to join the standard defined contribution scheme, the Company may grant a cash allowance of equivalent value.	In line with Policy limits.
Benefits	As described in the Policy table and may include, but are not limited to, car, medical insurance, and relocation expenses and/or allowances.	–
Sharesave	New appointees will be eligible to participate on identical terms to all other UK employees.	Up to HMRC limits.
Annual bonus	As described in the Policy table and typically pro-rated for the proportion of the year served; performance measures may include strategic and operational objectives tailored to the individual in the financial year of joining.	Up to 150% of salary.
LTIP	New appointees may be granted awards under the LTIP on similar terms to other executives.	Up to 200% of salary.
Other	The Remuneration Committee may make an award under a different structure under the relevant Listing Rule to replace incentive arrangements forfeited on leaving a previous employer. Any such award would have a fair value no higher than that of the awards forfeited, taking into account relevant factors including performance conditions, the likelihood of those conditions being met and the proportion of the vesting period remaining. Details of any such award will be disclosed in the first Annual Report on Remuneration following its grant.	–

Internal promotion to the Board

In cases of appointing a new Executive Director via internal promotion, the Policy will be consistent with that for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director, the Company will continue to honour these arrangements even if there are instances where they would not otherwise be consistent with the prevailing Executive Director Remuneration Policy at the time of promotion.

Chairman and non-executive Directors' Remuneration Policy

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual fee[1] To attract and retain high-calibre non-executive Directors.	Annual fees paid to the Chairman and non-executive Directors are reviewed periodically. An additional fee is payable to the Senior Independent Director, and also in respect of chairing a Board Committee. Currently paid 100% in cash.	Annual fees are applied in line with the outcome of each periodic review.	None.

1. The maximum aggregate annual fee for all non-executive Directors (including the Chairman) as provided in the Company's Articles of Association is £750,000.

None of the non-executive Directors has a service contract with the Company. They do have letters of appointment. The non-executive Directors do not participate in any of the incentive, share or share option plans. The dates relating to the appointments of the Chairman and non-executive Directors who served during the reporting period are as follows:

Non-executive Director	Position	Date of appointment	Date of letter of appointment	Date of election/re-election
Ian Marchant	Chairman	1 February 2023	17 January 2023	9 May 2024
Helen Bunch	Non-executive Director	24 February 2016	19 January 2016	9 May 2024
Laurence Mulliez	Senior Independent Director (until 1 November 2024)	6 May 2016	4 April 2016	9 May 2024
Alison Wood	Senior Independent Director (from 1 November 2024)	1 November 2024	23 July 2024	n/a
Jane Aikman	Non-executive Director	31 July 2017	27 April 2017	9 May 2024
Clement Woon	Non-executive Director	10 May 2019	7 May 2019	9 May 2024

Consideration of stakeholder views

The Executive Management team seeks to promote and maintain good relations with employee representative bodies – including trade unions and works councils – as part of its broader employee engagement strategy and consults on matters affecting employees and business performance as required in each case by law and regulation in the jurisdictions in which the Group operates. When making decisions on executive remuneration, the Committee considers the pay and employment conditions across the Group.

Engagement with employees on remuneration is currently achieved through non-executive Director employee listening sessions where employees have the opportunity to raise issues. The non-executive Directors held several employee listening sessions in 2024, to ensure that the Board understands the views of employees and the impact its decisions have on them. They engaged with the employees on a broad range of topics, including reward and benefits. Details of these employee sessions can be found on page 68. In addition, we undertake an annual engagement survey, 'Your Voice', in order to better understand the views of a wider range of employees. The engagement survey includes a range of specific questions on the Company's pay practices and presents an opportunity for the workforce to share feedback and ask its own questions about employee or executive reward. Through the feedback from the engagement survey, supplemented with the learnings from the employee listening sessions, the views of Morgan Advanced Materials employees are represented at Board and Remuneration Committee meetings. This enables the Remuneration Committee to take into account those views when considering executive remuneration and the pay and employment conditions throughout the wider workforce.

The non-executive Directors met with employees on the Ignite/Spark Leadership Development Programme in March 2024 to discuss reward and executive remuneration matters. It was a useful session; the employees were reassured to hear about the Board's rigour around fairness for the consideration of reward for the Executive Directors in line with that of the wider workforce. In the UK, engagement is further facilitated by the Sharesave programme, which enables UK employees to become shareholders and provides them with the same voting rights as other shareholders in relation to resolutions for approval at the AGM (and which include executive remuneration matters). Prior to the annual salary review, the Committee is provided with pay increase data that individual business units consider when deciding local pay awards for their specific businesses and countries. The Committee is also kept fully informed of Remuneration Policy and implementation decisions affecting the wider workforce. This important context forms part of the Committee's considerations for determining Executive Director remuneration.

The Committee considers shareholder views received during the year and at the AGM each year, as well as guidance from investor representative bodies more broadly, when shaping and implementing Morgan Advanced Materials' Remuneration Policy. The Committee keeps the Remuneration Policy under regular review, to ensure it continues to reinforce the Group's long-term strategy and aligns Executive Directors' interests with those of shareholders. It is the Committee's policy to consult with major shareholders prior to any major changes to its Remuneration Policy. During the year, the Remuneration Committee Chair wrote to the top 20 shareholders to understand their views on our approach to the 2025 Remuneration Policy and Executive Director remuneration in general, ahead of the Policy being put to a shareholder vote at the 2025 AGM.

During 2024, the Board received an update from the Group Pensions Director on matters concerning the global defined benefit pension schemes and the Chair met with the Chair of trustees of the Group pension trusts in February 2024 to ensure the views of the trustees on key pension matters are understood and taken into consideration.

2. Annual Report on Remuneration

The following section provides details of how the Remuneration Policy was implemented during 2024 and will be implemented in 2025.

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2024 and the prior year.

	Pete Raby		Richard Armitage	
	2024	**2023**	**2024**	**2023**
1. Salary	**£645,000**	£620,000	**£459,680**	£442,000
2. Pension	**£51,600**	£49,600	**£36,774**	£35,360
3. Benefits	**£14,642**	£14,031	**£13,579**	£13,320
Fixed pay subtotal	**£711,242**	£683,631	**£510,033**	£490,680
4. Bonus	**£580,500**	£399,193	**£393,026**	£291,216
5. LTIP	**£290,863**	£116,865	**£145,730**	n/a
6. Other	**–**	–	**–**	–
Variable pay subtotal	**£871,363**	£516,058	**£538,756**	£291,216
Total	**£1,582,605**	£1,199,689	**£1,048,789**	£781,896

The figures have been calculated as follows:

1. Base salary: amount earned for the year.
2. Pension: the figure is a cash allowance in lieu of pension (8% of base salary, aligned with the level of contributions available to the UK workforce).
3. Benefits: the taxable value of benefits received in the year. Includes private medical insurance and a company car (or car allowance).
4. Bonus: the total bonus earned for performance during the year (before any mandatory deferral into shares). In accordance with the Remuneration Policy, 67% of the amount shown above will be paid in cash, with the remaining 33% deferred into shares for three years.
5. LTIP: the estimated value on 31 December 2024 of 2022 LTIP shares vesting in 2025, subject to performance over the three-year period ended 31 December 2024. Figures are based on the average share price for the three months to 31 December 2024 of 260.88 pence. The figure for Pete Raby for 2023 has been trued up from that disclosed in last year's Remuneration Report (£102,093) to reflect the share price on the vesting date (22 March 2024) of 285.21 pence (276,486 shares x 14.82% x 285.21p = £116,865).

The impact of share price movement on the vesting value of the Executive Directors' 2022 LTIP awards is as follows:

	Pete Raby	Richard Armitage
Value of awards vesting using share price at award (287.70p for Pete Raby's award and 307.10p for Richard Armitage's award, which was granted later, on appointment)	£320,765 (414,320 shares x 26.91% x 287.70p)	£171,549 (207,587 shares x 26.91% x 307.10p)
Value of awards vesting using 3-month average share price at 31 December 2024 (260.88p)	£290,863 (414,320 shares x 26.91% x 260.88p)	£145,730 (207,587 shares x 26.91% x 260.88p)
Impact of share price movements on vesting values	-£29,902	-£25,819

6. Other: comprises the value of Sharesave options granted in the year, based on the embedded value at grant (20% of the grant date share price multiplied by the number of options granted).

Incentive outcomes for the year ended 31 December 2024

Annual bonus in respect of 2024 performance

Targets for the annual bonus are set by the Remuneration Committee, taking into account the short- and long-term requirements of the Group. Challenging goals are set, which must be met before any bonus is paid. This approach is intended to align executive reward with shareholder returns by rewarding the achievement of 'stretch' targets.

For 2024, the bonus targets for the Executive Directors were split between adjusted operating profit* before restructuring (weighted 40%), year-end working capital* (weighted 40%) and individual strategic personal objectives (weighted 20%). The targets were set to incentivise the Executive Directors to deliver stretching profit and cash performance for the Group. Performance in line with target results in a payout of 50% of maximum.

The table that follows sets out retrospectively the assessment of performance relative to the 2024 bonus targets for the Executive Directors. Actual bonus payments are shown in the single total figure of remuneration table on page 96. In accordance with the Remuneration Policy, 67% of the amount reported will be paid in cash, with the remaining 33% deferred into shares for three years.

Performance measure	% of maximum bonus element	Performance range: Threshold (0% payout)	Performance range: Maximum (100% payout)	Actual performance outcome	% payout of element	% salary earned
Adjusted operating profit*[1]	40%	£145.0m	£164.4m	£140.8m	0%	0%
Year-end working capital*[1]	40%	£208.9m	£179.7m	£175.8m	100%	60%
Personal objectives						
Pete Raby	20%	Please see narrative below for further details on objectives and performance against these			100%	30%
Richard Armitage	20%				85%	25.5%

Overall outcome	Maximum bonus (% salary)	% of salary earned: Adjusted operating profit*[1]	% of salary earned: Year-end working capital*[1]	% of salary earned: Personal objectives	Total outcome	Total payable
Pete Raby	150%	0%	60%	30%	90%	£580,500
Richard Armitage	150%	0%	60%	25.5%	85.5%	£393,026

1. For the financial measures in the 2024 bonus, the payout curve included an additional on-target performance level at which the payout was calibrated to be 50% of each element. On-target adjusted operating profit* was £161.2 million and on-target year-end working capital* was £200.6 million. For both elements, there was a straight-line payout between threshold and on-target, and between on-target and maximum. All figures were calculated using 2024 budgeted exchange rates.

For 2024, Executive Directors' personal objectives continued to be set to reinforce Morgan Advanced Materials' key strategic execution priorities (Big positive difference, Innovate to grow and Delight the customer), and improving the Group's operational performance.

Collective goals for 2024 (which applied to each Executive Director) included:

(1) Progressing the ESG roadmap: develop and embed a safety culture (to be evidenced by a continued reduction in the Group LTA rate, to below 0.18 by year end); drive a 3-point improvement in employee engagement over 2023; and reduce absolute CO_2 emissions by 5% year-on-year;

(2) Delivering on investment and growth plans, to support £50 million incremental revenue growth in 2025 from faster growing segments per budgets for 2025 and inorganic prospects for future growth; and

(3) Developing and executing a successful Investor Relations campaign to refresh investor understanding of the equity story following the capital markets event.

In addition to the above, the individual objectives set for Pete Raby were to:

(1) Develop the capabilities of the leadership team, and improve wider diversity within the senior leader population by increasing the percentage of women in leadership by 4% (from year-end 2023) by the end of the year; and

(2) Deliver the successful implementation of the Group ERP solution to plan during the year.

In addition to the collective goals identified above, Richard Armitage's individual objectives for 2024 were to:

(1) Strengthen cash management across the Group (strengthening working capital capabilities, reducing Group working capital by £30 million, progressing actions to get China cash pooled by the end of Q1, and negotiating Yixing and SMC JV agreements to free up cash by year end); and

(2) Drive the successful design and initial deployment of the Group ERP solution, supporting the testing and deployment of Highlander leading to a system that supports reporting and shared services needs and embeds the appropriate control environment.

The performance of our Executive Directors, in line with that of the wider leadership team, is assessed against all expectations of the role, the specific personal objectives set, and how outcomes are delivered with reference to our defined Leadership Behaviours.

The collective goals set at the start of the year were met to the extent summarised below:

Objective	Assessment of objective	Outcome
Group LTA rate below 0.18 by year end	Group LTA rate at year end of 0.13	Objective met
3-point improvement in employee engagement	Score of 52% (2023 pulse survey 54%, 2022 53%)	Objective not met
5% reduction in absolute CO_2 emissions	CO_2 emissions reduced by 3% year-on-year	Objective not met
Deliver on investment and growth plans	Executed planned investment in capacity to underpin a strong balance sheet at year end, support further growth in key segments, and position us well to grow quickly and expand margins as markets recover	Objective met
Develop and execute successful IR campaign	Actioned in line with the Board's expectations, and the quality of the campaign evidenced by feedback received by the Board during its scheduled and ad hoc investor interactions during the year	Objective met

The Committee assessed Pete Raby's individual objectives as being partially met, noting the following:

- In relation to developing further the Group's leadership capabilities, the strength of the talent pipeline and succession planning. As a result, the Board was able to identify Damien Caby as its preferred candidate to succeed Pete Raby on his retirement as Group CEO and ensure a smooth leadership transition in 2025;
- The development of the ERP solution was completed to plan; and
- Pete's leading role in driving a further improvement year-on-year in diversity within the leadership team; the percentage of women has increased by 4% to 34% at the end of 2024.

The Committee assessed in the round the extent to which the collective and individual objectives were achieved. The Committee took into account that the employee engagement objective was not met, which ordinarily would result in a deduction to the overall outcome. However, the Committee also reflected on the Chairman's annual assessment of Pete's performance, including his exemplary role in navigating the sharp change in economic environment in the second half of the year whilst maintaining the Group's ongoing investment to ensure the Group remains well-positioned to benefit from increased capacity in key market segments and faster growing regions. In this context, and also Pete's achievement against his individual objectives, the Committee determined a payout of 100% of the personal performance element of Pete's bonus for 2024.

Richard Armitage's performance against his individual objectives was also assessed by the Committee, taking into account:

- His critical role in strengthening cash management across the Group during the year (and which is also reflected in the strong year-end working capital position reported elsewhere in this Annual Report); and
- The successful deployment of Highlander (ERP) to plan, to provide a strengthened control environment for the Group going forward.

Reflecting these considerations alongside Richard's valued contributions to the extent to which the collective goals identified above were achieved, the Committee assessed the personal performance element of Richard's bonus to be 85% of the maximum.

In addition to the achievement of the targets set, in considering any awards to be made, the Committee took into account the quality of the overall performance of the Group despite the challenging operating environment that persisted in 2024. This included continued organic revenue growth and, through good focus and discipline on operating margin, underlying profit growth (albeit the outturn was below the stretching threshold set for this element of the bonus at the start of 2024). The Committee concluded from this review that, in the round, an around target bonus outturn (together with the broadly threshold vesting outcome under the 2022 LTIP reported below) balances appropriately the range of perspectives for remuneration decision-making. As a result, the Committee determined that no discretion needed to be applied in respect of the 2024 bonus outcome.

2021 Deferred Bonus Plan vesting

In 2021, 33% of the annual bonus earned by the incumbent Executive Directors at the time (for performance in the 2020 financial year) was deferred into shares under the Deferred Bonus Plan (DBP), in line with the Group's Remuneration Policy. Dividends accrued over the deferral period on the deferred shares that vested, and the dividends were paid in shares at the end of the vesting period. Details of Pete Raby's DBP awards which vested in 2024 are set out in the table below. Richard Armitage, who joined Morgan Advanced Materials in 2022, did not participate in this DBP cycle.

Director	Date of grant	Number of DBP shares granted	Number of dividend reinvestment shares	Total number of DBP shares vested	Market value at grant £	Market value at vesting £	Date of vesting
Pete Raby	22 March 2021	7,916	895	8,811	3.153	2.852	22 March 2024

2022 LTIP award vesting

Awards granted to Executive Directors in 2022 were subject to relative TSR performance, EPS growth, Group ROIC* and ESG (CO_2 reduction) over a three-year period ended 31 December 2024.

The EPS target (applying to 27.5% of each award) required three-year EPS growth of 6% per annum for 25% of that element to vest, rising to full vesting for EPS growth of 13% per annum or higher. Over the period Morgan Advanced Materials plc's actual EPS growth was -1.62% per annum, and accordingly the EPS element of the award will not vest.

The TSR element (applying to 30% of each award) required Morgan Advanced Materials plc's three-year TSR performance to rank at median against two comparator groups (equally split) – the FTSE All-Share Industrials Index and a tailored comparator group comprising 15 listed international carbon, ceramics and other materials companies – for 25% of that element to vest, rising to full vesting if Morgan Advanced Materials plc's TSR ranked at or above the upper quartile against these two comparators. Morgan Advanced Materials plc's TSR was -15.7%, which was below median versus the FTSE All-Share Industrials Index and the tailored comparator group. Accordingly, the TSR element of the award will not vest.

The Group ROIC* target (applying to 27.5% of each award) required Group ROIC* of 17% for 25% of that element to vest, rising to full vesting for Group ROIC* of 20% or higher. Morgan Advanced Materials plc's Group ROIC* was 17.73%, and accordingly this results in a 11.91% vesting for the ROIC* element of the award.

The ESG target (applying to the remaining 15% of each award) required scope 1 and 2 CO_2 emissions to reduce by 5% over the performance period for 25% of that element to vest, rising to full vesting for a reduction of 15% or higher. Over the performance period, Morgan Advanced Materials plc's actual scope 1 and 2 CO_2 emissions reduced by 15%, and accordingly this results in a 15% vesting for the ESG element of the award.

This combined performance resulted in a partial vesting of the 2022 awards, equivalent to 26.91% of maximum. The vesting outcome is considered by the Committee to appropriately reflect business performance. Executive Directors' 2022 LTIP awards were granted when Morgan Advanced Materials' share price was 287.7 pence and 307.1 pence for Pete Raby and Richard Armitage respectively. It is presently not expected that the vesting of awards will give rise to a windfall gain, but the Committee will review this again at the time of vesting.

Details of the awards held by Pete Raby and Richard Armitage are set out in the table below.

Director	Maximum potential LTIP award	Maximum potential LTIP-CSOP[1] award	Estimated LTIP award vesting	Estimated LTIP-CSOP[1] award vesting	LTIP-CSOP[1] award exercising	Date of vesting
Pete Raby	414,320	–	111,493	–	–	13 May 2025
Richard Armitage	207,587	–	55,861	–	–	30 May 2025

1. CSOP refers to the Company Share Option Plan – further information is included in the 'Details of plans' section later on in this report.

Share dilution

The Company manages dilution rates within the standard guidelines of 10% of issued Ordinary share capital in respect of all-employee schemes and 5% in respect of discretionary schemes. Only market purchased shares, held in the Company's Employee Benefit Trust (EBT), have been used for the purpose of satisfying awards under these schemes that have vested since 2012. It is the Company's intention to use market purchased shares to satisfy awards vesting in 2025. Further information regarding the EBT can be found on pages 112, 135, 186 and 194.

Pension (audited)

In 2024, Pete Raby and Richard Armitage each received a cash allowance in lieu of pension of 8% of base salary, which is in line with the pension contribution available to the wider UK workforce.

Non-executive Director fees (audited)

The table below sets out the fees received by each non-executive Director in respect of the year ended 31 December 2024 and the prior year.

Ian Marchant		Helen Bunch		Laurence Mulliez (until 1 November)		Jane Aikman		Clement Woon		Alison Wood (from 1 November)	
2024[1]	2023[1]	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
£218,400	£128,649	**£67,013**	£62,820	**£56,104**	£62,820	**£67,013**	£62,820	**£57,013**	£54,820	**£11,169**	n/a

1. Ian Marchant's 2023 fee reflects an annualised fee of £54,820 from 1 February 2023 to 28 June 2023, and an annualised fee of £210,000 on becoming Chairman on 29 June 2023. Ian Marchant also received an £18,000 annual contribution towards the cost of administrative support in 2024.

Non-executive Directors do not receive any other fixed or variable pay, or benefits, in addition to their fee. Figures shown are inclusive of additional fees of £10,000 per annum payable to Laurence Mulliez as Senior Independent Director (up to 1 November 2024), Alison Wood as Senior Independent Director (from 1 November 2024) and to Helen Bunch and Jane Aikman as Committee Chairs.

Scheme interests awarded in 2024

2024 LTIP awards

In 2024, Pete Raby and Richard Armitage were granted awards under the LTIP as shown in the table below. The performance period for the 2024 LTIP awards is 1 January 2024 to 31 December 2026. Vesting outcomes will continue to be assessed to ensure they reflect business performance and will be adjusted as appropriate.

Executive Director	Number of LTIP shares granted[1]	Value of awards at grant £	Value of awards at grant As % of 2024 salary	Date of vesting
Pete Raby	446,366	1,290,000	200%	26 March 2027
Richard Armitage	238,588	689,520	150%	26 March 2027

1. Calculated using the award price of £2.89, being the average share price for the five dealing days prior to the award date (26 March 2024).

The Committee discusses and reviews the performance criteria for new three-year LTIP awards before they are granted. For the awards granted in 2024, the Committee considered the balance of measures in light of the Group's business plan and shareholder feedback and decided to maintain the current weightings of the four performance criteria, with the TSR element continuing to be split into two parts. One-half of this element will vest based on Morgan Advanced Materials' TSR performance relative to the constituents of the FTSE All-Share Industrials Index and one-half will vest based on Morgan Advanced Materials' TSR performance relative to a tailored comparator group of 15 industry comparators.

The table below sets out the targets attaching to the 2024 LTIP awards:

TSR vs FTSE All-Share Industrials Index	% of award that vests	TSR performance vs peer group	% of award that vests	EPS growth	% of award that vests	Group ROIC*	% of award that vests	ESG (carbon reduction)	% of award that vests
Upper quartile	15%	Upper quartile	15%	16% pa	27.5%	20%	27.5%	15%	15%
Median	3.7%	Median	3.7%	9% pa	6.9%	17%	6.9%	5%	3.7%
Below median	Nil	Below median	Nil	<9% pa	Nil	<17%	Nil	<5%	Nil

For Executive Directors, a two-year holding period applies to any shares that vest in relation to the 2024 LTIP. Dividends accrue over this holding period and will be paid on any shares that vest.

2024 Deferred Bonus Plan awards

In 2024, 33% of the total annual bonus earned by Pete Raby and Richard Armitage (for performance in the 2023 financial year) was deferred into shares under the DBP, in line with Morgan Advanced Materials' Remuneration Policy. The following DBP awards were granted:

	Value of awards at grant		
Executive Director	Number of DBP shares granted[1]	Value of award £	Date of vesting
Pete Raby	46,043	133,064	26 March 2027
Richard Armitage	33,588	97,072	26 March 2027

1. Calculated using the award price of £2.89, being the average share price for the five dealing days prior to the award date (26 March 2024).

Exit payments made in year (audited)

No exit payments were made to Executive Directors during the 2024 financial year.

Payments to past Directors (audited)

As mentioned in the 2022 and 2023 reports, former CFO Peter Turner stepped down from the Board on 30 May 2022 and retired from the Group on 30 June 2022. Peter was treated as a 'good leaver' in respect of outstanding LTIP awards. Vesting of previously granted awards during the 2024 financial year were as follows: 6,491 shares (inclusive of dividend) granted under the 2021 DBP on 22 March 2024, and 15,023 shares granted under the 2021 LTIP cycle on 22 March 2024 (equivalent to 14.82% of the pro-rated maximum). In addition, he retains interests granted under the DBP in 2022, details of which will be disclosed on vesting in future reports.

External appointments

Details of external appointments held by Executive Directors and the fees retained in 2024 are provided in the table below:

Executive Director	Company	Role	Date of appointment	Fees paid & retained
Pete Raby	Hill & Smith PLC	Non-executive Director	2 December 2019	£58,000
Richard Armitage	NWF Group PLC	Senior Independent Director and Chair of the Audit Committee	5 July 2020	£52,571

Implementation of Remuneration Policy for 2025

Base salary

In line with the Remuneration Policy, Executive Directors' salaries were reviewed by the Remuneration Committee and increased for 2025 at the rates set out in the table below. As in previous years, the Group maintained the formal link between performance and pay within the senior leadership population in 2024; specifically, taking into account individual and Group performance, as well as salary relative to the relevant market. The increases awarded to the Executive Directors were calibrated in line with this. The Committee considered the strong performance in their roles, as well as the market positioning of their salaries, in determining to award increases. Although the current CEO is intending to retire from the Group on 31 August 2025, a salary increase is considered fair and appropriate as he will remain employed and in active service for the majority of the year. The increases awarded to Pete Raby and Richard Armitage in 2025 were broadly in line with the average increases awarded to colleagues in the wider workforce who received similar performance ratings (3–4.75% in the UK). The table below shows the base salaries in 2024, and those that took effect from 1 January 2025 (or which takes effect on appointment as CEO in the case of Damien Caby):

	Base salary at:		
Executive Director	1 January (or on appointment in) 2025	1 January 2024	Increase
Pete Raby	£664,000	£645,000	3%
Damien Caby (as CEO)	€720,000	n/a	n/a
Richard Armitage	£473,470	£459,680	3%

The rationale for any future increases will continue to be disclosed in the relevant Annual Report on Remuneration.

Pension

Pete Raby and Richard Armitage will continue to receive a cash allowance in lieu of pension in 2025. These are aligned to the pension contribution levels available to the wider workforce (8% of salary, based on our UK population). On appointment, Damien Caby will also receive a cash allowance in lieu of pension of 8% of salary in line with the standard provisions of the UK service agreements and employment contracts, under which we employ our workforce in this jurisdiction.

Annual bonus in respect of 2025 performance

The maximum bonus opportunity remains at 150% of salary for all Executive Directors (with the payout for on-target performance continuing to be 50% of the maximum).

33% of any bonus result will ordinarily be deferred into shares for a further three-year period. The performance measures attached to the annual bonus remain unchanged from 2024, and are as follows:

Adjusted operating profit* – 40%

Year-end working capital* – 40%

Strategic personal objectives – 20%

The actual performance targets set at the beginning of the performance period are not disclosed as they are considered commercially sensitive at this time, given the close link between performance measures and the Group's longer-term strategy. This is particularly relevant in the context of some of the Group's close and unlisted competitors who are not required to disclose such information, and for whom the assumptions in our targets would provide valuable information in the current trading year. These targets will be disclosed retrospectively, at such time as they have become less commercially sensitive, and within three years of the end of the performance year.

2025 LTIP awards

In March 2025, Richard Armitage will be granted an award under the 2025 LTIP with a face value of 105% of his 2025 base salary (reflecting a one-off reduction referred to earlier in this report). The incoming CEO, Damien Caby, will also be granted a 2025 LTIP award of 122.5% of base salary (similarly reflecting a one-off reduction from a normal award level of 175% of base salary). Pete Raby will not receive a 2025 LTIP Award. Formulaic vesting outcomes will continue to be evaluated by the Committee to ensure they reflect business performance, and will be adjusted as appropriate. The three-year performance period over which performance will be measured began on 1 January 2025 and will end on 31 December 2027. Further details of the awards will be disclosed in next year's Remuneration Report.

The performance measures are detailed below:

- Each TSR element will operate independently, with vesting determined based on Morgan Advanced Materials' TSR rank relative to constituents of each TSR benchmark. The performance range for each element will remain median to upper quartile;
- The EPS performance range has been set at 4% to 11% per annum in line with the performance range set prior to the cyber incident (having been temporarily increased in 2024 to take into account the previously reduced base level resulting from the impact of the cyber incident);
- The ROIC* range will remain unchanged at 17% to 20%;
- The ESG measure (now based on carbon intensity) will have a performance range of -3% to -7% carbon intensity reduction per year over the three-year performance period, to balance our stated longer-term ambition to reduce carbon emissions by 50% by 2030 (from a 2015 baseline) with our strategy to realise the Group's growth potential;
- The Committee believes these ranges appropriately support the Group's strategy for sustainable long-term growth over the next three years while continuing to represent suitably demanding targets;
- For all four measures, weightings are unchanged and awards will continue to vest on a straight-line basis between threshold and maximum, with 25% of each element vesting at threshold; and
- For the 2025 LTIP cycle, Executive Directors will be required to hold any vested 2025 LTIP awards for an additional two-year period. Vested awards that are subject to the holding period will remain subject to clawback in line with our Policy but will not be forfeitable on cessation of employment.

Chairman and non-executive Director fees

The Chairman's and non-executive Directors' fees were reviewed in December 2024. Increases are based on salary market movements and are in line with the average increases awarded to the wider workforce (3.0% in the UK). The table below shows the fees in 2024, and those that were agreed for 2025:

Role	2025 fee pa	2024 fee pa
Chairman[1]	**£224,952**	£218,400
Non-executive Director	**£58,723**	£57,013
Committee Chair (additional fee)	**£10,000**	£10,000
Senior Independent Director (additional fee)	**£10,000**	£10,000

1. Ian Marchant receives an £18,000 annual contribution towards the cost of administrative support.

Percentage change in Directors' remuneration

The table below shows, for each individual who was an Executive or non-executive Director during 2024, the annual percentage change in their remuneration over the past five years compared to the average percentage change in remuneration for other employees of Morgan Advanced Materials plc over the same period, in accordance with the guidelines. Note that individuals who were Directors during the period under review, but not at any point during 2024, have not been included. The percentage changes in their remuneration for prior years (and in which they were a Director) are disclosed in relevant previous Annual Reports.

	2023–24 change[8]	2022–23 change	2021–22 change	2020–21 change[2,7]	2019–20 change[3]
Salary or fees					
Pete Raby	4.0%	4.0%	2.6%	32.3% (2.5%)	-19.4%
Richard Armitage	4.0%	4.0%[1]	n/a	n/a	n/a
Ian Marchant	4.0%[9]	n/a	n/a	n/a	n/a
Helen Bunch	6.7%[10]	2.6%	2.2%	26.3% (1.7%)	-18.1%
Laurence Mulliez	6.7%[10]	2.6%	2.2%	26.3% (1.7%)	-18.1%
Jane Aikman	6.7%[10]	2.6%	2.2%	26.3% (1.7%)	-18.1%
Alison Wood	n/a	n/a	n/a	n/a	n/a
Clement Woon	4.0%	3.0%	2.5%	31.6% (2.0%)	-20.9%
Average per employee	**5.2%**	**6.7%**	**3.4%**	**3.6% (2.6%)**	**3.0%**
Benefits (excluding pension)[4,5]					
Pete Raby	4.4%	2.9%	-0.1%	-0.5%	1.9%
Richard Armitage	1.9%	2.8%[1]	n/a	n/a	n/a
Average per employee	**4.4%**	**2.6%**	**-1.2%**	**0.9%**	**-5.8%[6]**
Annual bonus[5]					
Pete Raby	45.4%	61.8%	-70.8%	1,029.3%	-89.1%
Richard Armitage	35.0%	65.5%[1]	n/a	n/a	n/a
Average per employee	**13.9%**	**-2.73%**	**-44.1%**	**53.6%**	**-2.1%**

1. Richard Armitage joined the Board on 30 May 2022. The percentages above are based on annualised figures for 2022 remuneration.
2. Figures in brackets reflect the percentage increase from the original 2020 salary/fee prior to reductions implemented in response to the COVID-19 pandemic.
3. Percentages reflect the temporary Board salary/fee reductions implemented in response to the pandemic. All figures are based on full-time equivalent comparisons.
4. Benefits figures include private medical insurance and car allowance. Decreases in benefits reflect a reduction in private medical premium in certain years.
5. Non-executive Directors do not receive any additional benefits or bonus payments.
6. Decrease reflects a change in the type of medical cover required by individual employees.
7. The personal performance element of the 2020 bonus was cancelled for Executive Directors (as a result of the pandemic), contributing to the higher percentage increase in 2021 bonus for Executive Directors compared to other employees.
8. Employee average bonus based on an estimate of 2024 bonus paid in 2025 (final bonus award data was not available at the time of publication). The percentage change in 2024 bonus for the Executive Directors differs from that for other employees, based on their differing bonus structures.
9. Ian Marchant joined the Board on 1 February 2023 and, as disclosed in last year's report, his annual fee was increased from £54,820 to £210,000 on becoming Chairman on 29 June 2023. The percentage above is based on his annualised Chairman fee for 2023 remuneration. Ian Marchant also receives an £18,000 annual contribution towards the cost of administrative support – this value has not changed between 2023 and 2024.
10. Percentage fee increase for Helen Bunch, Laurence Mulliez and Jane Aikman includes a 4% increase to the NED fee and an increase to the additional committee Chair/SID fee to align more closely with market rates, as disclosed in last year's report.

CEO pay ratio

Year	Method	25th percentile pay ratio	Median (50th percentile) pay ratio	75th percentile pay ratio
2024	**Option B**	**58:1**	**53:1**	**30:1**
2024 (excluding variable)	Option B	26:1	26:1	14:1
2023[1]	**Option B**	**54:1**	**42:1**	**26:1**
2023 (excluding variable)	Option B	31:1	24:1	15:1
2022	**Option B**	**61:1**	**37:1**	**31:1**
2022 (excluding variable)	Option B	32:1	22:1	16:1
2021	**Option B**	**91:1**	**59:1**	**48:1**
2021 (excluding variable)	Option B	32:1	24:1	17:1
2020	**Option B**	**35:1**	**25:1**	**20:1**
2020 (excluding variable)	Option B	25:1	20:1	14:1
2019	**Option B**	**74:1**	**62:1**	**41:1**
2019 (excluding variable)	Option B	34:1	27:1	19:1

1. Ratios trued up from those disclosed in last year's Remuneration Report to reflect final value of LTIP vesting for CEO.

Details of the salary and total pay and benefits figures for each of the individuals identified in the table is set out below:

	Salary				Total pay and benefits			
Year	CEO	25th percentile	Median (50th percentile)	75th percentile	CEO	25th percentile	Median (50th percentile)	75th percentile
2024	**£645,000**	**£25,507**	**£24,425**	**£44,799**	**£1,582,605**	**£27,523**	**£29,722**	**£53,214**
2023	£620,000	£21,164	£21,164	£39,605	£1,199,689	£22,345	£28,591	£45,426
2022	£596,000	£21,414	£23,225	£41,202	£1,551,838	£25,451	£42,005	£49,371
2021	£581,175	£17,379	£29,129	£37,989	£2,041,667	£22,533	£34,725	£42,442
2020	£439,425	£21,000	£23,960	£36,900	£791,238	£22,464	£31,550	£38,723
2019	£545,000	£17,599	£24,300	£30,610	£1,618,605	£21,958	£25,927	£39,926

In line with the CEO pay ratio regulations, the table above shows for 2024 the ratio of the CEO's single total figure of remuneration to that of UK employees at the 25th, 50th (median) and 75th percentiles. In addition to the mandatory calculation using total remuneration, ratios have also been calculated excluding variable pay elements such as bonus and share awards.

Of the three reporting options available to companies, Morgan Advanced Materials has applied Option B, where the most recent gender pay gap reporting data (as at 5 April 2024) has been used to identify the 25th, 50th and 75th percentile employees. The 25th, 50th and 75th percentile pay ratios are based on the remuneration of a representative employee who falls on each of these pay percentiles. Option B has been used to calculate the CEO pay ratios, as Option A requires the ability to calculate a single total remuneration figure for each UK employee, and Morgan Advanced Materials does not currently have the systems in place to support this methodology. The 'best equivalent' employees identified using the gender pay gap information are representative of the 25th, 50th and 75th percentiles of Company remuneration, since base pay constitutes a large proportion of the remuneration package for the majority of employees, so it is likely that a similar set of employees would have been identified using Option A. The calculation covers base pay, annual bonus, pension and, where applicable, share awards and benefits, including car allowance and private medical insurance.

Total remuneration figures used in the calculation for 25th, 50th and 75th percentile employees include annual bonus relating to 2024 performance, in order to be consistent with the methodology used for the CEO's total remuneration figure.

The 2024 median, 25th and 75th percentile CEO pay ratios are higher than those reported in 2023. 2023 median CEO pay ratios were lower than those reported in 2024 as a consequence of the impact of inflationary headwinds and the 2023 cyber security incident on business results (and therefore on levels of variable pay last year), especially with variable pay representing a greater proportion of the CEO's package compared to the wider workforce.

Notwithstanding the year-on-year change in pay ratio, pay and benefits for the CEO and wider employee population are based on the same philosophies, for example driving pay for performance and alignment to external benchmarks, in order to promote consistency, fairness and equity across all levels in the organisation.

As the same methodology underpins the remuneration used in the above calculations, the resulting median pay ratio is consistent with the Company's wider policies on employee pay, reward and progression. Pay ratios are significantly reduced and more stable over time when variable pay elements are excluded, so the gap between CEO and employee pay is largely attributable to non-fixed pay elements, some of which (for example, share awards) the majority of the wider workforce would not typically be eligible for (reflecting competitive external market practice). The range of levels and types of roles found in a manufacturing environment such as at Morgan Advanced Materials may also result in a higher CEO pay ratio than companies which have predominantly professional and/or more senior staff. It is therefore important to compare Morgan Advanced Materials' data to companies in similar industries.

Relative importance of spend on pay

The graphs below show the shareholder dividend distributions and total employee pay expenditure for the financial years ended 31 December 2023 and 31 December 2024.

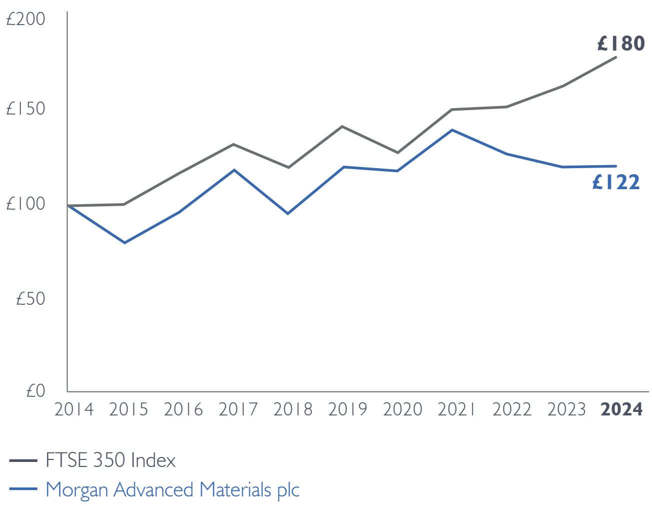
Shareholder distributions increased by 0.9% during 2024 to £34.5 million (2023: £34.2 million). Total employee pay across the Group has decreased by 0.9% to £397.3 million (2023: £401.1 million).

Shareholder distributions (£m)

Total employee pay expenditure (£m)

Comparison of Company performance

The graph below shows the value, at 31 December 2024, of £100 invested in Morgan Advanced Materials plc's shares on 31 December 2014 compared with the current value of the same amount invested in the FTSE 350 Index. The FTSE 350 Index – of which the Company is a constituent – has been chosen because it is widely followed by the UK's investment community and easily tracked over time.



The table below details the CEO's 'single figure' of remuneration over the 10-year period to 31 December 2024.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO	P Raby									
CEO single figure	£788,252	£787,492	£1,210,856	£1,479,738	£1,618,605	£791,238	£2,041,667	£1,551,838	£1,199,689	£1,582,605
Annual bonus (% of maximum)	50%	29.5%[1]	71.3%	67.4%	84.3%	9%	97%	27.6%	42.9%	60%
LTIP vesting (% of maximum)	n/a	n/a	15.4%	42.9%	61.3%	21.8%	52.17%	67.94%	14.82%	26.91%

1. Figure represents percentage achievement of maximum opportunity. Bonus maximum as a percentage of salary increased to 150% of base salary in 2016 compared to 100% in previous years.

Executive Directors' interests in shares and shareholding guidelines (audited)

The table below shows the shareholding of each Executive Director against their respective shareholding guideline as at 31 December 2024.

		Shares owned outright								
	Shareholding guideline (% 2024 salary)	As at 1 January 2024	As at 31 Dec 2024	Shares subject to performance[1]	Performance-tested but unvested shares[2]	Shares subject to DBP deferral[3]	Shares subject to post-vesting holding[4]	Options granted but subject to continued employment[5]	Current shareholding (% of 2024 salary)[6]	Guideline met
Pete Raby	200%	653,991	696,099	859,148	111,493	86,532	151,727	4,285	318.3%	Yes
Richard Armitage	200%	136,215	136,215	459,293	55,861	23,836	–	4,285	93.3%	Building

1. 2023 and 2024 LTIP awards.
2. The expected number of shares due to vest under the 2022 LTIP.
3. Estimated number of shares, net of tax (47%), deferred under the DBP.
4. Shares vested (net of tax) but subject to two-year post-vesting holding period.
5. Options granted under the Sharesave scheme.
6. Based on an Executive Director's annualised 2024 salary and the average share price for the three months to 31 December 2024 of 260.88 pence, comprising shares owned outright and shares subject to deferral. Shares underlying Sharesave scheme options are also included in the calculation.

As at 27 February 2025, the Executive Directors' interests in shares had not changed since the end of the period under review. Unless otherwise stated, figures given in the tables on pages 106 and 107 are for shares or interests in shares.

Non-executive Directors' interests in shares (audited)

The table below shows the shareholding of each non-executive Director as at 31 December 2024.

	As at 1 January 2024	As at 31 December 2024 or date of leaving
Laurence Mulliez	7,336	7,492
Helen Bunch	2,028	2,028
Jane Aikman	1,000	1,000
Clement Woon	55,000	70,000
Ian Marchant	35,000	45,000
Alison Wood	0	0

As at 27 February 2025, the non-executive Directors' interests in shares had not changed since the end of the period under review.

Post-employment share ownership guideline mechanics

All Executive Directors, including future Directors, are required to build their shareholding through vesting of executive share award in a Global Nominee over time to ensure policy compliance with share ownership guidelines, including post-employment guidelines. Mechanisms are in place to restrict the sale or transfer of vested shares held in the Nominee that are subject to (i) post-vesting holding periods and (ii) shareholder ownership guidelines on cessation of employment.

Executive Directors' share plans (audited)

Pete Raby

LTIP

	Plan	As at 1 January 2024	Allocations during the year	Vested during the year	Lapsed during the year	As at 31 Dec 2024	Market price at date of allocation	Market price at date of vesting	Performance period
No further performance conditions, vested (subject to 2-year post-vesting holding)	2021	276,486	–	40,975	235,511	–	315.30p	285.20p	01.01.21 – 31.12.23
No further performance conditions, not yet vested	2022	414,320	–	–	–	414,320	287.70p	–	01.01.22 – 31.12.24
Subject to performance conditions	2023	412,782	–	–	–	412,782	300.40p	–	01.01.23 – 31.12.25
	2024	–	446,366	–	–	446,366	289.00p	–	01.01.24 – 31.12.26

Share options

	Plan	As at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 Dec 2024	Option price at grant	Market price at date of vesting/exercise	Maturity period
Subject to continued service	Sharesave	4,285	–	–	–	4,285	210.00p	–	01.12.25 – 31.05.26

Total interests in share plans

As at 1 January 2024	As at 31 December 2024
1,233,017[1,2]	1,441,024[2,3]

1. Includes 2021 deferred bonus award.
2. Includes 2022 and 2023 deferred bonus awards.
3. Includes 2024 deferred bonus award.

Richard Armitage

LTIP

	Plan	As at 1 January 2024	Allocations during the year	Vested during the year	Lapsed during the year	As at 31 Dec 2024	Market price at date of allocation	Market price at date of vesting	Performance period
No further performance conditions, not yet vested	2022	207,587	–	–	–	207,587	307.10p	–	01.01.22 – 31.12.24
Subject to performance conditions	2023	220,705	–	–	–	220,705	300.40p	–	01.01.23 – 31.12.25
	2024	–	238,588	–	–	238,588	289.00p	–	01.01.24 – 31.12.26

Share options

	Plan	As at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 Dec 2024	Option price at grant	Market price at date of vesting	Maturity period
Subject to continued service	Sharesave	4,285	–	–	–	4,285	210.00p	–	01.12.25 – 31.05.26

Total interests in share plans

As at 1 January 2024	As at 31 December 2024
443,964[1]	716,140[2]

1. Includes 2023 deferred bonus award.
2. Includes 2023 and 2024 deferred bonus award.

Details of plans

LTIP

	Details
LTIP	The performance conditions attached to the 2022 awards are set out on page 99. The performance conditions attached to the 2023 awards are on the same basis as the 2022 awards, except that the EPS range was amended to 4–11%. The performance conditions attached to the 2024 awards are set out on page 100.
LTIP-CSOP	LTIP 2022, 2023 and 2024: The awards were structured as LTIP awards in the form of a conditional award of free shares.

UK Sharesave

	Details
	HMRC-approved all-employee Sharesave scheme. Exercise price set at 20% discount to share price on date of grant. Options mature after the three-year savings period and must be exercised within six months of vesting. Details of options held by Directors under Sharesave are outlined in the individual Director shareholding tables above.

Deferred Bonus Plan

	Details
	Mandatory deferral of one-third of gross bonus result relating to the previous year, which is provided as a conditional award of shares of equivalent value. The award vests on the third anniversary of the award date and is subject to forfeiture if the Executive Director leaves before the vesting date. The award is also subject to malus and clawback provisions.

Other transactions involving Directors are set out in note 26 (Related parties) to the consolidated financial statements. This Report was approved by the Board on 27 February 2025.

Remuneration governance

Remuneration Committee role

The Remuneration Committee determines, and agrees with the Board, the framework and policy for the remuneration, including pension rights and any compensation payments, of the Group's Executive Directors and the Chairman. The Committee also reviews the remuneration in relation to other senior executives and is kept fully informed of Remuneration Policy decisions impacting the wider workforce. The Committee's terms of reference are available on the Group's website.

The Remuneration Committee consults the CEO and invites him to attend meetings when appropriate. The Group Human Resources Director, the Group Head of Reward and Ellason LLP, the Committee's independent advisor, attend meetings of the Committee by invitation.

The Committee also has access to advice from the CFO. The Company Secretary acts as secretary to the Committee. No Executive Director or other attendee is present when his or her own remuneration is being discussed.

Remuneration Committee membership

The Remuneration Committee is currently composed of four non-executive Directors and the Chairman of the Company. Each of the non-executive Directors is regarded by the Board as independent. The Chairman of the Company was considered independent upon appointment. Attendance at meetings by individual members is detailed in the Corporate Governance Report on page 61.

Key activities during 2024

During 2024, the key areas of focus for the Committee were:

- Reviewing the Remuneration Policy, and consulting with our largest shareholders, ahead of presenting it to shareholders for approval at the 2025 Annual General Meeting. Following its review, the Committee concluded that the Policy remains appropriate and relevant in supporting the Company's strategy and promoting long-term sustainable success;
- Determining whether targets for the 2023 bonus and 2021 LTIP were achieved, and, if so, to what extent (plus assessment of any windfall gains associated with the 2021 LTIP);
- Having reviewed the remuneration of the wider workforce, determining remuneration for Executive Directors and other senior executives, applying consistent guiding principles;
- Reviewing whether the measures and structure for the bonus and share incentive schemes remain appropriate, as well as reviewing the overall effectiveness of such schemes;
- Reviewing and agreeing Executive Director personal objectives for 2025;
- Receiving reports on share awards to employees, and employee participation in the Sharesave scheme;
- Reviewing feedback from institutional investors ahead of the Company's 2024 AGM;
- Reviewing Executive Director share ownership guidelines, and Directors' holdings against the guidelines;
- Receiving regulatory and governance updates, and receiving reports on external market remuneration practices;
- Reviewing and discussing the Company's annual Gender Pay Gap Report;

- Appraising the independent remuneration advisor's performance and reviewing the terms of engagement;
- Approving the Chair's 2025 fees;
- Determining performance targets for the 2024 bonus;
- Determining performance targets for the 2025 share incentive schemes; and
- Reviewing the Committee's terms of reference.

Committee performance evaluation

The Committee's performance was reviewed as part of the Board evaluation (see page 69 for details). It was concluded that the Committee had operated effectively during the period under review.

Committee advisor

Ellason LLP was appointed as the Committee's executive remuneration advisor from 1 January 2021. Ellason specialises in executive remuneration advice and during 2024 provided independent advice on Remuneration Policy, performance measurement, the setting of incentive targets, TSR analysis and the structure of long-term incentives, and provided market data in respect of senior executive remuneration and non-executive Director fees. Ellason reports directly to the Chair of the Remuneration Committee, does not provide any non-remuneration-related services to the Group, has no other connections either with Morgan Advanced Materials or any of its individual Directors, and is considered to be independent.

Ellason is a signatory to the Remuneration Consultants Group's voluntary Code of Conduct.

Fees paid during the year to advisors for advice to the Remuneration Committee, charged on a time and materials basis, were as follows:

Advisor	Fees (including expenses, excluding VAT)
Ellason	£50,403

Summary of shareholder voting

The following table shows the results of the binding vote on the 2022 Remuneration Policy (at the 2022 AGM) and the advisory vote on the 2023 Annual Report on Remuneration at the 2024 AGM:

Resolution	For	Against	Withheld
Remuneration Policy	96.45%	3.55%	98,036
Annual Report on Remuneration	99.11%	0.89%	11,637

Compliance statement

During the year under review, the Company has complied with the provisions relating to Directors' remuneration in the UK Corporate Governance Code. This Remuneration Report has been prepared in accordance with the Companies Act 2006 (as amended) and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). In accordance with Section 439 of the Companies Act 2006, an advisory resolution to approve the Annual Report on Remuneration will be proposed at the AGM on 8 May 2025.

Signed on behalf of the Board

Helen Bunch
Committee Chair

Other disclosures

The Directors' Report is required to be produced by law. The Financial Conduct Authority (FCA)'s Disclosure Guidance and Transparency Rules (DTRs) and Listing Rules (LRs) also require the Company to make certain disclosures.

Pages 57 to 114 inclusive (together with the sections of the Annual Report incorporated by reference) constitute a Directors' Report that has been drawn up and presented in accordance with applicable law, and the liabilities of the Directors in connection with that Report are subject to the limitations and restrictions provided by that law.

The Company

Legal form of the Company

Morgan Advanced Materials plc is a company incorporated in England and Wales with company number 00286773.

Name change

The Company changed its name to Morgan Advanced Materials plc (from The Morgan Crucible Company plc) on 27 March 2013.

Annual General Meeting (AGM)

The Company's 2025 AGM will be held on 8 May 2025, commencing at 10:30am at York House, Sheet Street, Windsor, SL4 1DD. A circular incorporating the 2025 Notice of AGM is available in the 'Invest in us' section of morganadvancedmaterials.com.

Statutory disclosures

Amendment of the Articles of Association

The Company's constitution, known as the Articles of Association ('the Articles'), is essentially a contract between the Company and its shareholders, governing many aspects of the management of the Company. It deals with matters such as the rights of shareholders, the appointment and removal of Directors, the conduct of the Board and general meetings and communications by the Company.

The Articles may be amended by special resolution of the Company's shareholders.

Appointment and replacement of Directors

The Articles provide that the Company may by ordinary resolution at a general meeting appoint any person to act as a Director, provided that notice is given of the resolution identifying the proposed person by name and that the Company receives written confirmation of that person's willingness to act as Director if he or she has not been recommended by the Board. The Articles also empower the Board to appoint as a Director any person who is willing to act as such.

The maximum possible number of Directors under the Articles is 15. The Articles provide that the Company may by special resolution, or by ordinary resolution of which special notice is given, remove any Director before the expiration of his or her period of office. The Articles also set out the circumstances in which a Director shall vacate office. The Articles require that at each AGM any Director who was appointed after the previous AGM must be proposed for election by the shareholders. Additionally, any other Director who has not been elected or re-elected at one of the previous two AGMs must be proposed for re-election by the shareholders. The Articles also allow the Board to select any other Director to be proposed for re-election. In each case, the rules apply to Directors who were acting as Directors on a specific date selected by the Board. This is a date not more than 14 days before, and no later than, the date of the Notice of AGM.

Notwithstanding the provisions of the Articles, all the Directors will stand for election or re-election on an annual basis in compliance with the provisions of the UK Corporate Governance Code ('the Code'). Details of the skills, experience and career history of Directors in post as at the date of this Report, and the Board Committees on which they serve, can be found on pages 59 and 60.

Results and dividends

Revenue was £1,100.7 million (2023: £1,114.7 million) and operating profit was £103.6 million (2023: £91.9 million).

Total profit (attributable to owners of the parent and non-controlling interests) for the year ended 31 December 2024 was £58.8 million (2023: £56.3 million). Profit before taxation for the same period was £84.6 million (2023: £77.8 million).

Basic earnings per share from continuing operations was 17.7 pence (2023: 16.4 pence). Capital and reserves at the end of the year were £389.3 million (2023: £398.6 million). The total profit of £58.8 million (2023: £56.3 million) will be transferred to equity.

The Directors recommend the payment of a final dividend of 6.8 pence per share on the Ordinary share capital of the Company, payable on 13 May 2025 to shareholders on the register at the close of business on 11 April 2025. Together with the interim dividend of 5.4 pence per share paid on 15 November 2024, this final dividend, if approved by shareholders, brings the total distribution for the year to 12.2 pence per share (2023: 12.0 pence).

Directors

All those who served as Directors at any time during the year under review are set out on pages 59 and 60. Laurence Mulliez also served as a Director up until 1 November 2024.

Powers of the Directors

Subject to the Company's Articles, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

Directors' interests

Details of Directors' interests (and their connected persons' beneficial interests) in the share capital of the Company are listed on page 106.

Directors' indemnities

The Company has entered into separate indemnity deeds with each Director containing qualifying indemnity provisions, as defined in Section 236 of the Companies Act 2006, under which the Company has agreed to indemnify each Director in respect of certain liabilities which may attach to each of them as a Director or as a former Director of the Company or any of its subsidiaries.

The indemnity deeds were in force during the financial year to which this Directors' Report relates and are in force as at the date of approval of the Directors' Report.

Engagement with customers, suppliers and others

Details of how the Directors have had regard to the need to foster the Company's business relationships with customers, suppliers and others, and the effect of that regard including on the principal decisions taken by the Group during the year, are set out on pages 20 and 21 and pages 22 and 23 of the Strategic Report and on page 68 of the Corporate Governance Report.

Information required by LR 6.6.1

The information required to be disclosed by Listing Rule 6.6.1 can be found in the following locations:

Publication of unaudited financial information	On 5 November 2024, the Company published its trading update stating that adjusted operating profit margin* (AOP) for the year was expected to be c.11.4%. Actual AOP margin was 11.7%.
Details of any long-term incentive schemes	Remuneration Report.
Shareholder waiver of dividends	Financial Statements, note 19.
Shareholder waiver of future dividends	Financial Statements, note 19.

The remaining disclosures required by LR 6.6.1 are not applicable to the Company.

Overseas branches

As at 31 December 2024, the Company had branches as follows:

- Morgan AM&T BV (Sweden and Belgium).
- Carbo San Luis SA (Chile).
- Carbo San Luis SA (Peru) (in liquidation).
- Morgan Advanced Materials Industries Ltd (UAE).
- Morgan Advanced Materials plc (Belgium).
- Thermal Ceramics UK Limited (Sweden).

People

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Engagement with employees – principal decisions

Details of how the Directors have engaged with UK employees can be found on page 20 of the Strategic Report. Details of how the Directors had regards to the interests of UK employees and the effect of that regard on principal decisions taken by the Group during the financial year can be found on pages 22 to 24 of the Strategic Report.

Details of how Morgan Advanced Materials encourages employee involvement can be found in pages 20, 22 to 23, 30 to 32 and 63 to 64.

Employment of disabled people

The Group has a range of employment policies which set out the standards, processes, expectations and responsibilities of its people and the organisation. These policies are designed to ensure that everyone, including those with existing or new disabilities, visible or invisible, are dealt with fairly and have equal opportunity.

Morgan Advanced Materials promotes equal opportunities for all employees and job applicants and does not unlawfully discriminate. The Group makes reasonable adjustments to accommodate any employee who may have a disability within the meaning of all global equality legislation, and where the Group is aware of such disability.

Research and development

The Group incurred £31.1 million in operating costs in respect of research and development (2023: £32.9million). The Group did not capitalise any development costs in 2024 (2023: £nil). The Group has established four Centres of Excellence (CoE), which are dedicated to driving materials development, to exacting customer specifications, and delivering performance through materials and production process innovation. The CoEs consolidate the Group's R&D efforts around its core technologies, to increase the effectiveness of our R&D spend, accelerate key projects and increase technical differentiation. The CoE focus on the strategic execution priorities for the global business units and the Group.

Greenhouse gas emissions, energy consumption and energy efficiency

Details of the Group's annual greenhouse gas emissions, energy consumption and energy efficiency are shown in the Strategic Report on page 42.

Political donations

No political donations have been made. Morgan Advanced Materials has a policy of not making donations to any political party, representative or candidate in any part of the world.

Charitable donations

Morgan Advanced Materials made donations of £162,180 (2023: £42,825) to local charities and community activities in various countries.

Future developments

An indication of likely future developments of the Group is included in the 'Market Environment' and the 'Our financial framework guides our strategic execution' sections of the Strategic Report.

Financial instruments

Details of the Group's use of financial instruments, together with information on policies and exposure to price, liquidity, cash flow, credit, interest rate and currency risks, can be found in note 21 to the consolidated financial statements. All information detailed in this note is incorporated into the Directors' Report by reference and is deemed to form part of the Directors' Report.

Share capital and related matters

Share capital

The Company's share capital as at 31 December 2024 is set out in note 19 to the consolidated financial statements. The rights and obligations attaching to the Company's Ordinary shares, and restrictions on the transfer of shares in the Company (which include specific circumstances in which the Board is entitled to refuse to register the transfer of shares), are set out in the Articles.

Shareholders' rights

The holders of Ordinary shares are entitled to receive dividends, when declared, to receive the Company's reports and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Additionally the Company has authorised, issued and fully paid 437,281 (2023: 437,281) cumulative Preference shares classified as borrowings totalling £0.4 million (2023: £0.4 million). The Preference shares comprise 125,327 of 5.5% Cumulative First Preference shares of £1 each and 311,954 issued 5.0% Cumulative Second Preference shares of £1 each.

Details of the structure of the Company's Preference share capital and the rights attaching to the Company's Preference shares are set out in note 19 to the consolidated financial statements.

Share allotment and repurchase authorities

The Directors were granted authority at the 2024 AGM to allot shares in the Company and to grant rights to subscribe for or convert any securities into shares in the Company up to an aggregate nominal amount of £23,780,832 in any circumstances. This amount represented approximately one-third of the Company's issued share capital prior to that meeting. The Directors were also authorised to allot shares and to grant rights up to an aggregate nominal amount of £47,561,664 in connection with a rights issue only (but such amount to be reduced by any allotments made under the first limb of the authority). This amount represented approximately two-thirds of the Company's issued share capital prior to the meeting.

The Directors were also empowered at the 2024 AGM to allot shares for cash on a non-pre-emptive basis, both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum aggregate nominal amount of £7,134,249. Such amount represented approximately 10% of the Company's issued share capital as it stood prior to the meeting in line with the Pre-Emption Group's Statement of Principles on disapplying pre-emption rights. As permitted by those Principles, the Directors were also empowered to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or a specified capital investment.

The Directors were also authorised at the 2024 AGM to repurchase shares in the capital of the Company up to a maximum aggregate number of 28,536,998 shares. This represented approximately 10% of the Company's issued share capital prior to the meeting. During the year, the Company utilised the above authority to undertake market purchases in relation to the share buyback programme announced on 5 November 2024 of 1,825,090 Ordinary shares (representing 0.64% of the issued share capital of the Company as at 31 December 2024). The aggregate nominal value of the shares purchased was £0.4 million and the total aggregate amount paid was £4.7 million (excluding expenses). Of the total purchased, 1,745,423 shares were cancelled in 2024 and the remaining 79,667 were cancelled in early 2025.

These share capital authorities and powers are due to lapse at the 2025 AGM at which time the Board will seek fresh authorities and powers.

Employee share and share option schemes

The Company operates a number of employee share and share option schemes. Details of outstanding share awards and share options are given in note 23 to the consolidated financial statements.

All the Company's share schemes contain provisions relating to a change of control. Outstanding options and awards would normally vest and become exercisable on a change of control, subject to being pro-rated for time and to the satisfaction of any performance conditions at that time.

The trustees of the Morgan Advanced Materials General Employee Benefit Trust have absolute and unfettered discretion in relation to voting any shares held in the Trust at any general meeting. Their policy is not to vote the shares. If any offer is made to shareholders to acquire their shares, the trustees will have absolute and unfettered discretion as to whether to accept or reject the offer in respect of any shares held by them.

Transactions, contractual arrangements and post balance sheet events

Significant agreements – change of control

The Group has a number of borrowing facilities provided by various financial institutions.

The facility agreements generally include change of control provisions which, in the event of a change in ownership of the Company, could result in their renegotiation or withdrawal.

The most significant of such agreements are the UK £230 million multi-currency revolving credit facility agreement, which was signed on 18 November 2022, the privately placed Note Purchase and Guarantee Agreements signed on 27 October 2016, 20 March 2017 and 23 May 2023, for which the aggregate outstanding loan amounts are US$172 million, €60 million, the €92 million Schuldschein loan agreement signed on 16 June 2023 and the €150 million Term loan agreement signed on 4 December 2024.

There are a number of other agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts and joint venture agreements. No such individual contract is considered to be significant in terms of its potential impact on the business of the Group as a whole.

Post balance sheet events

There were no reportable subsequent events following the balance sheet date.

Major shareholdings

As at the date of this Report, insofar as it is known to the Company by virtue of notifications made in accordance with DTR 5, the table below sets out holders of notifiable interests representing 3% or more of the issued Ordinary share capital of the Company (such holdings may have changed since notification to the Company).

	As at 31 December 2024	
	Number of Ordinary shares	Percentage of issued share capital
Ameriprise Financial Inc., and its group	24,186,489	8.53
GLG Partners LP	18,207,124	6.42
BlackRock, Inc.	17,664,857	6.23
Janus Henderson Group plc	14,540,443	5.13
Aberforth Partners LLP	14,338,459	5.06
Black Creek Investment Management Inc.	14,269,458	5.03
FIL Limited	14,270,501	5.03
M&G Plc	14,251,115	5.02
AXA Investment Managers SA	14,039,985	4.95

Changes that have been notified to the Company pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules between the end of the period under review and 27 February 2025, the latest practicable date prior to the date of this Report, are set out below:

	Number of Ordinary shares	Percentage of issued share capital
BlackRock, Inc.	17,955,074	6.36

Reporting, accountability and audit

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent company financial statements for each financial year. Under that law they are required to prepare the Group consolidated financial statements in accordance with United Kingdom adopted international accounting standards and applicable law and have elected to prepare the Parent company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of their profit or loss for that period.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- For the Group consolidated financial statements, state whether they have been prepared in accordance with United Kingdom adopted international accounting standards.
- Assess the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- For the Parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent company financial statements. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.
- Prepare the financial statements on the going concern basis of accounting unless they intend to liquidate the Group or the Parent company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

Other disclosures continued

In its reporting to shareholders, the Board is satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy as required by the Code.

The Directors as at the date of this Report, whose names and functions are set out on pages 59 and 60, confirm that, to the best of their knowledge:

- The Group's consolidated financial statements, which have been prepared in accordance with United Kingdom adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The management report (comprising the Directors' Report and the Strategic Report) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Scope of the reporting in this Annual Report

The Board has prepared a Strategic Report which provides an overview of the development and performance of the Group's business in the year ended 31 December 2024.

For the purposes of DTR 4.1.5R(2) and DTR 4.1.8, the Directors' Report on pages 58 to 114 and the Strategic Report on pages 2 to 56 comprise the management report, including the sections of the Annual Report and consolidated financial statements incorporated by reference.

Each Director holding office at the date of approval of this Directors' Report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Strategic Report, the Directors' Report and the Remuneration Report were approved by the Board on 27 February 2025.

For and on behalf of the Board

Winifred Chime
Company Secretary

27 February 2025

Morgan Advanced Materials plc
York House
Sheet Street
Windsor
Berkshire SL4 1DD

Registered in England and Wales,
No. 00286773

Independent Auditor's Report

Report on the audit of the financial statements

1. Opinion

In our opinion:

- The financial statements of Morgan Advanced Materials plc (the 'Company') and its subsidiaries (the 'Group') 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 profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The consolidated income statement;
- The consolidated statement of comprehensive income;
- The consolidated and Company balance sheets;
- The consolidated and Company statements of changes in equity;
- The consolidated statement of cash flows;
- The consolidated material accounting policy information;
- The Company material accounting policy information; and
- The related notes 1 to 45.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company. The non-audit services provided to the Group and the Company for the year are disclosed in note 4 to the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: - Inventory valuation; and - Revenue recognition cut off. Within this report, key audit matters are identified as follows: ! Newly identified ◆ Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £5.6m which was determined on the basis of 5.2% of profit before tax and specific adjusting items.
Scoping	We performed audit procedures across 29 reporting components in accounting for 74% of revenue, 74% of profit before tax, and 75% of net assets.
Significant changes in our approach	We determined that revenue recognition cut off is a key audit matter for 2024 driven by the trading update issued towards the end of the financial year on 5 November 2024, which identified a weakening of market conditions. We also concluded that impairment of non-financial assets is not a key audit matter in the current year as the value of assets subject to impairment was significantly reduced following impairments incurred in previous years. The key audit matter identified last year relating to the cyber security incident is no longer a key audit matter. This follows the restoration of access to some of the affected systems and implementation of new systems at the other sites including those most impacted.

4. 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:

- Obtaining an understanding of the financing facilities including nature of facilities, repayment terms and covenants;
- Obtaining an understanding of the key controls around the budgeting and forecasting process used in the preparation of the going concern analysis and disclosures;
- Challenging the assumptions used in the Board approved forecasts by reference to historical performance and other supporting evidence such as market data;
- Recalculation of the amount of headroom in the forecasts (in liquidity terms and against the relevant covenant limits);
- Assessing the appropriateness of the sensitivity analysis and reverse stress tests performed by management;
- Assessing the impact of macro-economic conditions on the business; and
- Assessing the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

5. 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.

5.1. Inventory valuation

Key audit matter description	The Group manufactures various thermal, carbon and technical ceramic products for a diverse range of end-markets. The Group had a material inventory balance of £165.9m as at 31 December 2024 (FY23: £175.1m). There is a risk that inventory is not accurately valued because of system limitations at local manufacturing sites, thereby incorrectly applying the Group's provisioning accounting policy and applying judgement when determining net realisable value of excess and obsolete stock. Significant manual intervention is required and applied to record and value inventory in the Group. In the Consolidated Financial Statements, note 1 sets out the Group's accounting policy for inventory valuation and note 15 provides further analysis of the account balance.
How the scope of our audit responded to the key audit matter	We have performed the following audit procedures in respect of this key audit matter: › Understood local management's inventory provisioning process and obtained an understanding of the relevant controls in management's review of the inventory provision; › Assessed any unusual manual adjustments to inventory; › Assessed the inventory ageing report and evaluated whether the Group accounting policy of fully providing for inventory aged over 12 months has been applied. For inventory aged less than 12 months, we assessed the breakdown of the inventory report by age to evaluate the completeness of applying the Group's policy; › Challenged management's key assumptions in determining inventory provisions, with reference to past data and forecast demand; and › Assessed the mathematical accuracy of the provision by reperforming the calculation based on the key assumptions.
Key observations	Based on the procedures performed, we are satisfied that the valuation of inventory as at 31 December 2024 is appropriate.

5.2. Revenue recognition cut off

Key audit matter description	The Group recognised £1,100.7 million of revenue in the year ended 31 December 2024 (2023: £1,114.7 million). The Group's approach to revenue recognition varies within each global business unit "GBU" of the Group, depending on the specific circumstances of contractual arrangements or terms. Most of the revenue typically arises from short-term arrangements and is satisfied at a point in time when the customer takes control of the products. We have specifically focused on whether sales transactions recorded towards the end of the financial year, including manual adjustments have been recorded in the correct accounting period at certain sites indicating increased risk from trading and performance patterns when compared to earlier in the financial year. Pressure to meet stakeholder expectations following the trading update provided to the market on 5 November 2024, which highlighted weakening market conditions, could provide incentives to record revenues where the performance obligations have not been satisfied and therefore, we consider this to be a key audit matter and a risk of fraud. Note 1 to the consolidated financial statements sets out the Group's accounting policy for revenue recognition and note 3 includes details of the Group's revenue by segment.
How the scope of our audit responded to the key audit matter	We have performed the following audit procedures in respect of this key audit matter: › Understood local management's revenue recognition process and obtained an understanding of the relevant controls in management's review of when revenue should be recognised; › Performed testing on a sample of sales transactions, inspecting supporting documentation such as delivery notes, sales invoices and customer orders to identify if the transactions were recorded in the correct financial year, with a focus around the year-end; › Assessed manual adjustments made to revenue at year end and traced them to appropriate audit evidence evaluating whether revenue was recorded in the appropriate accounting period; and › Evaluated credits notes issued to customers just after the financial year end to determine if they are valid, supported by appropriate audit evidence and recorded in the correct financial period.
Key observations	Based on the procedures performed, we are satisfied that revenue has been recognised appropriately for the financial year ended 31 December 2024.

6. Our application of materiality

6.1. Materiality

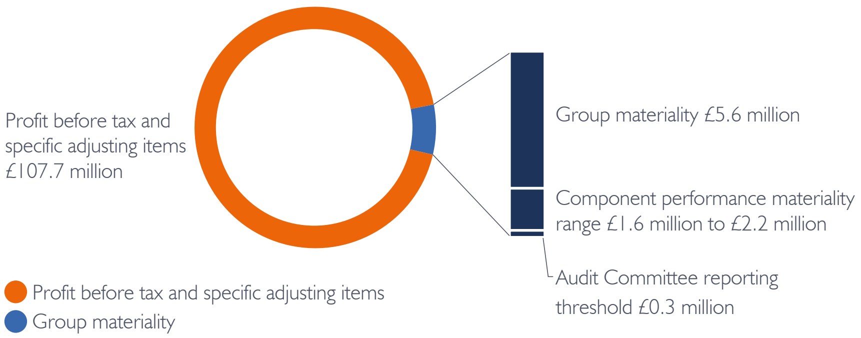
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£5.6 million (2023: £5.5 million)	£3.4 million (2023: £3.3 million)
Basis for determining materiality	Materiality was based on 5.2% (FY23: 5.3%) of profit before tax and specific adjusting items described in note 6.	Materiality was determined based on the Company's net assets (3%). This was then capped at 60% of Group materiality (FY23: 3% of net assets capped at 60% of Group materiality).
Rationale for the benchmark applied	Profit before tax and specific adjusting items is a key metric for users of the financial statements and reflects the way business performance is reported and assessed by external users of the financial statement.	The Company is non-trading and contains investments in the Group's trading components. As a result, we have determined net assets for the current year to be the appropriate basis.

6. Our application of materiality (continued)

6.1. Materiality (continued)



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	65% (2023: 65%) of Group materiality	65% (2023: 65%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our risk assessment, including our understanding of the entity and its overall control environment; b. the quality of the control environment over certain business processes and IT systems; c. the disaggregated nature of the Group and the likelihood of an individually material error; and d. our cumulative experience from prior year audits and level of corrected and uncorrected misstatements identified.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3 million (2023: £0.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The Group operates and manufactures in 60 sites in 20 countries spread across five continents with the largest footprint being in North America, Asia, and Europe. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group and component level.

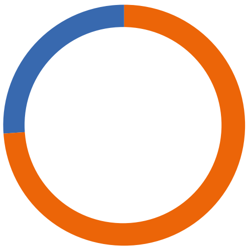
Based on that assessment, we focused our Group audit scope across all of the Global Business Units: Thermal Products, Performance Carbon and Technical Ceramics.

These business units are composed of many individual reporting components, which are the lowest level at which management prepares financial information that is included in the Financial Statements. The Company is located in the UK and is audited directly by the UK Group audit team.

A total of 29 (2023: 29) components were subject to audit procedures on one or more classes of transactions or account balances. Each reporting component in scope for audit procedures, including the Company, was subject to an audit performance materiality level between £1.6 million and £2.2 million (FY23: £1.6 million and £2.2 million). Reporting components in our Group audit scope where procedures were applied on one or more classes of transactions or account balance covered 74% of Group revenue (FY23: 73%), 74% of Group profit before tax (FY23: 74%), and 75% of net assets (FY23: 74%).

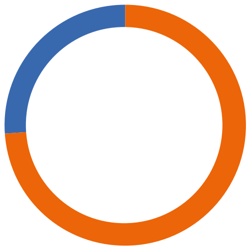
At a Group level, we also applied audit procedures on the consolidation and performed analytical review procedures on components and other account balances that were not subject to direct audit procedures.

Revenue



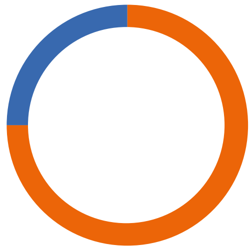
- Subject to audit procedures **74%**
- Review at group level **26%**

Profit before tax



- Subject to audit procedures **74%**
- Review at group level **26%**

Net assets



- Subject to audit procedures **75%**
- Review at group level **25%**

7.2. Our consideration of the control environment

The Group uses a number of different IT systems across the reporting components and the control environment continues to be decentralised and reliant on manual processes. We involved our IT specialists to obtain an understanding of the general IT controls relating to systems relevant to the audit, specifically on access and change management areas of information security.

We obtained an understanding of relevant controls over revenue business processes, inventory valuation, impairment reviews, the financial close and reporting process, and management's review of judgements and estimates. We did not place reliance on controls at any site this year as the control environment continues to mature following the cyber security incident in 2023. Management are continuing work to align the systems of financial control and reporting across the Group, with further improvements required to the IT environment for us to adopt a controls reliance approach to our audit.

Where control deficiencies and improvements were identified in relation to, impairment reviews, IT systems, balance sheet reconciliations and journals review , these were reported to management and the Audit Committee as appropriate. The group continues to invest time in responding to, and addressing, our observations.

7.3. Our considerations of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group has assessed the risk and opportunities relevant to climate change and maintained the climate change related risk, highlighted under the external environment principal risk, across the Group. This risk grading has been maintained at the same level as the prior year and has been considered and embedded into the business as noted in the Strategic Report.

As part of our audit procedures, we have reviewed the Group's environment related risk assessment and held direct enquiries with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. While management has acknowledged that the transition and physical risks posed by climate change have the potential to impact the medium to long-term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates made in the Group Financial Statements as at 31 December 2024 as explained in Note 1 on page 137.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures included reviewing disclosures included in the Strategic Report to consider whether they are materially consistent with the Financial Statements and our knowledge obtained in the audit.

7.4. Working with other auditors

The planned programme which we designed as part of our involvement in the component auditors' work was delivered over the course of the Group audit. The extent of our involvement which commenced from the planning phase included:

- Setting the scope of the component auditors work and assessment of their independence;
- Providing direction on enquiries made by the component auditors at the interim and year end stages through online and telephone conversations, and in-person meetings;
- Group engagement partner-led discussion being held with all component auditors, and involvement in the appropriateness of the design and performance of further audit procedures on higher and significant risk areas, including issuing Group audit instructions detailing the nature and form of the reporting required from component auditors; and
- A review of the component auditors' engagement files by a senior member of the Group engagement team.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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.

10. 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.

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of management, internal audit, the Directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- Any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- The matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: revenue recognition cut off. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition cut off as a key audit matter related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the 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 any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 55 and 56;
- The Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 55 to 64;
- The Directors' statement on fair, balanced and understandable set out on page 113;
- The board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 43;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 77; and
- The section describing the work of the audit committee set out on page 74.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors in June 2019 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 December 2020 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor’s report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Makrakis, ACA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Reading, United Kingdom

27 February 2025

Financial statements

Contents

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 Results before specific adjusting items £m	31 December 2024 Specific adjusting items[1] £m	31 December 2024 Total £m	31 December 2023 Results before specific adjusting items[1] £m	31 December 2023 Specific adjusting items £m	31 December 2023 Total £m
Revenue	3	**1,100.7**	**–**	**1,100.7**	1,114.7	–	1,114.7
Operating costs before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets	4	**(972.3)**	**(18.9)**	**(991.2)**	(994.4)	(25.9)	(1,020.3)
Profit from operations before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets	3	**128.4**	**(18.9)**	**109.5**	120.3	(25.9)	94.4
Amortisation of intangible assets	13	**(1.7)**	**–**	**(1.7)**	(3.3)	–	(3.3)
Impairment of non-financial assets	6	**–**	**(4.2)**	**(4.2)**	–	(7.3)	(7.3)
Reversal of impairment of non-financial assets	6	**–**	**–**	**–**	–	8.1	8.1
Operating profit	3	**126.7**	**(23.1)**	**103.6**	117.0	(25.1)	91.9
Finance income		**2.6**	**–**	**2.6**	3.9	–	3.9
Finance expense		**(21.6)**	**–**	**(21.6)**	(18.0)	–	(18.0)
Net financing costs	7	**(19.0)**	**–**	**(19.0)**	(14.1)	–	(14.1)
Profit before taxation		**107.7**	**(23.1)**	**84.6**	102.9	(25.1)	77.8
Income tax expense	8	**(28.4)**	**2.5**	**(25.9)**	(26.0)	3.8	(22.2)
Profit from continuing operations		**79.3**	**(20.6)**	**58.7**	76.9	(21.3)	55.6
Profit from discontinued operations[2]	9	**–**	**0.1**	**0.1**	–	0.7	0.7
Profit for the year		**79.3**	**(20.5)**	**58.8**	76.9	(20.6)	56.3
Profit for the year attributable to:							
Shareholders of the Company		**70.8**	**(20.5)**	**50.3**	67.9	(20.6)	47.3
Non-controlling interests		**8.5**	**–**	**8.5**	9.0	–	9.0
		79.3	**(20.5)**	**58.8**	76.9	(20.6)	56.3
Earnings per share	10						
Continuing and discontinued operations							
Basic earnings per share				**17.7p**			16.6p
Diluted earnings per share				**17.5p**			16.5p
Continuing operations							
Basic earnings per share				**17.7p**			16.4p
Diluted earnings per share				**17.5p**			16.3p
Dividends[3]							
Interim dividend – pence				**5.4p**			5.3p
– £m				**15.4**			15.1
Proposed final dividend – pence				**6.8p**			6.7p
– £m				**19.3**			19.1

1. Details of specific adjusting items from continuing operations are given in note 6 to the consolidated financial statements.
2. Profits from discontinued operations are entirely attributable to the shareholders of the Company.
3. The proposed final dividend is based upon the number of Ordinary shares outstanding at the balance sheet date.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 £m	31 December 2023 £m
Profit for the year		**58.8**	56.3
Other comprehensive expense:			
Items that will not be reclassified subsequently to income statement:			
Remeasurement gain/(loss) on defined benefit plans	22	**1.3**	(11.5)
Tax effect of components of other comprehensive income not reclassified	8	**(0.6)**	(0.5)
		0.7	(12.0)
Items that may be reclassified subsequently to income statement:			
Foreign exchange translation differences		**(11.0)**	(32.8)
Cash flow hedges:			
Change in fair value		**(0.3)**	1.1
Transferred to income statement		**(1.0)**	0.2
Net investment hedges:			
Change in fair value		**1.7**	(0.3)
		(10.6)	(31.8)
Total other comprehensive expense		**(9.9)**	(43.8)
Total comprehensive income		**48.9**	12.5
Attributable to:			
Shareholders of the Company		**41.4**	6.7
Non-controlling interests		**7.5**	5.8
		48.9	12.5
Total comprehensive income attributable to shareholders of the Company arising from:			
Continuing operations		**41.3**	6.0
Discontinued operations		**0.1**	0.7
		41.4	6.7

Consolidated balance sheet

AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
Assets			
Property, plant and equipment	11	**344.9**	293.8
Right-of-use assets	12	**32.5**	31.6
Intangible assets: goodwill	13	**176.9**	177.5
Intangible assets: other	13	**3.0**	4.7
Investments		**2.0**	2.2
Trade and other receivables	16	**3.6**	3.4
Employee benefits: pensions[1]	22	**13.0**	13.5
Deferred tax assets	14	**21.4**	17.6
Total non-current assets		**597.3**	544.3
Inventories	15	**165.9**	175.1
Derivative financial assets		**1.2**	1.5
Trade and other receivables	16	**189.6**	191.6
Current tax receivable		**2.3**	1.2
Cash and cash equivalents	17	**120.8**	124.5
Total current assets		**479.8**	493.9
Total assets		**1,077.1**	1,038.2
Liabilities			
Borrowings	20	**337.7**	309.1
Lease liabilities	20	**36.1**	36.6
Employee benefits: pensions[1]	22	**34.5**	38.7
Provisions	24	**10.9**	11.5
Non-trade payables	18	**2.8**	2.4
Deferred tax liabilities	14	**2.7**	1.8
Total non-current liabilities		**424.7**	400.1
Borrowings and bank overdrafts	20	**9.3**	0.6
Lease liabilities	20	**11.0**	10.5
Trade and other payables	18	**204.1**	192.0
Current tax payable		**26.6**	25.6
Provisions	24	**9.5**	10.3
Derivative financial liabilities		**2.6**	0.5
Total current liabilities		**263.1**	239.5
Total liabilities		**687.8**	639.6
Total net assets		**389.3**	398.6
Equity			
Share capital	19	**70.9**	71.3
Share premium		**111.7**	111.7
Reserves		**(8.2)**	6.5
Retained earnings		**179.3**	170.8
Total equity attributable to shareholders of the Company		**353.7**	360.3
Non-controlling interests		**35.6**	38.3
Total equity		**389.3**	398.6

The financial statements were approved by the Board of Directors on 27 February 2025 and were signed on its behalf by:

Pete Raby
Chief Executive Officer

Richard Armitage
Chief Financial Officer

1. In the prior year published results the pension assets were presented net within pension liabilities. The prior year figures above have been re-presented to show the pension assets within non current assets and a corresponding increase to the pension liabilities. There is no impact on net profit, net assets or cash flows.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Fair value reserve £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total parent equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2023	71.3	111.7	–	(0.2)	(1.0)	35.7	0.6	170.9	389.0	40.6	429.6
Profit for the year	–	–	–	–	–	–	–	47.3	47.3	9.0	56.3
Other comprehensive expense:											
Remeasurement loss on defined benefit plans and related taxes	–	–	–	–	–	–	–	(12.0)	(12.0)	–	(12.0)
Foreign exchange differences and related taxes	–	–	(29.6)	–	–	–	–	–	(29.6)	(3.2)	(32.8)
Cash flow hedging fair value changes and transfers	–	–	–	1.3	–	–	–	–	1.3	–	1.3
Net investment hedging fair value changes and transfers	–	–	(0.3)	–	–	–	–	–	(0.3)	–	(0.3)
Total other comprehensive income/(expense)	–	–	(29.9)	1.3	–	–	–	(12.0)	(40.6)	(3.2)	(43.8)
Total comprehensive income/(expense)	–	–	(29.9)	1.3	–	–	–	35.3	6.7	5.8	12.5
Transactions with owners:											
Dividends	–	–	–	–	–	–	–	(34.2)	(34.2)	(8.1)	(42.3)
Equity-settled share-based payments	–	–	–	–	–	–	–	2.9	2.9	–	2.9
Own shares acquired for share incentive schemes (net)	–	–	–	–	–	–	–	(4.1)	(4.1)	–	(4.1)
At 31 December 2023	71.3	111.7	(29.9)	1.1	(1.0)	35.7	0.6	170.8	360.3	38.3	398.6
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50.3**	**50.3**	**8.5**	**58.8**
Other comprehensive expense:											
Remeasurement gain on defined benefit plans and related taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.7**	**0.7**	**–**	**0.7**
Foreign exchange differences and related taxes	**–**	**–**	**(10.0)**	**–**	**–**	**–**	**–**	**–**	**(10.0)**	**(1.0)**	**(11.0)**
Cash flow hedging fair value changes and transfers	**–**	**–**	**–**	**(1.3)**	**–**	**–**	**–**	**–**	**(1.3)**	**–**	**(1.3)**
Net investment hedging fair value changes and transfers	**–**	**–**	**1.7**	**–**	**–**	**–**	**–**	**–**	**1.7**	**–**	**1.7**
Total other comprehensive income/(expense)	**–**	**–**	**(8.3)**	**(1.3)**	**–**	**–**	**–**	**0.7**	**(8.9)**	**(1.0)**	**(9.9)**
Total comprehensive income/(expense)	**–**	**–**	**(8.3)**	**(1.3)**	**–**	**–**	**–**	**51.0**	**41.4**	**7.5**	**48.9**
Transactions with owners:											
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(34.5)**	**(34.5)**	**(8.1)**	**(42.6)**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2.8**	**2.8**	**–**	**2.8**
Own shares acquired for share incentive schemes (net)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3.3)**	**(3.3)**	**–**	**(3.3)**
Purchase of own shares for share buyback programme	**–**	**–**	**–**	**–**	**–**	**–**	**(10.0)**	**–**	**(10.0)**	**–**	**(10.0)**
Cancellation of own shares under share buyback programme	**(0.4)**	**–**	**–**	**–**	**–**	**0.4**	**4.5**	**(4.5)**	**–**	**–**	**–**
Purchase of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3.0)**	**(3.0)**	**(2.1)**	**(5.1)**
At 31 December 2024	**70.9**	**111.7**	**(38.2)**	**(0.2)**	**(1.0)**	**36.1**	**(4.9)**	**179.3**	**353.7**	**35.6**	**389.3**

Details of the reserves are provided in note 19.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 £m	31 December 2023 £m
Operating activities			
Profit for the year from continuing operations		**58.7**	55.6
Profit for the year from discontinued operations	9	**0.1**	0.7
Adjustments for:			
Depreciation – property, plant and equipment	11	**34.1**	31.9
Depreciation – right-of-use assets	12	**8.6**	7.6
Amortisation	13	**1.7**	3.3
Net financing costs	7	**19.0**	14.1
Non-cash specific adjusting items included in operating profit		**4.5**	(2.5)
Fair value gain on equity instruments held at FVTPL		**(1.9)**	(0.9)
Profit on sale of property, plant and equipment		**(3.0)**	(1.6)
Income tax expense	8	**25.9**	22.2
Equity-settled share-based payment expense	23	**2.8**	2.9
Cash generated from operations before changes in working capital and provisions		**150.5**	133.3
Increase in trade and other receivables		**(0.5)**	(4.0)
Decrease/(increase) in inventories		**6.7**	(12.3)
Increase in trade and other payables		**8.4**	13.3
Decrease in provisions		**(1.0)**	(3.4)
Payments to defined benefit pension plans (net of IAS 19 pension charges)	22	**(1.1)**	(0.2)
Cash generated from operations		**163.0**	126.7
Interest paid – borrowings and overdrafts		**(17.9)**	(15.5)
Interest paid – lease liabilities		**(2.6)**	(2.4)
Income tax paid		**(29.2)**	(30.3)
Net cash from operating activities		**113.3**	78.5
Investing activities			
Purchase of property, plant and equipment and software		**(96.1)**	(60.4)
Purchase of investments		**(0.1)**	(5.6)
Proceeds from sale of property, plant and equipment		**5.4**	1.8
Grants received for purchase of equipment		**0.5**	0.1
Interest received		**2.6**	3.9
Disposal of investments		**1.7**	–
Net cash from investing activities		**(86.0)**	(60.2)
Financing activities			
Purchase of own shares for share incentive schemes	19	**(3.5)**	(4.7)
Proceeds from exercise of share options	19	**0.2**	0.6
Purchase of own shares for share buyback programme		**(4.7)**	–
Purchase of non-controlling interest		**(5.1)**	–
Increase in borrowings	17	**121.3**	247.2
Repayment of borrowings	17	**(88.0)**	(193.9)
Payment of lease liabilities	17	**(10.6)**	(8.9)
Dividends paid to shareholders of the Company		**(34.5)**	(34.2)
Dividends paid to non-controlling interests		**(8.1)**	(8.1)
Net cash from financing activities		**(33.0)**	(2.0)
Net (decrease)/increase in cash and cash equivalents and overdrafts		**(5.7)**	16.3
Cash and cash equivalents at the start of the year		**124.5**	117.7
Effect of exchange rate fluctuations on cash held		**(7.3)**	(9.5)
Net cash and cash equivalents at the end of the year		**111.5**	124.5

Notes to the consolidated financial statements

1. Material accounting policies, estimates and judgements

Morgan Advanced Materials plc (the 'Company') is a public company limited by shares incorporated in the UK under the Companies Act and is headquartered in the UK. The address of the registered office is given in Shareholder information on page 206. The principal activities of the Company and its subsidiaries and the nature of the Group's operations are set out in the Strategic Report.

The Group's financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group. These consolidated financial statements have been drawn up to 31 December 2024. The Group maintains a 12-month calendar financial year ending on 31 December.

The Group financial statements have been prepared and approved by the Directors in accordance with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the UK. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; these are presented on pages 181 to 199.

Certain line items in the primary statements have been disaggregated to provide greater clarity, and accordingly, the corresponding prior year comparative amounts have been re-presented for consistency and comparability between periods. The comparative period includes £13.5 million of pension assets that were previously presented net within pension liabilities. There is no impact on net profit, net assets or cash flows.

Except for the changes set out in the adoption of new and revised standards section, the accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

Material accounting policies

Measurement convention

The financial statements are prepared on the historical cost basis except for derivative financial instruments and financial instruments designated as fair value through other comprehensive income ('FVOCI').

Functional and presentation currency

The Group's financial statements are presented in pounds sterling, which is the Company's functional currency.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Acquisitions

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill as the acquisition-date fair value of the consideration transferred, including the amount of any non-controlling interest in the acquiree, less the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed, including contingent liabilities as required by IFRS 3.

Consideration transferred includes the fair values of assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, equity interests issued by the Group, contingent consideration and share-based payment awards of the acquiree that are replaced in the business combination. Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration that is not classified as equity is recognised in the income statement.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

(iii) Transactions eliminated on consolidation

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. Material accounting policies, estimates and judgements (continued)

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to pounds sterling at foreign exchange rates ruling at the dates the fair values are determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to pounds sterling at foreign exchange rates ruling at the balance sheet date. The revenue, expenses and cash flows of foreign operations are translated to pounds sterling at an average rate for the period where this approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation since the adoption of IFRS are recognised directly in other comprehensive income and accumulated in the translation reserve.

Specific adjusting items

The Group presents specific adjusting items separately in the consolidated income statement. These are items which occur infrequently and are presented separately in the consolidated income statement due to their nature and size. The Directors consider disclosure of specific adjusting items necessary for the users of the financial statements to obtain an alternative understanding of the financial information and underlying performance of the business.

Revenue

Revenue is recognised as or when the Group satisfies a contractual performance obligation by transferring a promised good or service to a customer. The Group's principal performance obligation is the provision of products and components, and is satisfied at a point in time and subject to payment terms typical to the geography in which the business operates. For goods that are collected by the customer, revenue is recognised at the point the customer has taken physical possession of the goods. For contracts that include delivery of goods, the delivery element of the contract constitutes a separate performance obligation because it is distinct. For these contracts, control of the goods does not transfer to the customer until the goods have been delivered and therefore both performance obligations are satisfied simultaneously. Revenue for these contracts is therefore recognised on delivery.

Substantially, all of the Group's revenue is derived from short-term contracts for the provision of products and components. A smaller portion of the Group's revenue relates to project-based business, principally within the Thermal Products GBU. Revenue for these contracts is recognised in line with fulfilment of contractual performance obligations stated in the contract.

Revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The transaction price is determined as the amount receivable for the provision of products and components excluding rebates, discounts and similar items. Determining the transaction price does not require significant judgement. The costs incurred in obtaining contracts are not material and the Group acts as a principal in its transactions with customers.

IFRS 15 Revenue from Contracts with Customers requires revenue to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group discloses revenue disaggregated by geography, end-market and by GBU, which are aligned by product type, in note 3 to the consolidated financial statements.

Research and development

The Group undertakes research and development activities as part of continual improvement of existing products and exploring new products. Expense relating to the research phase is recognised in the income statement as incurred. During the development phase the Group applies the research to improve existing products or offer new products by solving technical problems. Expense relating to development is capitalised where the expense can be reliably measured, the asset created is technically and commercially feasible, the Group intends to complete and use or sell the asset and future economic benefits are probable. Expense which does not meet the capitalisation criteria is expensed as incurred.

Finance income and expense

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, gains and losses on hedging instruments that are recognised in the income statement, interest on IFRS 16 lease liabilities and net interest on IAS 19 pension assets and IAS 19 obligations. Interest income is recognised in the income statement as it accrues, using the effective interest method.

1. Material accounting policies, estimates and judgements (continued)

Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Discontinued operations

Where the Group has disposed of or has classified as held-for-sale a business component which represents a separate major line of business or geographical area of operations, it classifies such operations as discontinued. The post-tax profit or loss of the discontinued operations is shown as a single line on the face of the consolidated income statement, separate from the results of the rest of the Group.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (for example rebalances the hedge) so that it meets the qualifying criteria again. The Group designates the full change in the fair value of a forward contract (for example including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 21 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 19.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in the income statement.

Where hedging gains or losses are recognised in income statement, they are recognised in the same line as the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

1. Material accounting policies, estimates and judgements (continued)

Cash flow hedges (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to the income statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the income statement.

Net investment hedge accounting

The Group uses foreign currency denominated borrowings as a hedge against translation exposure on the Group's net investment in overseas companies. Where the hedge is fully effective at hedging, the variability in the net assets of such companies caused by changes in exchange rates and the changes in value of borrowings are recognised in other comprehensive income and accumulated in the translation reserve. The ineffective part of any changes in value caused by changes in exchange rates is recognised immediately in the income statement.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset. Gains and losses on the disposal of property, plant and equipment are recognised in 'Operating costs before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets' in the income statement.

(ii) Depreciation of owned assets

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The estimated useful lives are as follows:

Buildings	50 years
Plant, equipment and fixtures	3–20 years

Leasing

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (defined as leases of a value of less than USD5,000 at lease commencement). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

(i) Lease liabilities

The lease liability is initially measured at the present value of future lease payments, discounted by using an incremental borrowing rate for the relevant geographical region. The lease payments included in the lease liability comprise fixed lease payments, variable payments that depend on an index or rate and any payments due under lease extension, termination or purchase options to the extent they are assessed as reasonably certain.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a lease modification, a change in lease term or there is a significant event or change in circumstances resulting in a change in the assessment or exercise of other lease variables, such as purchase options. A remeasurement will also occur when the lease payments change due to changes in index rates.

1. Material accounting policies, estimates and judgements (continued)

(ii) Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

(iii) Depreciation of right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of assets, liabilities and contingent liabilities acquired.

Goodwill is allocated to groups of cash-generating units and is not amortised but tested at least annually for impairment. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount of the unit or group, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit or group and then to reduce the carrying amount of the other intangibles and other assets of the unit or group on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Capitalised development costs	3 years
Computer software	3–10 years
Customer relationships	15–20 years
Technology and trademarks	15–20 years

When the Group incurs configuration and customisation costs as part of a cloud-based software-as-a-service agreement which do not result in the creation of an asset that the Group has control over, then these costs are expensed.

Impairment of non-financial assets, excluding goodwill

The carrying amounts of the Group's assets and cash-generating units are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset or cash-generating unit's recoverable amount is estimated.

The recoverable amount of other assets and cash-generating units is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is recognised immediately in the income statement.

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. A reversal of an impairment loss is recognised immediately in the income statement to the extent that the asset's or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1. Material accounting policies, estimates and judgements (continued)

Trade and other receivables

The Group's trade receivables are held for collection under IFRS 9 and are initially recorded at transaction price and subsequently measured at amortised cost less allowances for expected credit losses ('ECL').

The ECL are calculated in accordance with the simplified approach under IFRS 9 by applying lifetime historical credit loss experience to trade receivables. The expected credit loss rate is adjusted to account for overdue debts and to reflect current economic conditions and future default rates. Trade receivables more than 180 days past due are generally considered not recoverable and a 100% loss allowance is recognised, except where historical experience with certain customers or geographies indicates otherwise. The loss is recognised in the income statement.

Trade receivables are written off when recoverability is assessed as being remote. Subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash deposits. Cash deposits include demand deposits and short-term investments with maturities of three months or less. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purposes of the Group statement of cash flows.

Trade and other payables

Trade and other payables are recognised initially at transaction price. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Pensions and other long-term service benefits

(i) Defined contribution plans

For defined contribution plans, the Group pays contributions to either publicly or privately administered pension plans, and the Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

A defined benefit plan is any retirement plan which is not a defined contribution plan. Typically, defined benefit plans define an amount of retirement benefit that an employee will receive, usually depending on one or more factors such as age, years of service and earnings.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA-credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. Remeasurement gains and losses, differences between the interest income and actual returns on assets, and the effect of changes in actuarial assumptions, are recognised in full in other comprehensive income in the year in which they arise.

1. Material accounting policies, estimates and judgements (continued)

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, or similar approximation, and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AA-credit-rated bonds that have maturity dates approximating the terms of the Group's obligations.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Provisions, contingent liabilities and contingent assets

A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event and there is probable outflow of resources which can be reliably measured and will be required to settle the obligation. Provisions are recognised at an amount equal to the best estimate of the expenditure required to settle the Group's liability. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate reflective of the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A contingent liability is disclosed, where significant, if the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. A contingent liability is not disclosed if the likelihood of a material outflow in excess of any amounts provided is considered remote. Obligations arising from restructuring plans are recognised when detailed formal plans have been established and when there is a valid expectation that such a plan will be carried out. The Group's contingent liabilities are reviewed on a regular basis.

A contingent asset is not recognised but is disclosed, where significant, if an inflow of economic benefit is probable.

Preference share capital

Preference share capital is classified as a financial liability within borrowings if the substance of the shares does not contain an equity element. Dividends on Preference share capital are classified as finance charges within the consolidated income statement.

Share capital

Ordinary shares are classified as equity.

Purchase of own shares

Shares purchased by The Morgan General Employee Benefit Trust ('the Trust') are used to satisfy share awards under the Group share scheme plans. The consideration paid which includes directly attributable costs is net of any tax effects and is recognised as a deduction from equity. Shares purchased by the Company as part of the share buyback programme are cancelled, the nominal value of the shares is transferred from share capital to the capital redemption reserve and retained earnings are reduced by the value of the consideration paid.

Dividends

Equity dividends on Ordinary share capital are recognised as a liability in the Company's financial statements on the date that the shareholder's right to receive payment is established. Dividends declared after the balance sheet date are not recognised as there is no present obligation at the balance sheet date.

1. Material accounting policies, estimates and judgements (continued)

Critical accounting judgements and key sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 6: Specific adjusting items

The Group separately presents specific adjusting items in the consolidated income statement which, in the Directors' judgement, need to be disclosed separately by virtue of their size and incidence in order for users of the consolidated financial statements to obtain an alternative understanding of the financial information and the underlying performance of the business. These are items which occur infrequently and include (but are not limited to):

- Individual restructuring projects which are material or relate to the closure of a part of the business and are not expected to recur;
- Impairment of non-financial assets which are material;
- Gains or losses on disposal or exit of businesses;
- Significant costs incurred as part of the integration of an acquired business;
- Gains or losses arising on significant changes to or closures of defined benefit pension plans; and
- Design, configuration, customisation and implementation of a Global ERP system.

Determining whether an item is part of specific adjusting items requires judgement to determine the nature and the intention of the transaction.

Note 24: Provisions and contingent liabilities

Due to the nature of its operations, the Group holds provisions for its environmental obligations. Judgement is needed in determining whether a contingent liability has crystallised into a provision. Management assesses whether there is sufficient information to determine that an environmental liability exists and whether it is possible to estimate with sufficient reliability what the cost of remediation is likely to be. For environmental remediation matters, this tends to be at the point in time when a remediation feasibility study has been completed, or sufficient information becomes available through the study to estimate the costs of remediation.

The Group will recognise a legal provision at the point when the outcome of a legal matter can be reliably estimated. Estimates are based on past experience of similar issues, professional advice received and the Group's assessment of the most likely outcome. The timing of the utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and associated negotiations.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are included in the notes below.

Note 22: Pensions and other post-retirement employee benefits: key actuarial assumptions

The principal actuarial assumptions applied to pensions are shown in note 22, including a sensitivity analysis of the reasonably possible changes for the inflation, discount rate and mortality rate assumptions. The actuarial evaluation of pension assets and liabilities is based on assumptions in respect of inflation, future salary increases, discount rates, returns on investments and mortality rates. Relatively small changes in the assumptions underlying the actuarial valuations of pension schemes can have a significant impact on the pension asset and liability included in the balance sheet.

1. Material accounting policies, estimates and judgements (continued)

Other assumptions and estimates which have a lower risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next 12 months include:

Notes 8 and 14: Taxation

The level of current tax and deferred tax recognised is dependent on the tax rates in effect at the balance sheet date, and on subjective judgements as to the outcome of decisions to be made by the tax authorities in the various tax jurisdictions around the world in which the Group operates.

The Group periodically assesses its liabilities and contingencies for all tax years open to audit based on the latest information available. The Group records its best estimate of these tax liabilities, including related interest charges. While management believes it has adequately provided for the probable outcome of these matters, future results may include adjustments to these estimated tax liabilities and the final outcome of tax examinations may result in a materially different outcome than that assumed in the tax liabilities. Provisions are made against individual exposures taking into account the specific circumstances of each case, including the strengths of technical arguments, past experience with tax authorities, recent case law or rulings on similar issues and external advice received.

Note 21: Credit risk

Note 21 contains information about the Group's exposure to credit risk, including a sensitivity analysis. The Group establishes a loss allowance for its estimate of expected credit losses against receivables.

Climate change-related risks and opportunities

The potential climate change-related risks and opportunities to which the Group is exposed, as identified by management, are disclosed in the Group's TCFD disclosures on pages 33 to 42. Management has assessed the potential financial impacts relating to the identified risks, primarily considering the useful lives of property, plant and equipment, the possibility of impairment of goodwill and other long-lived assets, and the recoverability of the Group's deferred tax assets. Management has exercised judgement in concluding that there are no further material financial impacts of the Group's climate-related risks and opportunities on the consolidated financial statements. These judgements will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group's control, which are not all currently known.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the Financial Review on pages 50 to 54. In addition, note 21 to the consolidated financial statements includes the Group's policies and processes for managing financial risk, details of its financial instruments and hedging activities, and details of its exposures to credit risk and liquidity risk.

The Group meets its day-to-day working capital requirements through local banking arrangements. The principal borrowing facilities are subject to covenants that are measured semi-annually with reference to net debt to EBITDA and interest cover as at 31 December 2024. The Group had both significant available liquidity and headroom on its covenants and no scheduled debt maturities until 2026.

A number of stress test scenarios have been performed to demonstrate the decline in business performance required in order for the Group to breach its banking covenants. The Directors do not consider these scenarios to be plausible given the diversity of the Group's end-markets and its broad manufacturing base.

The Board and Executive Committee regularly review principal and emerging risks including climate change risk and consider the impact of these risks in the context of the viability and going concern assessments on pages 55 and 56. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of 18 months from the date of signing this Annual Report and Accounts. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1. Material accounting policies, estimates and judgements (continued)

Alternative performance measures

The Group monitors business performance through alternative performance measures (APMs) which are not defined under IFRS and are therefore non-GAAP measures. The APMs provide useful information to stakeholders, including additional insight into ongoing trading and year-on-year comparisons. These APMs are not a substitute for IFRS measures but are complementary to them. The Group defines each APM and therefore they may not be directly comparable with similarly named metrics in other businesses. The definition, purpose and reconciliation to statutory figures where applicable are included on pages 202 to 205.

Newly adopted standards

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards as adopted by the UK that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 Non-current Liabilities with Covenants.
- Amendments to IAS 1 Classification of liabilities as current or non-current.
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements.
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback.

Accounting developments and changes

New accounting standards in issue but not yet effective

New standards and interpretations that are in issue but not yet effective are listed below.

- IFRS S1 'General requirements for Disclosure of Sustainability-related Financial Information'.
- IFRS S2 'Climate-related Disclosures'.
- Amendment to IFRS 9 and IFRS 7 'Classification and Measurement of Financial Instruments'.
- Amendments to IAS 21 Lack of Exchangeability.
- IFRS 18: Presentation and Disclosure in Financial Statements.

The adoption of amendments to IAS 21 is effective for the period beginning 1 January 2025 and adoption is not expected to lead to any material changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group. IFRS 18 is effective for periods beginning on or after 1 January 2027 and replaces IAS 1 Presentation of Financial Statements. The standard requires the classification of income and expenditure in the income statement to be split between operating, investing and financing, introduces disclosures around management defined performance measures (MPMs) and aggregation and disaggregation of other disclosure information. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements.

There are no other upcoming accounting standards or amendments that are applicable to the Group.

2. Acquisitions and disposals

In March 2024 the Group acquired the remaining 7% of the shares in Morgan Korea Company Ltd, a manufacturing business which services all three segments of the Group, for consideration of £5.1 million. The Group had previously owned 93% of the business and included the entity in the Group consolidation.

There were no acquisitions or disposals of businesses by the Group in 2023.

3. Segmental reporting

As part of the restructuring programme to streamline and simplify the Group a change was implemented, effective from 1 January 2024, to manage the Group through three distinct reporting segments, Thermal Products, Performance Carbon and Technical Ceramics. The internal management information, regularly reviewed by the Group's Board of Directors (the Chief Operating Decision Maker) in order to allocate resources and assess performance, is presented on the basis of these reporting segments.

Segmental results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related income, borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

The information presented below represents the reporting segments of the Group. Comparative figures have been presented based on the new reporting segments.

	Thermal Products		Performance Carbon		Technical Ceramics	
Continuing operations	**2024 £m**	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Revenue from external customers	**418.2**	454.4	**345.2**	327.2	**337.3**	333.1
Segment adjusted operating profit[1]	**40.0**	40.2	**55.1**	50.0	**39.2**	36.0
Corporate costs[2]						
Group adjusted operating profit[1]						
Amortisation of intangible assets	**(0.8)**	(1.4)	**(0.3)**	(0.8)	**(0.6)**	(1.1)
Operating profit before specific adjusting items	**39.2**	38.8	**54.8**	49.2	**38.6**	34.9
Specific adjusting items included in operating profit[3]	**(8.1)**	(9.3)	**(7.6)**	(9.3)	**(0.7)**	7.6
Operating profit/(loss)	**31.1**	29.5	**47.2**	39.9	**37.9**	42.5
Finance income						
Finance expense						
Profit before taxation						
Segment assets	**373.4**	376.2	**316.3**	278.2	**222.7**	217.6
Segment liabilities	**103.9**	101.0	**54.0**	55.0	**85.0**	80.4
Segment capital expenditure	**22.8**	17.2	**52.3**	27.2	**21.0**	15.9
Segment depreciation – property, plant and equipment	**14.6**	13.9	**10.9**	11.2	**8.6**	6.8
Segment depreciation – right-of-use assets	**3.8**	3.5	**1.5**	1.3	**3.3**	2.8
Segment impairment reversals of non-financial assets	**–**	2.4	**–**	–	**–**	5.7
Segment impairment of non-financial assets	**4.2**	–	**–**	7.0	**–**	0.3

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.
2. Corporate costs consist of central head office costs.
3. Details of specific adjusting items from continuing operations are given in note 6 to the consolidated financial statements.

3. Segmental reporting (continued)

Continuing operations	Segment totals 2024 £m	Segment totals 2023 £m	Corporate costs 2024 £m	Corporate costs 2023 £m	Group 2024 £m	Group 2023 £m
Revenue from external customers	**1,100.7**	1,114.7	**–**	–	**1,100.7**	1,114.7
Segment adjusted operating profit[1]	**134.3**	126.2	**–**	–	**134.3**	126.2
Corporate costs[2]			**(5.9)**	(5.9)	**(5.9)**	(5.9)
Group adjusted operating profit[1]					**128.4**	120.3
Amortisation of intangible assets	**(1.7)**	(3.3)	**–**	–	**(1.7)**	(3.3)
Operating profit before specific adjusting items	**132.6**	122.9	**(5.9)**	(5.9)	**126.7**	117.0
Specific adjusting items included in operating profit/(loss)[3]	**(16.4)**	(11.0)	**(6.7)**	(14.1)	**(23.1)**	(25.1)
Operating profit/(loss)	**116.2**	111.9	**(12.6)**	(20.0)	**103.6**	91.9
Finance income					**2.6**	3.9
Finance expense					**(21.6)**	(18.0)
Profit before taxation					**84.6**	77.8
Segment assets	**912.4**	872.0	**164.7**	166.2	**1,077.1**	1,038.2
Segment liabilities	**242.9**	236.4	**444.9**	403.2	**687.8**	639.6
Segment capital expenditure	**96.1**	60.3	**–**	–	**96.1**	60.3
Segment depreciation – property, plant and equipment	**34.1**	31.9	**–**	–	**34.1**	31.9
Segment depreciation – right-of-use assets	**8.6**	7.6	**–**	–	**8.6**	7.6
Segment impairment reversals of non-financial assets	**–**	8.1	**–**	–	**–**	8.1
Segment impairment of non-financial assets	**4.2**	7.3	**–**	–	**4.2**	7.3

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.
2. Corporate costs consist of central head office costs.
3. Details of specific adjusting items from continuing operations are given in note 6 to the consolidated financial statements.

Revenue from external customers and non-current assets by geography

Continuing operations	Revenue from external customers 2024 £m	Revenue from external customers 2023 £m	Non-current assets (excluding pension and deferred tax assets) 2024 £m	Non-current assets (excluding pension and deferred tax assets) 2023 £m
USA	**451.8**	427.4	**263.9**	219.8
China	**97.7**	114.8	**44.6**	43.4
Germany	**83.2**	88.7	**42.3**	41.9
UK (the Group's country of domicile)	**44.2**	43.6	**110.1**	101.6
Other Asia, Australasia, Middle East and Africa	**192.9**	197.1	**55.5**	54.6
Other Europe	**165.6**	173.2	**33.1**	37.1
Other North America	**37.1**	44.9	**1.9**	2.1
South America	**28.2**	25.0	**11.5**	12.7
	1,100.7	1,114.7	**562.9**	513.2

Revenue from external customers is based on geographic location of the end-customer. Segment assets are based on geographical location of the assets. In the current and prior year no single customer represented more than 5% of revenue.

3. Segmental reporting (continued)

Revenue from external customers by end-market

Continuing operations	2024 £m	2023 £m
Semiconductors	**105.7**	108.6
Healthcare	**84.1**	78.7
Clean energy and clean transportation	**57.6**	50.0
Faster growing markets	**247.4**	237.3
Industrial	**294.2**	315.9
Conventional transportation	**202.8**	200.2
Metals	**140.0**	150.2
Petrochemical and chemical	**106.0**	110.8
Security and defence	**73.9**	68.5
Conventional energy	**36.4**	31.8
Core markets	**853.3**	877.4
	1,100.7	1,114.7

Intercompany sales to other segments

	Thermal Products		Performance Carbon		Technical Ceramics		Segment totals	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Intercompany sales to other segments	**1.7**	1.0	**0.5**	0.1	**0.5**	0.7	**2.7**	1.8

4. Operating costs before specific adjusting items

Continuing operations	Note	2024 £m	2023 £m
Change in stocks of finished goods and work in progress		**3.9**	(2.9)
Raw materials and consumables		**283.6**	305.6
Other operating costs		**158.2**	164.9
		445.7	467.6
Employee costs:			
Wages and salaries		**313.7**	315.3
Equity-settled share-based payment expense	23	**2.8**	2.9
Social security costs and other benefits		**64.6**	66.5
Pension costs	22	**16.2**	16.4
		397.3	401.1
Depreciation – property, plant and equipment	11	**34.1**	31.9
Depreciation – right-of-use assets	12	**8.6**	7.6
		42.7	39.5
Short-term leases and leasing of low-value assets:			
Plant and equipment		**0.1**	0.1
Other leases		**0.4**	0.4
		0.5	0.5
Other operating charges and income:			
Net foreign exchange (gains)/losses		**(3.1)**	2.3
Net other operating charges		**89.2**	83.4
		86.1	85.7
Total operating costs before specific adjusting items and amortisation of intangible assets		**972.3**	994.4
Amortisation of intangible assets	13	**1.7**	3.3
Total operating costs before specific adjusting items		**974.0**	997.7

4. Operating costs before specific adjusting items (continued)

The following costs are included in total operating costs before specific adjusting items.

1. Research and development

The Group recognised £31.1 million in expense in respect of research and development (2023: £32.9 million). These costs are included in employee costs and other operating costs. There are no individually material project costs.

2. Audit and non-audit fees

A summary of the audit and non-audit fees in respect of services provided by the auditor, which are included in net other operating costs, is set out below. The prior year includes additional audit fees incurred for the audit of the Company's annual accounts and the audits of the subsidiaries of the Company in relation to the cyber security incident. Fees in relation to non-audit services were £41,000 (2023: £38,000).

	2024 £m	2023 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
in respect of the current year	**1.0**	1.2
in respect of the prior year	**–**	1.2
Fees payable to the Company's auditor and its associates for other services:		
the auditing of accounts of any subsidiaries of the Company	**2.3**	2.8
	3.3	5.2

5. Staff numbers

The monthly average number of persons employed by the Group (including Directors) during the year, analysed by reporting segment, was as follows:

	Number of employees	
	2024	2023
Reportable operating segments		
Thermal Products	**2,810**	2,910
Performance Carbon	**2,570**	2,570
Technical Ceramics	**3,160**	3,140
Segment total	**8,540**	8,620
Corporate	**50**	50
Group	**8,590**	8,670

Average employee numbers have been rounded to the nearest 10.

6. Specific adjusting items

Continuing operations	2024 £m	2023 £m
Costs associated with the cyber security incident	**(1.1)**	(14.7)
Net restructuring charge	**(13.1)**	(3.5)
Design, configuration, customisation and implementation of a Global ERP system	**(5.2)**	–
Net business closure costs	**–**	(1.9)
Credit/(charge) in relation to the impact of Argentina's currency devaluation	**0.5**	(5.8)
Impairment of non-financial assets	**(4.2)**	(7.3)
Reversal of impairment of non-financial assets	**–**	8.1
Total specific adjusting items before income tax	**(23.1)**	(25.1)
Income tax credit from specific adjusting items	**2.5**	3.8
Total specific adjusting items after income tax	**(20.6)**	(21.3)

The total cash outflow in respect of specific adjusting items excludes impairment of non-financial assets and reversal of impairment of non-financial assets, and is reported within cash flows from operating activities in the consolidated cash flows.

6. Specific adjusting items (continued)

Specific adjusting items from continuing operations

Specific adjusting items are items which occur infrequently and are presented separately in the consolidated income statement due to their nature and size. The Directors consider disclosure of specific adjusting items necessary for the users of the financial statements to obtain an alternative understanding of the financial information and underlying performance of the business.

Costs associated with the cyber security incident

The Group incurred a residual £1.1 million (2023: £14.7 million) of exceptional costs and charges in relation to the cyber security incident which took place in January 2023.

Net restructuring charge

During the year the business continued its previously announced simplification and restructuring programme, and expanded the programme to achieve further cost reductions and efficiencies. A total charge of £13.1 million was recognised in relation to these programmes.

In 2023, a charge of £6.5 million was recognised in respect of restructuring programmes, which was partially offset by the release of a £3.0 million restructuring provision following settlement of a multi-employer pension plan and the re-letting of a site held by Technical Ceramics.

Design, configuration, customisation and implementation of a Global ERP system

During the year the Group accelerated the development of its Global ERP intended to replace over 30 legacy systems across the Group. The programme is expected to complete over three years and will create further opportunities to align business processes, strengthen information security and the control environment. The costs of £5.2 million associated with the design, configuration and implementation of the system are classified as specific adjusting items due to their nature and size.

Net business closure costs

During 2024, the Group did not incur any costs relating to business closures.

During 2023, the Group incurred £1.9 million for decommissioning, advisory and severance costs relating to the liquidation of a Thermal Products business in China. In addition, a provision of £2.4 million was recognised relating to the environmental remediation of a Thermal Products business in France which was sold in 2015. This charge was offset by a gain of £2.4 million recognised on disposal of land and buildings for a Thermal Products business in China which was closed in 2020.

Credit/(charge) in relation to the impact of Argentina's currency devaluation

In December 2023, Argentina devalued its currency by more than 50% and restrictions on imports limited the flow of raw materials to the site. As a result the Group incurred a charge of £5.8 million in the year ended 31 December 2023, which consisted of £2.6 million for the impact of the currency devaluation on the trading results of the Argentina business, impairment of property, plant and equipment of £1.9 million and impairment of inventories of £1.3 million.

During the year ended 31 December 2024 an impairment charge of £0.5 million was reversed which related to the inventories sold in the year.

2024 Impairment of non-financial assets

Thermal Products

In light of challenging trading conditions, the Group has conducted an impairment review and where necessary performed an impairment assessment in accordance with IAS 36 Impairment of Assets. As a result, the Group has recognised a net impairment charge of £4.2 million related to fixed assets held by our Thermal Products business in Europe. The value-in-use calculation used a pre-tax discount rate of 13.5–17.2% and a long-term growth rate of 1.1–1.7% to derive the terminal value.

2023 Impairment of non-financial assets

Performance Carbon

The Group recognised an impairment charge of £7.3 million related to fixed assets held by Performance Carbon businesses in Europe (£3.2 million), North America (£1.5 million) and Asia (£2.6 million) as a result of underutilised assets and assets developed which were not commercially viable. The value-in-use calculation used a pre-tax discount rate of 13.9–17.3% and a long-term growth rate of 1.0% to derive the terminal value.

6. Specific adjusting items (continued)

2023 Reversal of impairment of non-financial assets

In 2023 the Group identified businesses within Thermal Products and Technical Ceramics, which previously incurred charges for impairment of fixed assets, where the business had demonstrated sustained recovery. Consequently a reversal of impairment of £8.1 million was recognised which consisted of £2.4 million for a partial reversal in Thermal Products and £5.7 million in respect of a full reversal in Technical Ceramics. The value in use calculation used a pre-tax discount rate of 13.6% and a long-term growth rate of 1.0% to derive the terminal value.

Review of cumulative impairment of non-financial assets

Impairment charges of £18.9 million (2023: £20.6 million) for non-financial assets which the business continues to use have been recorded during the current and previous years. These impaired amounts could be reversed if the related businesses were to outperform significantly against their budget. A sensitivity analysis was carried out using reasonably possible changes to the key assumptions in assessing the value in use of these non-financial assets. This did not result in a material reversal of the impaired amounts.

7. Finance income and expense

Continuing operations	2024 £m	2023 £m
Interest on bank balances and cash deposits	**2.6**	3.9
Finance income	**2.6**	3.9
Interest expense on borrowings and overdrafts	**(18.4)**	(15.6)
Interest expense on lease liabilities	**(2.6)**	(2.4)
Net interest on IAS 19 defined benefit pension obligations	**(0.6)**	–
Finance expense	**(21.6)**	(18.0)
Net financing costs	**(19.0)**	(14.1)

No finance income or expense related to discontinued operations in either the current or preceding year.

8. Taxation – income tax expense

Continuing operations	2024 £m	2023 £m
Current tax		
Current year	**29.7**	25.5
Current tax associated with Pillar Two income taxes	**0.2**	–
	29.9	25.5
Deferred tax		
Current year	**(2.4)**	(2.5)
Adjustments for prior years	**(1.6)**	(0.8)
	(4.0)	(3.3)
Total income tax expense recognised in the income statement	**25.9**	22.2
Recognised in other comprehensive income		
Tax effect on components of other comprehensive income:		
Deferred tax associated with defined benefit schemes	**0.6**	0.5
Total tax recognised in other comprehensive income	**0.6**	0.5

There was no deferred tax associated with share schemes recognised in other comprehensive income (2023: none).

8. Taxation – income tax expense (continued)

Reconciliation of effective tax rate

	2024 £m	2024 %	2023 £m	2023 %
Profit before tax	**84.6**		77.8	
Income tax charge using the domestic corporation tax rate	**21.1**	**24.9**	18.3	23.5
Effect of different tax rates in other jurisdictions	**0.3**	**0.4**	1.4	1.8
Local taxes including withholding tax suffered	**3.7**	**4.4**	1.3	1.7
Permanent differences	**(0.1)**	**(0.1)**	0.1	0.1
Movements related to unrecognised temporary differences	**2.5**	**2.9**	2.0	2.6
Adjustments in respect of prior years	**(1.6)**	**(1.9)**	(0.9)	(1.2)
Statutory effective rate of tax	**25.9**	**30.6**	22.2	28.5

The effective rate of tax before specific adjusting items is 26.4% (2023: 25.3%).

The Group operates in many jurisdictions around the world and is subject to factors that may impact future tax charges implementation of the Organisation for Economic Co-operation and Development (OECD)'s BEPS actions, tax rate and legislation changes, expiry of the statute of limitations and resolution of tax audits and disputes.

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two model rules designed to ensure that large multinational enterprises pay a minimum tax of 15% on their profits in each jurisdiction they operate in.

On 11 July, 2024, the UK enacted the Pillar Two income inclusion rules (IIR). The legislation implements a domestic top-up tax and a multinational top-up tax which is effective for the financial year beginning 1 January 2024. The Group is in scope of the enacted legislation.

The Group has also applied the exception under the IAS 12 – Income Taxes as issued in May 2023, for the amendment in recognising and disclosing information about deferred tax assets and liabilities. Accordingly, the Group neither recognises nor discloses information about deferred tax assets or liabilities related to Pillar Two taxes.

The assessment of the potential exposure to Pillar Two income taxes indicate that the transitional safe harbour rules apply to most jurisdictions in which the Group operates, with the exception of France, Singapore and the United Arab Emirates.

The amendments per IAS 12 requires Groups to disclose separately their current tax expense in relation to Pillar Two tax. The group estimates a current tax expense related to Pillar Two taxes of £0.2 million for the territories where the safe harbour rules do not apply.

The Group continues to monitor Pillar Two legislative developments across the territories in which we operate to evaluate the future impact on our business.

9. Discontinued operations

The Group disposed of its Composites and Defence Systems business on 20 November 2018. The business represented a separate reportable segment and therefore, in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the disposal group was classified as discontinued. During the year the Group recognised a gain of £0.1 million (2023: £0.7 million) from a long-term contract.

The results from discontinued operations, which have been disclosed in the consolidated income statement, are set out below:

		31 December 2024			31 December 2023		
	Note	**Results before specific adjusting items £m**	**Specific adjusting items £m**	**Total £m**	Results before specific adjusting items £m	Specific adjusting items £m	Total £m
Revenue		**–**	**0.1**	**0.1**	–	0.7	0.7
Operating income		**–**	**–**	**–**	–	–	–
Profit before taxation		**–**	**0.1**	**0.1**	–	0.7	0.7
Income tax expense		**–**	**–**	**–**	–	–	–
Profit from discontinued operations		**–**	**0.1**	**0.1**	–	0.7	0.7
Basic earnings per share from discontinued operations	10			**–**			0.2p
Diluted earnings per share from discontinued operations	10			**–**			0.2p

There is no income tax expense in relation to the discontinued operations in either the current or preceding year.

Cash flows from discontinued operations are set out below:

	31 December 2024 £m	31 December 2023 £m
Net cash generated from operating activities	**0.1**	0.4
Net cash generated from investing activities	**–**	–
Net cash used in financing activities	**–**	–
	0.1	0.4

10. Earnings per share

	31 December 2024			31 December 2023		
	Earnings £m	**Basic earnings per share pence**	**Diluted earnings per share pence**	Earnings £m	Basic earnings per share pence	Diluted earnings per share pence
Profit for the year attributable to shareholders of the Company	**50.3**	**17.7p**	**17.5p**	47.3	16.6p	16.5p
Profit from discontinued operations	**(0.1)**	**–**	**–**	(0.7)	(0.2)p	(0.2)p
Profit from continuing operations	**50.2**	**17.7p**	**17.5p**	46.6	16.4p	16.3p
Specific adjusting items	**23.1**	**8.1p**	**8.0p**	25.1	8.8p	8.7p
Amortisation of intangible assets	**1.7**	**0.6p**	**0.6p**	3.3	1.2p	1.1p
Tax effect of the above[1]	**(2.5)**	**(0.9)p**	**(0.9)p**	(3.8)	(1.3)p	(1.3)p
Non-controlling interests' share of the above adjustments	**–**	**–**	**–**	–	–	–
Adjusted profit for the year from continuing operations as used in adjusted earnings per share	**72.5**	**25.5p**	**25.2p**	71.2	25.0p	24.8p

1. The tax effect of the amortisation of intangible assets was £nil (2023: £nil).

Number of shares (millions)	**2024**	2023
Weighted average number of Ordinary shares for the purposes of basic earnings per share[1]	**284.5**	284.8
Effect of dilutive potential Ordinary shares:		
Share options	**2.8**	2.5
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	**287.3**	287.3

1. The calculation of the weighted average number of shares excludes the shares held by The Morgan General Employee Benefit Trust, on which the dividends are waived.

11. Property, plant and equipment

	Land and buildings £m	Plant, equipment and fixtures £m	Total £m
Cost			
Balance at 1 January 2023	219.2	770.2	989.4
Additions	7.3	54.0	61.3
Disposals	(0.3)	(12.4)	(12.7)
Transfers between categories	0.4	(0.4)	–
Effect of movement in foreign exchange	(10.5)	(34.0)	(44.5)
Balance at 31 December 2023	216.1	777.4	993.5
Balance at 1 January 2024	**216.1**	**777.4**	**993.5**
Additions	**13.2**	**81.1**	**94.3**
Disposals	**(11.5)**	**(35.0)**	**(46.5)**
Transfers between categories	**0.8**	**(0.8)**	**–**
Effect of movement in foreign exchange	**(2.0)**	**(4.8)**	**(6.8)**
Balance at 31 December 2024	**216.6**	**817.9**	**1,034.5**
Depreciation and impairment losses			
Balance at 1 January 2023	117.7	588.5	706.2
Depreciation charge for the year	6.0	25.9	31.9
Impairment losses	1.7	8.3	10.0
Impairment reversals	(0.1)	(5.4)	(5.5)
Disposals	(0.2)	(11.6)	(11.8)
Effect of movement in foreign exchange	(6.1)	(25.0)	(31.1)
Balance at 31 December 2023	119.0	580.7	699.7
Balance at 1 January 2024	**119.0**	**580.7**	**699.7**
Depreciation charge for the year	**5.4**	**28.7**	**34.1**
Impairment losses	**–**	**4.6**	**4.6**
Disposals	**(10.3)**	**(34.2)**	**(44.5)**
Transfers between categories	**(0.5)**	**0.5**	**–**
Effect of movement in foreign exchange	**(0.4)**	**(3.9)**	**(4.3)**
Balance at 31 December 2024	**113.2**	**576.4**	**689.6**
Carrying amounts			
At 1 January 2023	101.5	181.7	283.2
At 31 December 2023	97.1	196.7	293.8
At 31 December 2024	**103.4**	**241.5**	**344.9**

No assets were pledged as security for liabilities in the current or prior year. The net book value includes assets under construction of £51.0 million (2023: £24.2 million) comprising of £2.8 million of land and buildings (2023: £3.3 million) and £48.2 million of plant, equipment and fixtures (2023: £20.9 million).

12. Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
Balance at 1 January 2023	82.4	12.4	94.8
Additions	0.6	5.1	5.7
Disposals	(1.6)	(5.2)	(6.8)
Remeasurements	0.9	(0.2)	0.7
Effect of movement in foreign exchange	(1.8)	(0.2)	(2.0)
Balance at 31 December 2023	80.5	11.9	92.4
Balance at 1 January 2024	**80.5**	**11.9**	**92.4**
Additions	**5.7**	**2.8**	**8.5**
Disposals	**(5.4)**	**(2.5)**	**(7.9)**
Remeasurements	**2.4**	**–**	**2.4**
Effect of movement in foreign exchange	**(1.0)**	**(0.6)**	**(1.6)**
Balance at 31 December 2024	**82.2**	**11.6**	**93.8**
Depreciation and impairment losses			
Balance at 1 January 2023	53.4	7.8	61.2
Depreciation charge for the year	4.8	2.8	7.6
Impairment losses	–	0.4	0.4
Impairment reversals	(1.3)	–	(1.3)
Disposals	(1.6)	(5.2)	(6.8)
Effect of movement in foreign exchange	–	(0.3)	(0.3)
Balance at 31 December 2023	55.3	5.5	60.8
Balance at 1 January 2024	**55.3**	**5.5**	**60.8**
Depreciation charge for the year	**5.6**	**3.0**	**8.6**
Impairment losses	**–**	**0.8**	**0.8**
Disposals	**(5.4)**	**(2.5)**	**(7.9)**
Effect of movement in foreign exchange	**(0.8)**	**(0.2)**	**(1.0)**
Balance at 31 December 2024	**54.7**	**6.6**	**61.3**
Carrying amounts			
At 1 January 2023	29.0	4.6	33.6
At 31 December 2023	25.2	6.4	31.6
At 31 December 2024	**27.5**	**5.0**	**32.5**

The weighted average lease term is 10.2 years for land and buildings and 1.9 years for plant and equipment (2023: 10.8 years and 3.7 years respectively). The maturity analysis of lease liabilities is presented in note 20.

The Group recognised expense relating to short-term leases and leasing of low-value assets of £0.5 million (2023: £0.5 million).

13. Intangible assets

	Goodwill £m	Customer relationships £m	Technology and trademarks £m	Capitalised development costs £m	Computer software £m	Total £m
Cost						
Balance at 1 January 2023	181.9	63.9	4.3	0.8	37.8	288.7
Additions (externally purchased)	–	–	–	–	0.6	0.6
Disposals	–	–	–	–	(1.0)	(1.0)
Effect of movement in foreign exchange	(4.4)	(3.0)	(0.1)	–	(1.2)	(8.7)
Balance at 31 December 2023	177.5	60.9	4.2	0.8	36.2	279.6
Balance at 1 January 2024	**177.5**	**60.9**	**4.2**	**0.8**	**36.2**	**279.6**
Additions (externally purchased)	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Disposals	**–**	**–**	**–**	**–**	**(0.8)**	**(0.8)**
Effect of movement in foreign exchange	**(0.6)**	**0.9**	**(0.2)**	**–**	**0.2**	**0.3**
Balance at 31 December 2024	**176.9**	**61.8**	**4.0**	**0.8**	**35.9**	**279.4**
Amortisation and impairment losses						
Balance at 1 January 2023	–	63.1	3.8	0.8	32.0	99.7
Amortisation charge for the year	–	0.4	0.1	–	2.8	3.3
Impairment losses	–	–	–	–	0.7	0.7
Impairment reversals	–	(0.6)	(0.7)	–	–	(1.3)
Disposals	–	–	–	–	(1.0)	(1.0)
Effects of movement in foreign exchange	–	(3.1)	–	–	(0.9)	(4.0)
Balance at 31 December 2023	–	59.8	3.2	0.8	33.6	97.4
Balance at 1 January 2024	**–**	**59.8**	**3.2**	**0.8**	**33.6**	**97.4**
Amortisation charge for the year	**–**	**0.3**	**0.2**	**–**	**1.2**	**1.7**
Disposals	**–**	**–**	**–**	**–**	**(0.8)**	**(0.8)**
Effects of movement in foreign exchange	**–**	**0.9**	**(0.1)**	**–**	**0.4**	**1.2**
Balance at 31 December 2024	**–**	**61.0**	**3.3**	**0.8**	**34.4**	**99.5**
Carrying amounts						
At 1 January 2023	181.9	0.8	0.5	–	5.8	189.0
At 31 December 2023	177.5	1.1	1.0	–	2.6	182.2
At 31 December 2024	**176.9**	**0.8**	**0.7**	**–**	**1.5**	**179.9**

13. Intangible assets (continued)

Impairment test for cash-generating units or groups of cash-generating units containing goodwill

In accordance with the requirements of IAS 36 Impairment of Assets, goodwill is allocated to the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination that gave rise to the goodwill. Goodwill impairment testing is performed at the operating segment level as defined by IFRS 8 Operating segments, as this is the lowest level at which goodwill is monitored.

Goodwill is attributed to each operating segment as follows:

	2024 £m	2023 £m
Thermal Products	**95.6**	96.0
Performance Carbon	**46.1**	46.2
Technical Ceramics	**35.2**	35.3
	176.9	177.5

Each operating segment is assessed for impairment annually and whenever there is an indication of impairment.

The carrying value of goodwill has been assessed with reference to its value in use, reflecting the projected discounted cash flows of each operating segment to which goodwill has been allocated. The key assumptions used in determining value in use relate to short and long-term growth rates and discount rates.

The cash flow projections in year one are based on the most recent Board approved budget, cash flow projections for years two to five are based on the most recent forecasts. The key assumptions that underpin these cash flow projections relate to sales and operating margins, which are based on past experience, taking into account the effect of known or likely changes in market or operating conditions.

The growth rates have been calculated using GDP growth forecasts published by the International Monetary Fund for the Group's end-markets. These GDP growth forecasts have been weighted to reflect the Group's weighted average sales in each end-market during 2024.

In 2024, a 2.1% growth rate (2023: 1.0%) has been used for years beyond 2029 and to calculate a terminal value. Management has assessed these growth rates, including the terminal growth rate as reasonable for each operating segment.

In 2024, the Group has used the following pre-tax discount rates for calculating the value in use of each of the operating segments: Thermal Products: 15.1%, Performance Carbon: 14.1% and Technical Ceramics 13.6%. The 2023 pre-tax discount rates on an equivalent basis were Thermal Products: 14.5%, Performance Carbon: 15.2% and Technical Ceramics 14.1%.

A sensitivity analysis was performed in order to quantify the impact of possible adverse changes in key assumptions used in the discounted cash flows; the results are presented in the table below.

		Decrease in recoverable value			
	Long-term growth rates %	Assuming 10% decrease in growth rate and no terminal growth £m	Assuming 10% increase in pre-tax discount rate £m	Assuming 10% decrease in cash flows £m	Impairment arising £m
Thermal Products	1.9	35.4	39.9	39.6	None
Performance Carbon	2.3	117.0	120.1	108.7	None
Technical Ceramics	2.0	53.2	53.7	47.7	None

14. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2024 £m	Assets 2023 £m	**Liabilities 2024 £m**	Liabilities 2023 £m	**Net 2024 £m**	Net 2023 £m
Property, plant and equipment	**–**	–	**(9.3)**	(10.6)	**(9.3)**	(10.6)
Right-of-use assets and lease liabilities	**2.2**	2.7	**–**	–	**2.2**	2.7
Intangible assets	**–**	–	**(0.4)**	(0.4)	**(0.4)**	(0.4)
Employee benefits	**7.6**	8.3	**–**	–	**7.6**	8.3
Provisions	**8.6**	8.9	**–**	–	**8.6**	8.9
Tax value of loss carried forward recognised	**9.3**	6.0	**–**	–	**9.3**	6.0
Other items	**0.7**	0.9	**–**	–	**0.7**	0.9
Offset	**(7.0)**	(9.2)	**7.0**	9.2	**–**	–
	21.4	17.6	**(2.7)**	(1.8)	**18.7**	15.8

Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so and when they relate to taxes levied by the same tax authority on either the same entity or on different entities where it is intended to settle the tax on a net basis.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2024 £m	2023 £m
Tax losses	**169.5**	139.2
Capital losses	**46.4**	43.4
Other deductible temporary differences	**103.1**	121.3
	319.0	303.9

Deferred tax assets have not been recognised in relation to these temporary differences due to uncertainty surrounding future utilisation. Based on current tax legislation, the tax losses will not expire. Although the Group as a whole is profitable, the unrecognised losses relate to entities where it is not probable that there will be future taxable profits against which these losses can be utilised.

Movements in temporary differences during the year

	Recognised in the income statement £m	Recognised directly in equity £m	31 December 2023 £m	**Recognised in the income statement £m**	**Recognised directly in equity £m**	**31 December 2024 £m**
Property, plant and equipment	2.1	–	(10.6)	**1.3**	**–**	**(9.3)**
Right-of-use assets and lease liabilities	(0.9)	–	2.7	**(0.5)**	**–**	**2.2**
Intangible assets	–	–	(0.4)	**–**	**–**	**(0.4)**
Employee benefits	(1.4)	(0.5)	8.3	**(0.1)**	**(0.6)**	**7.6**
Provisions	(2.5)	–	8.9	**(0.3)**	**–**	**8.6**
Tax value of loss carried forward recognised	4.3	–	6.0	**3.3**	**–**	**9.3**
Others	1.7	(0.3)	0.9	**0.3**	**(0.5)**	**0.7**
	3.3	(0.8)	15.8	**4.0**	**(1.1)**	**18.7**

Deferred income tax of £4.1 million (2023: £4.2 million) is provided on the potential unremitted earnings of overseas subsidiary undertakings. Where the remittance of dividends is not anticipated, deferred tax is not currently recognised or disclosed as it is considered immaterial.

15. Inventories

	2024 £m	2023 £m
Raw materials and consumables	**50.4**	52.2
Work in progress	**55.2**	56.5
Finished goods	**60.3**	66.4
	165.9	175.1

Inventories include a provisions of £6.9 million (2023: £5.8 million) recognised in operating costs.

At the year end the Group held consignment inventory of £27.5 million (2023: £25.6 million) which was not included in the balance sheet. The majority of this balance is for precious metals, which are held on consignment by a subsidiary and are invoiced only when the material is required.

16. Trade and other receivables

	2024 £m	2023 £m
Non-current		
Trade receivables	**0.6**	0.3
Prepayments	**0.6**	0.6
Other receivables	**2.4**	2.5
	3.6	3.4
Current		
Gross trade receivables	**165.1**	169.0
Expected credit losses	**(8.3)**	(9.0)
Net trade receivables	**156.8**	160.0
Contract assets	**0.5**	0.3
Prepayments	**17.5**	15.6
VAT, goods and sales taxes receivable	**7.3**	9.3
Other non-trade receivables	**7.5**	6.4
	189.6	191.6

The Group's exposure to credit and currency risks related to trade and other receivables is disclosed in note 21.

Contract assets relate to the Group's right to consideration for project-based business which was completed but not billed at the end of the year.

17. Cash and cash equivalents

	2024 £m	2023 £m
Bank balances	**110.8**	112.5
Cash deposits	**10.0**	12.0
Cash and cash equivalents	**120.8**	124.5

In 2024, the Group had restricted cash of £2.2 million (2023: £1.6 million) as a result of exchange controls in Argentina.

Reconciliation of net cash and cash equivalents to net debt

	2024 £m	2023 £m
Opening borrowings	**(309.7)**	(266.2)
Increase in borrowings	**(121.3)**	(247.2)
Repayment of borrowings	**88.0**	193.9
Effect of movements in foreign exchange	**5.3**	9.8
Closing borrowings	**(337.7)**	(309.7)
Net cash[1] and cash equivalents	**111.5**	124.5
Closing net debt[1]	**(226.2)**	(185.2)
Opening lease liabilities	**(47.1)**	(51.9)
Payment of lease liabilities	**10.6**	8.9
New leases and lease remeasurement	**(10.9)**	(6.4)
Effect of movements in foreign exchange	**0.3**	2.3
Closing lease liabilities	**(47.1)**	(47.1)
Closing net debt[1] and lease liabilities	**(273.3)**	(232.3)

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	Borrowings £m	Net cash and cash equivalents £m	Movement in net debt[1] £m	Lease liabilities £m	Net debt[1] and lease liabilities £m
At 1 January 2023	(266.2)	117.7	(148.5)	(51.9)	(200.4)
Cash inflow	–	38.9	38.9	–	38.9
Borrowings and lease liability cash (outflow)/inflow	(53.3)	–	(53.3)	8.9	(44.4)
Net interest paid	–	(17.9)	(17.9)	–	(17.9)
Net cash inflow/(outflow)	(53.3)	21.0	(32.3)	8.9	(23.4)
Share purchases	–	(4.7)	(4.7)	–	(4.7)
New leases and lease remeasurement	–	–	–	(6.4)	(6.4)
Exchange and other movements	9.8	(9.5)	0.3	2.3	2.6
At 31 December 2023	(309.7)	124.5	(185.2)	(47.1)	(232.3)
At 1 January 2024	**(309.7)**	**124.5**	**(185.2)**	**(47.1)**	**(232.3)**
Cash inflow	**–**	**23.0**	**23.0**	**–**	**23.0**
Borrowings and lease liability cash (outflow)/inflow	**(33.3)**	**–**	**(33.3)**	**10.6**	**(22.7)**
Net interest paid	**–**	**(20.5)**	**(20.5)**	**–**	**(20.5)**
Net cash inflow/(outflow)	**(33.3)**	**2.5**	**(30.8)**	**10.6**	**(20.2)**
Share purchases	**–**	**(8.2)**	**(8.2)**	**–**	**(8.2)**
New leases and lease remeasurement	**–**	**–**	**–**	**(10.9)**	**(10.9)**
Exchange and other movements	**5.3**	**(7.3)**	**(2.0)**	**0.3**	**(1.7)**
At 31 December 2024	**(337.7)**	**111.5**	**(226.2)**	**(47.1)**	**(273.3)**

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

18. Trade and other payables

	2024 £m	2023 £m
Non-current		
Accruals	**0.7**	0.7
Other payables	**2.1**	1.7
	2.8	2.4
Current		
Trade payables	**87.4**	78.1
Contract liabilities	**6.7**	8.6
Accruals	**72.6**	72.5
Other tax and social security	**13.0**	15.6
Creditors in relation to capital expenditure	**10.1**	9.7
Other payables	**14.3**	7.5
	204.1	192.0

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Contract liabilities relate to payments received from customers for project-based business in advance of the performance obligation being satisfied. During the year the Group recognised contract liabilities of £8.6 million as revenue and the Group expects to recognise £6.7 million of contract liabilities in 2025.

During the year the Group entered into a non-discretionary agreement with Investec, acting as riskless principal, to enable the Company to purchase up to £10.0 million, excluding expenses, of the Company's ordinary shares. During the year 1,825,090 shares with a nominal value of £0.5 million were purchased for consideration of £4.7 million, The Group recognised a liability in other payables for the remaining £5.3 million of shares which will be purchased under tranche 1 of the agreement.

19. Capital and reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the cumulative foreign exchange differences deferred into the net investment hedge. The movements of the translation reserve are as follows:

	2024 £m	2023 £m
Balance at 1 January	**(29.9)**	–
Foreign exchange differences and related taxes	**(10.0)**	(29.6)
Gain/(loss) arising on changes in fair value of net investment hedges during the period	**1.7**	(0.3)
Balance at 31 December	**(38.2)**	(29.9)

Hedging reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the income statement only when the hedged transaction impacts the income statement, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

	2024 £m	2023 £m
Balance at 1 January	**1.1**	(0.2)
(Loss)/gain arising on changes in fair value of hedging instruments during the period	**(0.3)**	1.1
(Loss)/gain reclassified to income statement	**(1.0)**	0.2
Balance at 31 December	**(0.2)**	1.1

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of FVOCI investments until the investment is derecognised.

19. Capital and reserves (continued)

Capital redemption reserve

The capital redemption reserve relates to the purchase of own shares. During the year the Group entered into a non-discretionary agreement with Investec, acting as riskless principal, to enable the Company to purchase up to £10.0 million, excluding expenses, of the Company's ordinary shares. Under the terms of the agreement, Investec make its trading decisions independently of and uninfluenced by the Company, in accordance with certain preset parameters. Tranche 1 will end no later than 31 March 2025. During the year 1,825,090 shares with a nominal value of £0.5 million were purchased for consideration of £4.7 million, 1,745,423 were subsequently cancelled as at 31 December 2024 under the share buyback programme and the remainder were cancelled after the year end. The Group recognised a liability and a reduction in equity to reflect the remaining £5.3 million of shares which will be purchased under tranche 1 of the agreement. The nominal value of the shares cancelled was £0.4 million which was transferred to the capital redemption reserve.

Retained earnings

The Company has acquired its own shares to satisfy the requirements of the various share option incentive schemes. At 31 December 2024, 464,405 shares (2023: 807,911) were held by the Trust and are treated as a deduction from equity. No treasury shares were held by the Company (2023: none). All rights conferred by those shares are suspended until they are reissued.

A summary of the movements in own shares held by the Trust is set out in the table below:

	2024		2023	
	Shares	**Cost £m**	Shares	Cost £m
At 1 January	**807,911**	**2.1**	1,173,686	3.1
New shares purchased	**1,285,000**	**3.5**	1,774,145	4.7
Exercise of share options	**(1,628,506)**	**(4.4)**	(2,139,920)	(5.7)
At 31 December	**464,405**	**1.2**	807,911	2.1

Consideration received in respect of shares transferred to participants of employee share schemes was £0.2 million (2023: £0.6 million). The market value of shares held by the Trust at 31 December 2024 was £1.3 million (2023: £2.3 million).

Dividends

The following Ordinary dividends were declared and paid by the Company:

	Per share		Total	
	2024 pence	2023 pence	**2024 £m**	2023 £m
2023 final	**–**	6.7	**–**	19.1
2023 interim	**–**	5.3	**–**	15.1
2024 final	**6.8**	–	**19.3**	–
2024 interim	**5.4**	–	**15.4**	–
	12.2	12.0	**34.7**	34.2

After 31 December 2024 the following dividends were proposed by the Directors for 2024. These dividends have not been provided for and there are no income tax consequences. The proposed 2024 final dividend is based upon the number of shares outstanding at the balance sheet date.

	£m
6.8 pence per qualifying Ordinary share	19.3
	19.3

19. Capital and reserves (continued)

Called-up share capital

	Number of shares	Nominal value £m
Issued and fully paid Ordinary shares of 25 pence each		
At 1 January 2023 and 31 December 2023	285,369,988	71.3
Shares purchased and cancelled under share buyback scheme	(1,745,423)	(0.4)
At 31 December 2024	**283,624,565**	**70.9**

As at the date of this Report 282,148,476 Ordinary shares were in issue (2023: 285,369,988).

Details of options outstanding in respect of Ordinary shares are given in note 23.

Additionally the Company has authorised, issued and fully paid 437,281 (2023: 437,281) cumulative Preference shares classified as borrowings totalling £0.4 million (2023: £0.4 million). The Preference shares comprise 125,327 of 5.5% Cumulative First Preference shares of £1 each and 311,954 issued 5.0% Cumulative Second Preference shares of £1 each. The voting rights of these shares are set out below.

Dividends on the cumulative Preference shares are presented within finance costs in the Group's consolidated income statement.

Voting rights of shareholders

Ordinary shares

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Preference shares

The 5.5% Cumulative First Preference shares of £1 each and the 5.0% Cumulative Second Preference shares of £1 each confer on the holders thereof the right to receive a cumulative preferential dividend at the rate of 5.5% and 5.0% respectively, calculated up to 30 June and 31 December in every year. The First and Second Cumulative Preference shares shall not entitle the holders thereof to attend or vote at any general meeting unless either:

(i) the meeting is convened to consider any resolutions for reducing the capital, or authorising any issue of debentures or debenture stock, or increasing the borrowing powers of the Board under the Articles of Association of the Company, or winding up, or sanctioning a sale of the undertaking, or altering the Articles in any manner affecting their respective interests, or any other resolutions directly altering their respective rights and privileges; or

(ii) at the date of the notice convening the general meeting, the Preference dividend is upwards of one month in arrears from the payment date of any half-yearly instalment.

On a return of capital on a winding-up, the assets of the Company available for distribution shall be applied:

- First, in payment to the holders of the First Preference shares of the amounts paid up on such shares, together with interest at the rate of 5.5% per annum.
- Second, in payment to the holders of the Second Preference shares of the amounts paid up on such shares, together with interest at the rate of 5.0% per annum.
- Third, in repaying the capital paid up or credited as paid up on the Ordinary shares.
- Fourth, any surplus shall be distributed rateably amongst the holders of the Ordinary shares in proportion to the nominal amount paid up on their respective holdings of shares in the Company.

20. Borrowings and lease liabilities

This note provides information about the contractual terms of the Group's borrowings and lease liabilities which are measured at amortised cost.

At 31 December 2024, the Group is committed to future payments of £0.4 million (2023: £0.5 million) for short-term leases and leasing of low-value assets.

At 31 December 2024, future cash flows in respect of leases which the Group had entered into but which had not yet commenced was £7.9 million (2023: £nil).

The total of future minimum lease income under non-cancellable leases, where the Group is a lessor is £nil (2023: £nil).

For more information about the Group's exposure to interest rate and foreign currency risk, see note 21.

Borrowing facilities and liquidity

All of the Group's borrowing facilities are arranged by Group Treasury with Morgan Advanced Materials plc as the principal obligor. Where ancillary credit facilities are provided to operating subsidiaries, they are authorised and supervised by Group Treasury in accordance with the Group's Treasury Policy. Group Treasury seeks to obtain certainty of access to funding in the amounts, diversity of maturities and diversity of counterparties as required to support the Group's medium-term financing requirements and to minimise the impact of poor credit market conditions.

	2024 £m	2023 £m
Non-current liabilities		
Senior Notes	**188.2**	188.2
Bank and other borrowings	**149.1**	120.5
Cumulative Preference shares	**0.4**	0.4
Lease liabilities	**36.1**	36.6
	373.8	345.7
Current liabilities		
Bank and other borrowings	**9.3**	0.6
Lease liabilities	**11.0**	10.5
	20.3	11.1

During the year the Group entered into a new €150.0 million delayed draw Term Loan Facility with maturity in December 2029. €75.0 million of the Facility had been utilised as at 31 December 2024. During the prior year, the Group entered into a €92.0 million Schuldschein Loan Agreement with maturity in June 2028. Cash flows associated with these arrangement are included in 'Cash flows associated with non-derivative financial liabilities' section of note 21 in 'Bank and other borrowings'.

As at 31 December 2024 the Group had available headroom on its borrowing facilities of £279.3 million (2023: £187.9 million).

In 2024, bank and other borrowings did not include any borrowings secured on the assets of the Group (2023: £nil).

21. Financial risk management

This note presents information about the Group's exposure to a variety of financial risks: credit risk, liquidity risk, market risk and foreign currency risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Financial risk management and Treasury Policy

The Group Treasury function acts as a service centre for Morgan Advanced Materials plc's businesses. The function works within a framework of Board approved policies and procedures, which are aligned to the wider goals, objectives and philosophy of the Group. These policies and procedures are focused on managing and controlling risk in the treasury environment, and include strict control over the use of financial instruments to hedge foreign currencies and interest rates. Speculative trading in derivatives and other financial instruments is not permitted.

The function is responsible for all of the Group's funding, liquidity, cash management, interest rate risk, foreign exchange risk and other treasury matters.

21. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on financial instruments such as liquid assets, derivative assets and trade receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2024 £m	2023 £m
FVTPL – equity instruments	**2.0**	2.2
Trade receivables	**157.4**	160.3
Cash and cash equivalents	**120.8**	124.5
Derivatives	**1.2**	1.5
	281.4	288.5

FVTPL – equity instruments

In 2023, the Group purchased an equity instrument in Argentina for £5.0 million, designated in Argentine pesos. The equity instrument has been classified as fair value through profit and loss ('FVTPL'). During the year, a fair value gain of £1.9 million (2023: £0.9 million) was recognised, offset by a foreign exchange loss of £0.4 million (2023: £3.7 million) and a disposal of £1.7 million (2023: £nil). At the year end, the carrying amount of the equity instrument was £2.0 million (2023: £2.2 million).

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industries and countries in which customers operate, have less influence on credit risk.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The Group serves thousands of customers. Many of these have purchased the same product for several years and in some cases decades. Others have modified and enhanced designs or adopted the same components into new products, extending the lifecycle of the components that the Group supplies. The Group's level of customer retention is very high, particularly with its major accounts and, although the top 20 ranking will alter from year to year, many of the names remain consistent over time.

The Group establishes a provision that represents its estimate of expected credit losses in respect of trade and other receivables and investments. At the point the amount is considered irrecoverable it is written off against the financial asset directly.

Movements on the provision for expected credit losses were as follows:

	2024 £m	2023 £m
Balance at 1 January	**(9.0)**	(9.1)
Net remeasurement of loss allowance	**0.3**	(0.6)
Amounts written off	**0.3**	0.4
Effect of movement in foreign exchange	**0.1**	0.3
Balance at 31 December	**(8.3)**	(9.0)

21. Financial risk management (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. The loss allowance for trade receivables by ageing category is as follows:

	2024				2023			
	Expected credit loss rate %	**Gross trade receivables £m**	**Expected credit losses £m**	**Net trade receivables £m**	Expected credit loss rate %	Gross trade receivables £m	Expected credit losses £m	Net trade receivables £m
Not past due	**0.1%**	**134.5**	**(0.1)**	**134.4**	0.2%	133.3	(0.2)	133.1
Past due 0–30 days	**1.2%**	**17.2**	**(0.2)**	**17.0**	1.0%	19.9	(0.2)	19.7
Past due 31–60 days	**0.0%**	**3.5**	**–**	**3.5**	0.0%	3.7	–	3.7
Past due 61–90 days	**4.3%**	**2.3**	**(0.1)**	**2.2**	6.3%	1.6	(0.1)	1.5
Past due more than 90 days	**96.3%**	**8.2**	**(7.9)**	**0.3**	81.0%	10.5	(8.5)	2.0
		165.7	**(8.3)**	**157.4**		169.0	(9.0)	160.0

Cash, cash equivalents and derivatives

Cash balances held by companies representing over 66% of the Group's revenue are managed centrally through a number of pooling arrangements. These arrangements principally cover the USA, Eurozone and UK and are represented by both zero balancing and notional pooling arrangements. The notional cash pooling arrangements are presented on a gross basis. Credit risk is managed by investing in liquid assets and acquiring derivatives in a diversified way from high-credit-quality financial institutions. Counterparties are reviewed through the use of rating agencies, systemic risk considerations and through regular review of the financial press. The Group policy requires bank accounts to be setup with banks and financial institutions with a Moody's long term international credit rating of at least A3. There are limited instances such as in certain jurisdictions where this is not practically possible.

Offsetting financial assets and liabilities

The following table shows the amounts recognised for forward exchange contracts, which are subject to offsetting arrangements on a gross basis, and the amounts offset in the balance sheet.

The Group also has cash pooling agreements which cannot be offset under IFRS, but which could be settled net under the terms of master netting agreements, and are also presented in the table below to show the total net exposure of the Group.

	Gross amounts of recognised financial assets/ (liabilities) £m	Amounts offset £m	Net amounts presented on the balance sheet £m	Financial instruments not offset in the balance sheet £m	**Net amount £m**
2024					
Derivative financial assets	**1.2**	**–**	**1.2**	**–**	**1.2**
Derivative financial liabilities	**(2.6)**	**–**	**(2.6)**	**–**	**(2.6)**
Cash and cash equivalents	**120.8**	**–**	**120.8**	**(9.3)**	**111.5**
Bank and other borrowings	**(9.3)**	**–**	**(9.3)**	**9.3**	**–**
2023					
Derivative financial assets	1.5	–	1.5	–	1.5
Derivative financial liabilities	(0.5)	–	(0.5)	–	(0.5)
Cash and cash equivalents	124.5	–	124.5	(0.6)	123.9
Bank and other borrowings	(0.6)	–	(0.6)	0.6	–

21. Financial risk management (continued)

Liquidity and funding risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by cash.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group seeks a balance between certainty of funding and a flexible, cost-effective borrowing structure. The policy is to ensure that the Group has sufficient borrowings and committed facilities to meet its medium-term financing requirements.

The following are the undiscounted contracted maturities of financial liabilities, including interest payments:

Cash flows associated with non-derivative financial liabilities

	31 December 2024							
	Effective interest rate	Year of maturity	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
Non-derivative financial liabilities								
US Dollar Senior Notes 2026	3.37%	2026	**77.9**	**82.7**	**2.6**	**80.1**	–	–
Euro Senior Notes 2026	1.55%	2026	**20.8**	**21.3**	**0.3**	**21.0**	–	–
US Dollar Senior Notes 2026	4.87%	2026	**20.4**	**21.5**	**1.0**	**20.5**	–	–
Euro Senior Notes 2028	1.74%	2028	**8.3**	**8.8**	**0.1**	**0.1**	**8.6**	–
Euro Senior Notes 2030	2.89%	2030	**20.7**	**24.3**	**0.6**	**0.6**	**1.8**	**21.3**
US Dollar Senior Notes 2031	5.47%	2031	**8.0**	**10.7**	**0.4**	**0.4**	**1.3**	**8.6**
US Dollar Senior Notes 2033	5.53%	2033	**8.0**	**11.6**	**0.4**	**0.4**	**1.3**	**9.5**
US Dollar Senior Notes 2035	5.61%	2035	**24.1**	**38.0**	**1.3**	**1.3**	**4.0**	**31.4**
Bank and other borrowings		Up to 2029	**158.4**	**162.8**	**11.7**	–	**151.1**	–
Cumulative First Preference shares	5.50%		**0.1**	–	–	–	–	–
Cumulative Second Preference shares	5.00%		**0.3**	–	–	–	–	–
Lease liabilities	5.93%	Up to 2044	**47.1**	**54.7**	**11.0**	**9.1**	**19.3**	**15.3**
Trade payables			**87.4**	**87.4**	**87.4**	–	–	–
Creditors in relation to capital expenditure			**10.1**	**10.1**	**10.1**	–	–	–
Other payables			**16.4**	**16.4**	**14.3**	**2.1**	–	–
			508.0	**550.3**	**141.2**	**135.6**	**187.4**	**86.1**

Bank and other borrowings includes an unsecured multi-currency revolving credit facility set to mature in November 2029, an unsecured Euro Term Loan set to mature in December 2029 and a Schuldschein Euro Loan Agreement set to mature in June 2028.

21. Financial risk management (continued)

Cash flows associated with non-derivative financial liabilities (continued)

	31 December 2023							
	Effective interest rate	Year of maturity	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
Non-derivative financial liabilities								
US Dollar Senior Notes 2026	3.37%	2026	76.6	84.0	2.6	2.6	78.8	–
Euro Senior Notes 2026	1.55%	2026	21.7	22.6	0.3	0.3	22.0	–
US Dollar Senior Notes 2026	4.87%	2026	20.0	22.1	1.0	1.0	20.1	–
Euro Senior Notes 2028	1.74%	2028	8.7	9.5	0.2	0.2	9.1	–
Euro Senior Notes 2030	2.89%	2030	21.7	26.0	0.6	0.6	1.9	22.9
US Dollar Senior Notes 2031	5.47%	2031	7.9	11.0	0.4	0.4	1.3	8.9
US Dollar Senior Notes 2033	5.53%	2033	7.9	11.9	0.4	0.4	1.3	9.8
US Dollar Senior Notes 2035	5.61%	2035	23.7	38.8	1.3	1.3	4.0	32.2
Bank and other borrowings		Up to 2028	121.1	123.0	1.1	–	121.9	–
Cumulative First Preference shares	5.50%		0.1	–	–	–	–	–
Cumulative Second Preference shares	5.00%		0.3	–	–	–	–	–
Lease liabilities	5.03%	Up to 2044	47.1	58.6	10.5	9.0	18.3	20.8
Trade payables			78.1	78.1	78.1	–	–	–
Creditors in relation to capital expenditure			9.7	9.7	9.7	–	–	–
Other payables			9.2	9.2	7.5	1.7	–	–
			453.8	504.5	113.7	17.5	278.7	94.6

21. Financial risk management (continued)

Cash flows associated with derivatives

The following table indicates the periods in which cash flows associated with cash flow hedges are expected to occur. This is matched with the periods in which cash flows associated with cash flow hedges are expected to impact the income statement.

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
2024						
Cash flow hedges						
Forward exchange contracts – liabilities inflow		**30.6**	**30.6**	**–**	**–**	**–**
Forward exchange contracts – liabilities outflow		**(31.7)**	**(31.7)**	**–**	**–**	**–**
Forward exchange contracts – liabilities	**(1.0)**	**(1.1)**	**(1.1)**	**–**	**–**	**–**
Forward exchange contracts – assets	**0.5**	**0.5**	**0.5**	**–**	**–**	**–**
Total Cash flow hedges	**(0.5)**	**(0.6)**	**(0.6)**	**–**	**–**	**–**
Fair value flow hedges						
Forward exchange contracts – liabilities inflow		**78.0**	**78.0**	**–**	**–**	**–**
Forward exchange contracts – liabilities outflow		**(79.0)**	**(79.0)**	**–**	**–**	**–**
Forward exchange contracts – liabilities	**(1.6)**	**(1.0)**	**(1.0)**	**–**	**–**	**–**
Forward exchange contracts – assets	**0.7**	**0.1**	**0.1**	**–**	**–**	**–**
Total Fair value flow hedges	**(0.9)**	**(0.9)**	**(0.9)**	**–**	**–**	**–**
Total fair value and cash flow hedges	**(1.4)**	**(1.5)**	**(1.5)**	**–**	**–**	**–**
2023						
Cash flow hedges						
Forward exchange contracts – liabilities inflow		37.7	37.7	–	–	–
Forward exchange contracts – liabilities outflow		(37.9)	(37.9)	–	–	–
Forward exchange contracts – liabilities	(0.4)	(0.2)	(0.2)	–	–	–
Forward exchange contracts – assets	1.5	1.8	1.8	–	–	–
Total Cash flow hedges	1.1	1.6	1.6	–	–	–
Fair value flow hedges						
Forward exchange contracts – liabilities inflow		7.7	7.7	–	–	–
Forward exchange contracts – liabilities outflow		(7.6)	(7.6)	–	–	–
Forward exchange contracts – liabilities	(0.1)	0.1	0.1	–	–	–
Forward exchange contracts – assets	–	–	–	–	–	–
Total Fair value flow hedges	(0.1)	0.1	0.1	–	–	–
Total fair value and cash flow hedges	1.0	1.7	1.7	–	–	–

Notes to the consolidated financial statements continued

21. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group enters into derivatives for hedging purposes, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out in accordance with the Treasury Policy, which has been approved by the Board. Generally the Group seeks to apply hedge accounting in order to manage volatility in the income statement.

Interest rate risk

The Group seeks to reduce the volatility in its interest charge caused by rate fluctuations. The proportions of fixed and floating rate debt are determined having regard to a number of factors, including prevailing market conditions, interest rate cycle, the Group's interest cover and leverage position, and any perceived correlation between business performance and rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Fixed-rate instruments carrying amount		Variable rate instruments carrying amount	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Financial assets	**–**	–	**120.8**	124.5
Financial liabilities	**(235.7)**	(235.7)	**(158.4)**	(121.1)
	(235.7)	(235.7)	**(37.6)**	3.4

The fixed-rate financial liabilities comprise the currency equivalent of £188.2 million (2023: £188.2 million) of Senior Notes, £0.4 million (2023: £0.4 million) of cumulative Preference shares and lease liabilities of £47.1 million (2023: £47.1 million). The average cost of the Group's fixed-rate instruments is 4.11% (2023: 3.93%) including lease liabilities and 3.67% (2023: 3.65%) excluding lease liabilities.

The variable rate financial assets include the bank balances and cash deposits detailed in note 17 and the variable rate financial liabilities include bank borrowings detailed in note 20. Where cash and overdrafts are included in Group cash pool arrangements, interest is charged on net bank balances and borrowings. The average rate of the Group's variable rate instruments is 4.32% (2023: 5.6%).

An increase of 100 basis points in interest rates on the variable element of the Group's net floating-rate liabilities and cash at the reporting date would have increased profit by £0.3 million (2023: £0.9 million). A decrease of 100 basis points would have decreased profit by £0.4 million (2023: £0.7 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

Due to the international reach of the Group, currency transaction exposures exist. The Group has a policy in place to hedge all material firm commitments and a large proportion of highly probable forecast foreign currency exposures in respect of sales and purchases over the following 12 months, and achieves this through the use of the forward foreign exchange markets. A significant proportion of the forward exchange contracts have maturities of less than one year after the balance sheet date. The Group continues its practice of not hedging income statement translation exposure.

There are exchange control restrictions which affect the ability of a small number of the Group's subsidiaries to transfer funds to the Group. The Group does not believe such restrictions have had or will have any material adverse impact on the Group as a whole or the ability of the Group to meet its cash flow requirements.

The table below shows the Group's currency exposures, being exposures on currency transactions that give rise to net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating company involved.

	2024			2023		
Functional currency of Group operations	**GBP £m**	**USD £m**	**Euro £m**	GBP £m	USD £m	Euro £m
Trade receivables	**11.7**	**0.4**	**1.7**	12.4	(6.9)	(2.8)
Trade payables	**(10.3)**	**(0.9)**	**(1.4)**	(9.3)	5.0	3.5
Net debt[1]	**(2.9)**	**0.9**	**0.4**	(8.8)	1.5	0.3
Net balance sheet exposure	**(1.5)**	**0.4**	**0.7**	(5.7)	(0.4)	1.0

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

The amounts shown in the table take into account the effect of the forward contracts entered into to manage these currency exposures.

21. Financial risk management (continued)

In respect of other monetary assets and liabilities held in currencies other than the currency of the reporting unit, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group classifies its forward exchange contracts which hedge forecasted transactions as cash flow hedges and states them at fair value. The fair value of forward exchange contracts used as hedges of forecasted transactions at 31 December 2024 was a liability of £0.5 million (2023: asset of £1.1 million).

The contractual cash flows associated with the forward exchange contracts that are designated as cash flow hedges are shown in the section on liquidity risk. The impact on the income statement is expected to occur at the same time as the associated cash flows.

Currency translation risks are controlled centrally. To defend against the impact of a permanent reduction in the value of its overseas net assets through currency depreciation, the Group seeks to match the currency of financial liabilities with the currency in which the net assets are denominated. This is achieved by raising funds in different currencies and through the use of hedging instruments such as swaps, and is implemented only to the extent that the Group's gearing covenant under the terms of its borrowing documents, as well as its facility headroom, are likely to remain comfortably within limits. In this way, the currency of the Group's financial liabilities becomes more aligned to the currency of the trading cash flows that service them.

The Group's currency split of total borrowings was as follows:

	2024 £m	2023 £m
GBP	**7.8**	(0.4)
USD	**151.2**	156.5
Euro	**188.0**	153.6
	347.0	309.7

The Group's sensitivity to changes in foreign exchange rates on financial assets and liabilities as at 31 December 2024 is set out below.

Based upon the currency profile of the Group's net financial assets and liabilities, if GBP had strengthened by 10%, reported net financial liabilities would have decreased by £23.3 million (2023: £18.9 million). Conversely, if GBP had weakened by 10%, reported net financial liabilities would have increased by £32.9 million (2023: £27.9 million). Assuming the change occurred on the balance sheet date, there would be no impact on reported profit, as either the net financial liabilities are in the same currency as that of the respective Group entity, or the change would be offset by an equal and opposite change in the foreign currency monetary items in the Group's holding company.

The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from those projected results. The impact of a weakening in GBP on the Group's financial assets and liabilities would be more than offset in equity and income by its impact on the Group's overseas net assets and earnings respectively.

Hedging instruments

	Maturity date		Notional value: Local currency		Change in fair value for recognising hedge ineffectiveness		Carrying amount of the hedging instruments assets/(liabilities)	
	2024 £m	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Cash flow hedges								
Highly probable forecast sales	**to Dec 2025**	to Dec 2024	**32.3**	37.7	**0.7**	(1.0)	**0.2**	(0.5)
Highly probable forecast purchases	**to Dec 2025**	to Dec 2024	**17.9**	35.6	**0.2**	(0.7)	**(0.4)**	(0.6)

Weighted average hedge rates for the year were as follows:

	Weighted average exchange rates	
	2024 £m	2023 £m
EUR/GBP	**1.18**	1.16
AUD/GBP	**1.97**	1.99
SGD/GBP	**n/a**	1.68
USD/GBP	**1.30**	1.27

21. Financial risk management (continued)

Hedged items

	Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve/ foreign currency translation reserve for continuing hedges	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Cash flow hedges				
Forecast sales	**(0.7)**	1.0	**(0.2)**	0.5
Forecast purchases	**(0.2)**	0.7	**0.4**	0.6

As at 31 December 2024 there were no amounts in the hedging reserve and translation reserve arising from hedging relationships for which hedge accounting is no longer applied.

The Group expects highly probable sales and purchases in UK, Europe, North America, Australia and Asia. The Group has entered into foreign exchange forward contracts (for terms not exceeding 18 months) to hedge the exchange rate risk arising from these anticipated future transactions. It is anticipated that the transactions will take place during the next financial year, at which time the amount deferred in equity will be reclassified to the income statement.

All hedging instruments are presented within derivative financial instruments on the Group balance sheet.

Exchange rates

The principal exchange rates used in the translation of the results of overseas subsidiaries were as follows:

	2024		2023	
	Closing rate	**Average rate**	Closing rate	Average rate
GBP to:				
USD	**1.25**	**1.28**	1.27	1.24
Euro	**1.21**	**1.18**	1.15	1.15

For illustrative purposes, the table below provides details of the impact on 2024 revenue, Group adjusted operating profit and profit before tax if the actual reported results, calculated using 2024 average exchange rates, were restated for GBP weakening by 10 cents against USD in isolation and 10 cents against the Euro in isolation:

	2024			2023		
	Revenue £m	**Group adjusted operating profit[1] £m**	**Profit before tax £m**	Revenue £m	Group adjusted operating profit[1] £m	Profit before tax £m
Increase in revenue/Group adjusted operating profit/profit before tax if:						
GBP weakens by 10c against USD in isolation	**42.3**	**4.4**	**3.6**	42.8	4.9	4.1
GBP weakens by 10c against the Euro in isolation	**19.8**	**3.2**	**0.5**	21.5	2.5	2.2

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

Other market price risk

Equity price risk arises from FVOCI equity instruments held for meeting partially the unfunded portion of the Group's defined benefit pension obligations. The primary goal of the Group's investment strategy is to maximise returns in order to meet partially the Group's unfunded defined benefit obligations.

Capital management

The Board's policy is to maintain a strong capital base (total equity) so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board uses a number of measures, identified as KPIs, to ensure the continued success of the Group.

The Board encourages employees of the Group to hold the Company's Ordinary shares. The Group operates a number of employee share and share option schemes. The Company purchases its own shares on the market which are primarily intended to be used for issuing shares under the Group's various share option incentive schemes. During the year the Group purchased its own shares which were subsequently cancelled as part of the share buyback scheme. The timing of these purchases depends on market prices.

21. Financial risk management (continued)

Capital management (continued)

The Board seeks to maintain a balance between the advantages and security afforded by a sound capital position, and the higher returns that might be possible with higher levels of borrowings.

The Group monitors capital using the indicators set out in the table below. These indicators are also presented excluding the impact of IFRS 16 Leases as these adjusted measures are more closely aligned to the Group's covenants.

Debt to adjusted capital

	2024			2023		
	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m
Borrowings and overdrafts	**347.0**	**–**	**347.0**	309.7	–	309.7
Lease liabilities	**–**	**47.1**	**47.1**	–	47.1	47.1
Less: cash and cash equivalents	**(120.8)**	**–**	**(120.8)**	(124.5)	–	(124.5)
Net debt[1]	**226.2**	**47.1**	**273.3**	185.2	47.1	232.3
Total equity	**389.3**	**–**	**389.3**	398.6	–	398.6
Less: amounts accumulated in equity relating to cash flow hedges	**0.2**	**–**	**0.2**	(1.1)	–	(1.1)
Adjusted capital	**389.5**	**–**	**389.5**	397.5	–	397.5
Net debt[1] to adjusted capital ratio	**0.6x**	**n/a**	**0.7x**	0.5x	n/a	0.6x

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

Net debt to EBITDA

	2024			2023		
	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m
Net debt[1]	**226.2**	**47.1**	**273.3**	185.2	47.1	232.3
Operating profit before specific adjusting items	**122.1**	**4.6**	**126.7**	113.3	3.7	117.0
Depreciation and amortisation	**35.8**	**8.6**	**44.4**	35.2	7.6	42.8
EBITDA[1]	**157.9**	**13.2**	**171.1**	148.5	11.3	159.8
Net debt[1] to EBITDA[1] ratio	**1.4x**	**n/a**	**1.6x**	1.2x	n/a	1.5x

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

Interest cover

	2024			2023		
	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m
EBITDA[1]	**157.9**	**13.2**	**171.1**	148.5	11.3	159.8
Net finance costs (excluding IAS 19 pension charge)	**15.8**	**2.6**	**18.4**	11.7	2.4	14.1
Interest cover	**10.0x**	**n/a**	**9.3x**	12.7x	n/a	11.3x

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary' and 'Alternative performance measures' section on pages 201 to 205.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21. Financial risk management (continued)

Fair values

	31 December 2024					31 December 2023			
			Fair value				Fair value		
	Effective interest rate	Carrying amount £m	Level 1 £m	Level 2 £m	Total £m	Carrying amount £m	Level 1 £m	Level 2 £m	Total £m
Financial assets and liabilities held at amortised cost									
US Dollar Senior Notes 2026	3.37%	**(77.9)**	**–**	**(74.2)**	**(74.2)**	(76.6)	–	(71.6)	(71.6)
Euro Senior Notes 2026	1.55%	**(20.8)**	**–**	**(19.9)**	**(19.9)**	(21.7)	–	(20.3)	(20.3)
US Dollar Senior Notes 2026	4.87%	**(20.4)**	**–**	**(20.1)**	**(20.1)**	(20.0)	–	(19.4)	(19.4)
Euro Senior Notes 2028	1.74%	**(8.3)**	**–**	**(7.7)**	**(7.7)**	(8.7)	–	(8.0)	(8.0)
Euro Senior Notes 2030	2.89%	**(20.7)**	**–**	**(18.8)**	**(18.8)**	(21.7)	–	(19.6)	(19.6)
US Dollar Senior Notes 2031	5.47%	**(8.0)**	**–**	**(7.6)**	**(7.6)**	(7.9)	–	(7.7)	(7.7)
US Dollar Senior Notes 2033	5.53%	**(8.0)**	**–**	**(7.4)**	**(7.4)**	(7.9)	–	(7.6)	(7.6)
US Dollar Senior Notes 2035	5.61%	**(24.1)**	**–**	**(22.0)**	**(22.0)**	(23.7)	–	(22.8)	(22.8)
Cumulative First Preference shares	5.50%	**(0.1)**	**–**	**(0.1)**	**(0.1)**	(0.1)	–	(0.1)	(0.1)
Cumulative Second Preference shares	5.00%	**(0.3)**	**–**	**(0.3)**	**(0.3)**	(0.3)	–	(0.3)	(0.3)
		(188.6)	**–**	**(178.1)**	**(178.1)**	(188.6)	–	(177.4)	(177.4)
Financial assets held at FVTPL		**2.0**	**2.0**	**–**	**2.0**	2.2	2.2	–	2.2
Derivative financial assets held at fair value		**1.2**	**–**	**1.2**	**1.2**	1.5	–	1.5	1.5
		3.2	**2.0**	**1.2**	**3.2**	3.7	2.2	1.5	3.7
Derivative financial liabilities held at fair value		**(2.6)**	**–**	**(2.6)**	**(2.6)**	(0.5)	–	(0.5)	(0.5)

The table above analyses the fair values of financial instruments held by the Group, by valuation method, together with the carrying amounts shown in the balance sheet.

The fair value of cash and cash equivalents, current trade and other receivables/payables and floating-rate bank and other borrowings are excluded from the preceding table as their carrying amount approximates their fair value.

Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency. Fair value is calculated using discounted cash flow methodology, future cash flows are estimated based on forward exchange rates.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during 2024 and 2023 and there were no Level 3 financial instruments in either 2024 or 2023.

21. Financial risk management (continued)

The major methods and assumptions used in estimating the fair values of financial instruments reflected in the preceding table are as follows:

Equity securities

Fair value is based on quoted market prices at the balance sheet date.

Derivatives

Forward exchange contracts are marked to market either using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

Fixed-rate borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows. The interest rates used to determine the fair value of borrowings are 3.7–6.6% (2023: 3.7–6.3%).

22. Pensions and other post-retirement employee benefits

The Group operates a number of defined benefit arrangements as well as defined contribution plans. The defined benefit plans are primarily in the UK, USA and Europe and predominantly provide pensions based on service and career average pay. In addition post-retirement medical plans are operated in the USA.

Summary of net defined benefit obligations

	2024 £m	2023 £m
Present value of unfunded defined benefit obligations	**(32.8)**	(36.9)
Present value of funded defined benefit obligations	**(429.5)**	(479.2)
Fair value of plan assets	**440.8**	490.9
	(21.5)	(25.2)

Amounts recognised in income statement

	Note	2024 £m	2023 £m
Current service cost		**(2.1)**	(2.4)
Administrative expenses recognised outside of the pension liability		**(0.7)**	(1.1)
Curtailments and settlements		**0.1**	–
Total expense within operating costs relating to defined benefit plans		**(2.7)**	(3.5)
Defined contribution plans		**(13.5)**	(12.9)
Total expense within operating costs	4	**(16.2)**	(16.4)
Net interest on net defined benefit liability	7	**(0.6)**	–
Total expense recognised in income statement		**(16.8)**	(16.4)

Amounts recognised in other comprehensive income

	2024 £m	2023 £m
Experience gain on plan obligations	**2.0**	1.2
Changes in financial assumptions underlying the present value of plan obligations – gain/(loss)	**39.1**	(12.7)
Changes in demographic assumptions underlying the present value of plan obligations – gain	**1.4**	2.9
Actual return on plan assets (excluding amounts included in net interest expense)	**(41.2)**	(2.9)
Remeasurements recognised in other comprehensive income	**1.3**	(11.5)
Deferred tax associated with the above	**(0.6)**	(0.5)
Total amount recognised in other comprehensive income	**0.7**	(12.0)

22. Pensions and other post-retirement employee benefits (continued)

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £13.5 million (2023: £12.9 million). The expense includes ongoing contributions to the one remaining US Multi-Employer Plan of £0.1 million (2023: £0.2 million). The Group expects to contribute £13.8 million to ongoing defined contribution arrangements in 2025.

Defined benefit plans

UK Schemes

In the UK, the Group operates two defined benefit pension schemes, the Morgan Pension Scheme and the Morgan Group Senior Staff Pension and Life Assurance Scheme ('the UK Schemes'). The two UK Schemes provide a benefit based upon an employee's total service and their career average earnings (including allowance for consumer price inflation), although historically benefits were based upon an employee's final salary. Once in payment, pensions receive increases as set out in the rules, at either a fixed level, or in line with the Retail Price Index. The overall duration of the UK Schemes is around 12 years.

The UK Schemes' assets are held in trustee-administered funds which are governed by UK regulations, as is the nature of the relationship between the Group and the Trustees. Responsibility for the governance of the UK Schemes – including investment decisions and contribution schedules – lies with the Board of Trustees which must consult with the Group in such matters. The Board of Trustees must be composed of representatives of the Company, plan participants and independent trustee directors, in accordance with the UK Scheme's governing documents.

Funding legislation in the UK requires that schemes are fully funded on a scheme-specific basis, and this must be assessed at least every three years. To the extent that there is a deficit against this measure, a payment schedule must be agreed such that the deficit is removed over a reasonable period of time.

The most recent full actuarial valuations of the UK Schemes were undertaken as at 31 March 2022 and resulted in combined assessed deficits of £49.7 million on the 'Technical Provisions' basis. The Company subsequently agreed with the Trustees to make a lump sum contribution to the Schemes of £67.0 million on 29 December 2022 in lieu of the remaining contributions that would otherwise have been due under the existing recovery plans from the 31 March 2019 valuations. The sum paid also represented the value of the deficit on the more prudent 'Long Term Objective' basis. The next valuations are due as at 31 March 2025 and will be the first undertaken under the new statutory funding regime introduced via the Pension Schemes Act 2021. The impact of the new regime is currently being assessed. However, no further contributions to the Schemes are expected to be required.

The UK Schemes were closed to new entrants on 1 August 2011, with any new employees receiving benefits through the Morgan Group Personal Pension Plan, a defined contribution arrangement. The Morgan Group Senior Staff Pension and Life Assurance Scheme was closed to the future accrual of benefits on and with effect from 6 April 2016. The Morgan Pension Scheme was closed to the future accrual of benefits with effect from 6 April 2018. Current employees, including those who were active in the Schemes at closure, are auto-enrolled into the Morgan Group Personal Pension Plan for their future pension benefits.

The Group has considered third-party powers and does not believe the Trustees have any powers that would prevent the Group obtaining a refund of any surplus on wind-up of the Scheme following gradual settlement of the plan obligations. As such the Group's interpretation is that the current version of IFRIC 14 does not have an impact and, as a result, any IAS 19 surplus can be recognised as an asset and it is not necessary to recognise additional liabilities in respect of contribution agreements reached with the pension scheme Trustees, managers or any third party.

The Trustees and the Group have considered the impact of the recent Virgin Media court case on the Morgan Pension Scheme and, in particular, the extent to which actuarial confirmation was provided that any changes made to the Scheme between 1997 and 2016 did not adversely impact members' contracted out benefits. Reasonable due diligence has concluded that no additional liability requires disclosure. The Morgan Group Senior Staff Pension and Life Assurance Scheme was not contracted out over this period and therefore is not affected by the ruling.

The Group has recognised a liability in relation to Guaranteed Minimum Pensions (GMPs), an initiative to remove inequalities in scheme benefits that arise from GMPs being unequal between men and women. A project to equalise members' benefits in the Morgan Pension Scheme is currently being progressed by a Joint Trustee and Employer Working Group and is expected to be completed in 2025.

22. Pensions and other post-retirement employee benefits (continued)

US Schemes

The Group operates a tax qualified defined benefit pension scheme in the USA ('MUSE DB Scheme'), and a Supplemental Executive Retirement Plan ('SERP') which is not tax approved (together 'the US Schemes'). The MUSE DB Scheme is frozen, and therefore employees accrue benefits within a 401k arrangement.

The US Schemes provide a benefit based upon an employee's service and earnings. The benefits are level both prior to, and while in, payment. Overall, the US Schemes' duration is around nine years.

The qualified MUSE DB Scheme's assets are held in a trust separately from the Group's assets. For the SERP the Group holds an asset to meet the obligations; however, due to its nature this is accounted for as a Group asset, rather than an asset of the SERP. Responsibility for the governance of the US Schemes, including investment decisions and contribution schedules, lies with a management committee, all of whose members are appointed by the Group.

The funding requirements in the USA, ERISA, require schemes to be fully funded at all times, and if not to target full funding within a period of seven years.

The most recent full actuarial valuation of the MUSE DB Scheme was undertaken as at 1 January 2024 and the Scheme was 96% funded on this basis.

On the Defined Benefit Obligation (DBO) basis used for IAS 19 purposes, the Scheme was 100% funded with a surplus as at 31 December 2024 of £0.2 million (2023: £0.3 million deficit).

No further significant contributions to the MUSE DB Scheme are anticipated in the medium term.

European schemes

In Europe (excluding UK), the Group operates a number of retirement schemes, with the bulk of the obligations relating to arrangements for employees in Germany. In line with local practice, these arrangements are not funded in advance, with benefits being met by the Group as they fall due.

22. Pensions and other post-retirement employee benefits (continued)

	31 December 2024				
	UK £m	USA £m	Europe £m	Rest of the World £m	Total £m
Summary of net obligations					
Present value of unfunded defined benefit obligations	–	(4.0)	(24.9)	(3.9)	(32.8)
Present value of funded defined benefit obligations	(318.1)	(101.3)	(1.2)	(8.9)	(429.5)
Fair value of plan assets	330.4	101.5	0.2	8.7	440.8
Net obligations	12.3	(3.8)	(25.9)	(4.1)	(21.5)
Represented by:					
Surpluses	12.3	0.1	–	0.6	13.0
Obligations	–	(3.9)	(25.9)	(4.7)	(34.5)
Movements in present value of defined benefit obligation					
At 1 January 2024	(362.8)	(112.2)	(28.4)	(12.7)	(516.1)
Current service cost	–	–	(0.7)	(1.4)	(2.1)
Interest cost	(15.8)	(5.2)	(1.0)	(0.3)	(22.3)
Actuarial gain/(loss)					
Experience gain/(loss) on plan obligations	2.8	(0.8)	0.3	(0.3)	2.0
Changes in financial assumptions – gain/(loss)	33.0	5.8	0.7	(0.4)	39.1
Changes in demographic assumptions – gain	1.3	–	–	0.1	1.4
Benefits paid	23.4	8.8	1.7	1.1	35.0
Effect of curtailment or settlement	–	–	0.1	0.1	0.2
Exchange adjustments	–	(1.7)	1.2	1.0	0.5
At 31 December 2024	(318.1)	(105.3)	(26.1)	(12.8)	(462.3)
Movements in fair value of plan assets					
At 1 January 2024	375.3	106.7	0.2	8.7	490.9
Interest on plan assets	16.5	4.9	–	0.3	21.7
Remeasurement gain/(loss)	(37.7)	(3.5)	(0.1)	0.1	(41.2)
Contributions by employer	–	0.5	1.7	1.6	3.8
Benefits paid	(23.4)	(8.8)	(1.7)	(1.1)	(35.0)
Administrative cost	(0.3)	–	–	–	(0.3)
Effect of curtailment or settlement	–	–	–	(0.1)	(0.1)
Exchange adjustments	–	1.7	0.1	(0.8)	1.0
At 31 December 2024	330.4	101.5	0.2	8.7	440.8
Actual return on assets	(21.2)	1.4	(0.1)	0.4	(19.5)
Fair value of plan assets by category					
Equities	–	4.8	–	–	4.8
Growth assets[1]	43.8	–	–	–	43.8
Bonds	28.8	94.7	–	–	123.5
Liability-driven investments (LDI)[2]	166.4	–	–	–	166.4
Matching insurance policies	90.1	1.4	0.2	6.2	97.9
Other	1.3	0.6	–	2.5	4.4
	330.4	101.5	0.2	8.7	440.8

1. Growth assets include investment in Multi-Asset Funds as well as UK property.
2. The LDI assets are pooled funds in the UK that provide a leveraged return linked to long duration fixed interest and index-linked government bonds valued at the bid price of the units. This provides interest rate and inflation hedging equivalent in size to circa 100% of the invested assets of the UK Schemes measured on the 'Long Term Objective' basis (Gilts +50bps) (excluding matching insurance policies).

22. Pensions and other post-retirement employee benefits (continued)

The Group expects to contribute £4.0 million to these arrangements in 2025.

	UK £m	USA £m	Europe £m	Rest of the World £m	Total £m
Estimate of employer contributions to be paid into the plans during the 12-month period beginning 1 January 2025	–	0.5	1.7	1.8	4.0

	31 December 2023				
	UK £m	USA £m	Europe £m	Rest of the World £m	Total £m
Summary of net obligations					
Present value of unfunded defined benefit obligations	–	(5.2)	(27.1)	(4.6)	(36.9)
Present value of funded defined benefit obligations	(362.8)	(107.0)	(1.3)	(8.1)	(479.2)
Fair value of plan assets	375.3	106.7	0.2	8.7	490.9
Net obligations	12.5	(5.5)	(28.2)	(4.0)	(25.2)
Represented by:					
Surpluses	12.5	–	–	1.0	13.5
Obligations	–	(5.5)	(28.2)	(5.0)	(38.7)
Movements in present value of defined benefit obligation					
At 1 January 2023	(359.5)	(121.9)	(28.3)	(12.1)	(521.8)
Current service cost	–	–	(0.8)	(1.6)	(2.4)
Interest cost	(16.7)	(5.6)	(1.0)	(0.3)	(23.6)
Actuarial gain/(loss)					
Experience gain/(loss) on plan obligations	(0.3)	2.0	–	(0.5)	1.2
Changes in financial assumptions – gain/(loss)	(10.4)	(1.9)	(0.6)	0.2	(12.7)
Changes in demographic assumptions – gain	2.9	–	–	–	2.9
Benefits paid	21.2	9.2	1.7	0.9	33.0
Exchange adjustments	–	6.0	0.6	0.7	7.3
At 31 December 2023	(362.8)	(112.2)	(28.4)	(12.7)	(516.1)
Movements in fair value of plan assets					
At 1 January 2023	384.7	112.7	0.4	8.4	506.2
Interest on plan assets	17.9	5.4	–	0.3	23.6
Remeasurement gain/(loss)	(6.1)	2.9	–	0.3	(2.9)
Contributions by employer	–	0.6	1.6	1.2	3.4
Benefits paid	(21.2)	(9.2)	(1.7)	(0.9)	(33.0)
Exchange adjustments	–	(5.7)	(0.1)	(0.6)	(6.4)
At 31 December 2023	375.3	106.7	0.2	8.7	490.9
Actual return on assets	11.8	8.3	–	0.6	20.7
Fair value of plan assets by category					
Equities	–	6.3	–	–	6.3
Growth assets[1]	48.9	–	–	–	48.9
Bonds	26.5	97.7	–	–	124.2
Liability-driven investments (LDI)[2]	196.6	–	–	–	196.6
Matching insurance policies	101.9	1.4	0.2	6.3	109.8
Other	1.4	1.3	–	2.4	5.1
	375.3	106.7	0.2	8.7	490.9

1. Growth assets include investment in Global Diversified and Multi-Asset Funds as well as UK property.
2. The LDI assets are pooled funds in the UK that provide a leveraged return linked to long duration fixed interest and index-linked government bonds valued at the bid price of the units. This provides interest rate and inflation hedging equivalent in size to circa 100% of the invested assets of the UK Schemes.

22. Pensions and other post-retirement employee benefits (continued)

Actuarial assumptions

The actual liability in respect of global employee benefits will not be known until the last payments have been made. In placing a current estimate on the Group's past service benefit obligations, a number of assumptions about the future are required. For defined benefit schemes, the Directors make annual estimates and assumptions in respect of discount rates, future changes in salaries, employee turnover, inflation rates, life expectancy and several other assumptions. In making these estimates and assumptions, the Directors consider advice provided by external advisors, such as actuaries.

The assumptions used are best estimate assumptions chosen from a reasonable range and which may not be borne out in practice. The principal assumptions are the discount rate and inflation assumptions which are long-term and measured on external factors, based upon each plan's duration. In addition to these, the mortality assumption in the UK and the USA is material to the cost of the promised benefits. In both the UK and Europe, where relevant, the assumed increases in salaries and pensions in payment are derived from assumed future inflation.

The rates shown below are single equivalents for the obligations as a whole derived from discounting along the yield curve. In line with IAS 19, in determining the value of the annuity contract held in the UK we have reflected the same methodology as used to value the corresponding obligations, reflecting the actual cash flow profile and duration of the insured obligations, rather than those of the Schemes as a whole.

Actuarial assumptions were:

	UK %	USA %	Europe %	Rest of the World %
2024				
Discount rate	**5.45**	**5.47**	**3.50**	**4.66**
Salary increase	**n/a**	**n/a**	**2.00**	**4.50**
Inflation (UK: RPI/CPI)	**3.15/2.52**	**n/a**	**2.00**	**n/a**
Pensions increase[1]	**3.00/3.02/3.66**	**n/a**	**2.00**	**n/a**
Mortality – post-retirement:				
Life expectancy of a male aged 60 in accounting year (years)	**25.51**	**25.00**	**25.48**	**n/a**
Life expectancy of a male aged 60 in accounting year +20 (years)	**27.02**	**25.90**	**28.25**	**n/a**
2023				
Discount rate	4.52	4.80	3.40	5.52
Salary increase	n/a	n/a	2.10	4.50
Inflation (UK: RPI/CPI)	3.05/2.31	n/a	2.10	n/a
Pensions increase[1]	3.00/2.94/3.62	n/a	2.10	n/a
Mortality – post-retirement:				
Life expectancy of a male aged 60 in accounting year (years)	25.62	25.00	25.33	n/a
Life expectancy of a male aged 60 in accounting year +20 (years)	27.10	25.80	28.12	n/a

1. Pension increases in the UK reflect both fixed-rate and RPI-related increases to different elements of members' pensions.

The accounting assumptions noted above are used to calculate the year-end net pension liability in accordance with the relevant accounting standard, IAS 19 (revised) Employee Benefits. Changes in these assumptions have no impact on the Group's cash payments to their arrangements. The payments due are calculated based on local funding requirements, or in the case of the Group's unfunded arrangements on the incidence of benefit payments falling due.

22. Pensions and other post-retirement employee benefits (continued)

The table below demonstrates the sensitivity of the defined benefit obligations to changes in the significant assumptions used for the schemes.

		2024		2023	
	Change in assumption	Increase on defined benefit obligation £m	Increase on deficit £m	Increase on defined benefit obligation £m	Increase on deficit £m
Discount rate	Decrease by 0.1%	**4.6**	**4.1**	5.6	4.9
Discount rate[1]	Decrease by 0.5%	**23.9**	**21.0**	29.2	25.6
Inflation	Increase by 0.1%	**1.5**	**1.5**	1.8	1.7
Inflation[1]	Increase by 0.5%	**7.8**	**7.3**	9.7	9.1
Mortality – post-retirement[1]	Pensioners live 1 year longer	**18.1**	**11.6**	20.5	13.4
Exchange rates	GBP weakens against USD by 10%	**11.7**	**0.4**	12.5	0.6
	GBP weakens against EUR by 10%	**2.9**	**2.9**	3.1	3.1

1. Sensitivities included as reasonably possible changes under IAS1.

These sensitivities have been calculated to show the movement in the net balance sheet in isolation, and assume no other changes in market conditions at the accounting date. This is unlikely in practice – for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Group's Schemes, particularly in the UK and USA where liability movements are effectively fully hedged.

Risks

The net pension liability is a snapshot view which can be significantly influenced by short-term market factors. The calculation of the surplus or deficit depends, therefore, on factors which are beyond the control of the Group – principally the value at the balance sheet date of assets in which the Scheme has invested and long-term interest rates which are used to discount future liabilities. The funding of the Scheme is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors.

The most significant risks to which the Group is exposed are:

- **Investment returns**: The Group's net balance sheet and contribution requirements are heavily dependent upon the return on the assets invested in by the Schemes.
- **Longevity:** The cost to the Group of the pensions promised to members is dependent upon the expected term of these payments. To the extent that members live longer than expected, this will increase the cost of these arrangements.
- **Inflation rate risk:** In the UK, the pension promises are, in the main, linked to inflation, and higher inflation will lead to higher liabilities.

The above risks have been mitigated for the majority of the UK Schemes' pensioner population through the purchase of an insurance policy, the payments from which exactly match the promises made to employees. Remaining investment risks have also been mitigated to a significant extent by a diversification of the return-seeking assets and backing uninsured pensioner liabilities via bonds and various hedging instruments. In the UK, the bonds and LDI mandates target an interest rate hedge against movements in government bond yields (including providing protection against changes to future inflation expectations) for an amount equal to approximately 100% of the liabilities valued on the 'Long Term Objective' basis. In the USA, the bond mandates provide an interest rate hedge of approximately 100% of the liabilities for funded plans.

In addition, the IAS 19 defined benefit obligation is linked to yields on AA-rated corporate bonds; however some of the Group's arrangements invest in a number of other assets which will move in a different manner from these bonds. Therefore, changes in market conditions may lead to volatility in the Group's balance sheet and in other comprehensive income, and to a lesser extent in the IAS 19 pension expense in the Group's income statement.

- **Regulatory Risk:** The Group also closely monitors the external legal and regulatory pension environment to ensure continued compliance with all relevant requirements.

23. Share-based payments

The Group operates various share option programmes that allow Group employees to acquire shares in the Company. During 2024, awards were made to executives and senior employees under the Morgan Advanced Materials plc Long-Term Incentive Plan (LTIP), the Morgan Advanced Materials plc Deferred Bonus Plan (DBP) and the Morgan Advanced Materials plc Restricted Stock Units (RSU). The Company also maintains a UK all-employee Sharesave scheme ('Sharesave'). Further details can be found in the Remuneration Report on pages 84 to 109.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The charge expensed to the income statement in 2024 was £2.8 million (2023: £2.9 million).

The following options and awards were outstanding at 31 December 2024 in respect of Ordinary shares:

	Employees entitled	Vesting conditions	Exercise/award price(s)	Number of shares outstanding	Exercise dates ranging from	to
LTIP	Senior employees	Continued employment plus satisfaction of performance metrics	–	**7,254,150**	**13 May 2025**	**5 September 2027**
Sharesave	All UK employees	Continued employment	**209.00p–321.00p**	**1,085,754**	**1 December 2024**	**31 May 2028**
DBP	Senior employees	Continued employment	–	**418,844**	**26 March 2025**	**26 March 2027**
RSU	Select employees	Continued employment	–	**463,373**	**26 May 2025**	**26 March 2027**

The numbers and weighted average exercise prices of share options are as follows:

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
Outstanding at the beginning of the period	**27.63p**	**8,785,347**	28.30p	7,517,706
Granted during the period	**15.00p**	**3,153,808**	29.62p	4,240,455
Forfeited during the period	**23.54p**	**(459,351)**	24.87p	(580,988)
Exercised during the period	**21.63p**	**(1,623,698)**	33.06p	(2,138,502)
Lapsed during the period	**5.96p**	**(633,985)**	41.30p	(253,324)
Outstanding at the end of the period	**26.06p**	**9,222,121**	27.63p	8,785,347
Exercisable at the end of the period	**139.21p**	**120,602**	170.65p	222,637

The weighted average share price at the date of exercise during the period was 283.16 pence (2023: 276.49 pence).

23. Share-based payments (continued)

Measurement of fair values

The DBP is an award of deferred shares which include the accumulated value of any dividends which fall during the period from the date of grant to the vesting date. The RSU is an award of shares, which are released in tranches to the participant over a specified period of time with no performance conditions except continued employment by the Group. As such, the grant-date fair value of the DBP and RSU are equal to the share price at the date of grant.

	Awards made in 2024			
	LTIP	**Sharesave**	**DBP**	**RSU**
Share price at award date	**282.89p–302.50p**	**271.75p**	**282.89p**	**282.89p–302.50p**
Exercise price	**n/a**	**247.00p**	**n/a**	**n/a**
Fair value at measurement date	**105.00p–250.00p**	**42.00p**	**282.89p**	**282.89p–302.50p**
Fair value measurement method	**Actuarial binomial method**	**Actuarial binomial method**	**n/a**	**n/a**
Fair value model inputs:				
Expected volatility (expressed as weighted average volatility used in the model)	**30%**	**30%**		
Option life (expressed as weighted average life used in the model)	**3.0 years**	**3.3 years**		
Expected dividends	**4.20%**	**4.40%**		
Risk-free interest rate	**4.00%**	**3.70%**		

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options) adjusted for any expected changes to future volatility due to publicly available information.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

The weighted average fair value of options issued during 2024 was 202.98 pence (2023: 211.70 pence).

24. Provisions and contingent liabilities

	Closure and restructuring provisions £m	Legal and other provisions £m	Environmental provisions £m	Total £m
Balance at 1 January 2024	**7.9**	**5.6**	**8.3**	**21.8**
Provisions made during the year	**2.9**	**2.4**	**0.1**	**5.4**
Provisions used during the year	**(2.9)**	**(1.1)**	**(1.6)**	**(5.6)**
Provisions reversed during the year	**(0.4)**	**(0.4)**	**–**	**(0.8)**
Effect of movements in foreign exchange	**(0.1)**	**(0.2)**	**(0.1)**	**(0.4)**
Balance at 31 December 2024	**7.4**	**6.3**	**6.7**	**20.4**
Current	**5.4**	**1.9**	**2.2**	**9.5**
Non-current	**2.0**	**4.4**	**4.5**	**10.9**
	7.4	**6.3**	**6.7**	**20.4**

Closure and restructuring provisions

Closure and restructuring provisions relate to the Group's restructuring programmes and represent committed expenditure at the balance sheet date. The amounts provided are based on the costs of terminating relevant contracts, under the contract terms, and management's best estimate of other associated restructuring costs including professional fees. The provisions are expected to be utilised in the next one to two years.

We have a provision for a multi-employer pension obligation for a site which was closed during 2021. The cash outflows relating to the pension obligation may continue for up to 16 years, subject to any settlement being reached in advance of that date.

Legal and other provisions

Legal and other provisions mainly comprise amounts provided against open legal and contractual disputes arising in the normal course of business and long-service costs. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, taking into account professional advice received, and represent management's best estimate of the most likely outcome. The timing of utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and associated negotiations.

Where obligations are not capable of being reliably estimated, or if a material outflow of economic resources is considered not probable, it is classified as a contingent liability. The Group is of the opinion that any associated claims that might be brought can be defeated successfully and, therefore, the possibility of any material outflow in settlement is assessed as remote.

Subsidiary undertakings within the Group have given unsecured guarantees of £9.5 million (2023: £10.3 million) in the ordinary course of business.

Environmental provisions

Environmental provisions are made for quantifiable environmental liabilities arising from known environmental issues. The amounts provided are based on the best estimate of the costs required to remedy these issues. The provisions are expected to be utilised in the next five to ten years.

24. Provisions and contingent liabilities (continued)

Tax contingent liabilities

The Group is subject to periodic tax audits by various fiscal authorities covering corporate, employee and sales taxes in the various jurisdictions in which it operates. We have provided for estimates of the Group's likely exposures where these can be reliably estimated. These are disclosed in notes 8 and 14.

Environmental and other contingent liabilities

Due to the international footprint of the Group and the nature of its manufacturing operations it is subject to a wide range of local health and safety, environmental and employment laws and regulations. At any point in time the Group has a number of ongoing environmental or employment cases for which there is uncertainty due to the wide range of possible outcomes and associated costs. Possible outcomes include the case being settled, withdrawn or dismissed.

25. Capital commitments

In 2024, commitments for property, plant and equipment and computer software expenditure for which no provision has been made in these accounts amount to £13.8 million (2023: £5.2 million) for the Group.

26. Related parties

Identification of related parties

The Group has related party relationships with its subsidiaries (a list of all related undertakings and associates is shown in note 44), and with its Directors, executive officers and their close family members.

Transactions with key management personnel

The Company has written service contracts or letters of appointment with each of its Directors, under which the Directors receive a salary or a fee and other emoluments.

The key management of the Group and Parent Company consists of the Board of Directors (including non-executive Directors) and members of the Executive Committee.

The compensation for the executive and non-executive Directors and members of the Executive Committee charged in the year was:

	2024 £m	2023 £m
Short-term employee benefits	**6.2**	5.9
Employer national insurance contributions	**0.5**	0.6
Pension and other post-employment costs	**0.3**	0.3
Share-based payment expense	**1.1**	0.9
Non-executive Directors' fees and benefits	**0.5**	0.5
Total compensation of key management personnel	**8.6**	8.2

Other related party transactions

During the year the Group incurred an annual fee of £18,000 (2023: £13,500) to Dunelm Energy for administrative support, a company in which Ian Marchant, the Group Chairman, has an interest.

27. Non-controlling interests

Non-controlling interests represent the portion of equity of subsidiaries which is not owned by the Parent Company. The total profit attributable to non-controlling interests for the year ended 31 December 2024 is £8.5 million (2023: £9.0 million), £7.5 million (2023: £8.1 million) relates to the subsidiaries listed below, the remaining amount relates to other subsidiaries which are not considered material.

Name of entity	Registered address	Ownership %
Morgan AM&T (Shangai) Co., Ltd	4250 Long Wu Road, Shanghay, 200241, China	30%
Murugappa Morgan Thermal Ceramics Ltd	PO Box 1570, Dare House Extension, V Floor, No. 2, NSC Bose Road, Chennai, Tamil Nadu, 600001, India	49%
Ciria India Limited	P-11 Pandav Nagar, Mayur Vihar Phase 1, Delhi, 110091, India	30%
Shin-Nippon Thermal Ceramics Corporation	Portus Center Building 12F, 4-45-1 Ebisujimacho, Sakai-Ku, Sakai-Shi, Osaka, 590-0985, Japan	50%
Yixing Morgan Thermal Ceramics Co Ltd	2 Beidan Road, Taodu Industrial Park, Dingshu Town, Yixing City, Jiangsu Province, 214222, China	49%
Morgan Kailong (Jingmen), Thermal Ceramics Co Ltd	20-1 Quankou Road, Jingmen City, Hubei Province, 448032, China	30%

The summarised financial information of the material non-controlling interests are shown below.

2024	Morgan AM&T (Shanghai) Co., Ltd £m	Murugappa Morgan Thermal Ceramics Ltd £m	Ciria India Limited £m	Shin-Nippon Thermal Ceramics Corporation £m	Yixing Morgan Thermal Ceramics Co Ltd £m	Morgan Kailong (Jingmen) Thermal Ceramics Co Ltd £m
Profit after tax	**6.1**	**4.6**	**2.3**	**1.9**	**1.3**	**3.3**
Profit for the year attributable to non-controlling interest	**1.9**	**2.2**	**0.7**	**1.0**	**0.7**	**1.0**
Dividends paid to non-controlling interest	**2.3**	**0.7**	**0.7**	**1.8**	**1.0**	**1.0**
Non-current assets	**5.1**	**9.0**	**–**	**–**	**8.4**	**12.3**
Current assets	**34.3**	**11.3**	**5.7**	**10.5**	**6.3**	**7.6**
Current liabilities	**(13.0)**	**(3.8)**	**(1.8)**	**(3.0)**	**(3.7)**	**(5.0)**
Total net assets	**26.4**	**16.5**	**3.9**	**7.5**	**11.0**	**14.9**

2023	Morgan AM&T (Shanghai) Co., Ltd £m	Murugappa Morgan Thermal Ceramics Ltd £m	Ciria India Limited £m	Shin-Nippon Thermal Ceramics Corporation £m	Yixing Morgan Thermal Ceramics Co Ltd £m	Morgan Kailong (Jingmen) Thermal Ceramics Co Ltd £m
Profit after tax	7.4	4.3	2.8	1.9	1.9	3.1
Profit for the year attributable to non-controlling interest	2.2	2.1	0.9	1.0	0.9	1.0
Dividends paid to non-controlling interest	2.1	0.7	0.8	0.9	1.8	1.1
Non-current assets	6.0	5.9	–	0.2	8.9	12.1
Current assets	34.0	11.1	6.2	12.7	6.6	7.0
Current liabilities	(11.6)	(3.6)	(2.2)	(2.9)	(3.8)	(4.3)
Total net assets	28.4	13.4	4.0	10.0	11.7	14.8

28. Subsequent events

There were no reportable subsequent events following the balance sheet date.

Company balance sheet

AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
Non-current assets			
Intangible assets	31	–	–
Property, plant and equipment	32	**3.3**	3.5
Right-of-use assets	33	**0.3**	0.4
Investments in subsidiary undertakings	34	**605.2**	716.4
Debtors – amounts due after more than one year	35	**489.1**	252.8
Employee benefits: pensions	39	**3.1**	3.1
		1,101.0	976.2
Current assets			
Debtors – amounts due within one year	35	**65.6**	135.2
Cash and cash equivalents		**22.1**	15.6
		87.7	150.8
Current liabilities			
Creditors – amounts falling due within one year	36	**178.5**	126.8
Provisions	40	**0.9**	1.1
		179.4	127.9
Net current (liabilities)/assets		**(91.7)**	22.9
Total assets less current liabilities		**1,009.3**	999.1
Non-current liabilities			
Creditors – amounts falling due after more than one year	37	**429.5**	394.7
Provisions	40	**2.0**	3.0
		431.5	397.7
Net assets		**577.8**	601.4
Capital and reserves			
Equity shareholders' funds			
Share capital	41	**70.9**	71.3
Share premium		**111.7**	111.7
Merger reserve		**17.0**	17.0
Capital redemption reserve		**36.1**	35.7
Other reserves		**(5.5)**	–
Retained earnings		**347.6**	365.7
Shareholders' funds		**577.8**	601.4

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. The profit for the Company for the year ended 31 December 2024 was £21.5 million (2023: loss of £36.6 million).

The financial statements were approved by the Board of Directors on 27 February 2025 and were signed on its behalf by:

Pete Raby
Chief Executive Officer

Richard Armitage
Chief Financial Officer

Company statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Called-up share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	71.3	111.7	17.0	35.7	–	441.3	677.0
Total comprehensive income for the year:							
Loss for the year	–	–	–	–	–	(36.6)	(36.6)
Other comprehensive income	–	–	–	–	–	(3.6)	(3.6)
Transactions with owners:							
Dividends	–	–	–	–	–	(34.2)	(34.2)
Equity-settled share-based payment transactions	–	–	–	–	–	2.9	2.9
Own shares acquired for share incentive schemes (net)	–	–	–	–	–	(4.1)	(4.1)
Balance at 31 December 2023	71.3	111.7	17.0	35.7	–	365.7	601.4
Balance at 1 January 2024	**71.3**	**111.7**	**17.0**	**35.7**	**–**	**365.7**	**601.4**
Total comprehensive income for the year:							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**21.5**	**21.5**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Transactions with owners:					**–**		
Dividends	**–**	**–**	**–**	**–**		**(34.5)**	**(34.5)**
Equity-settled share-based payment transactions	**–**	**–**	**–**	**–**	**–**	**2.8**	**2.8**
Own shares acquired for share incentive schemes (net)	**–**	**–**	**–**	**–**	**–**	**(3.3)**	**(3.3)**
Purchase of own shares for shares buyback programme	**–**	**–**	**–**	**–**	**(10.0)**	**–**	**(10.0)**
Cancellation of own shares under share buyback programme	**(0.4)**	**–**	**–**	**0.4**	**4.5**	**(4.5)**	**–**
Balance at 31 December 2024	**70.9**	**111.7**	**17.0**	**36.1**	**(5.5)**	**347.6**	**577.8**

Notes to the Company financial statements

29. Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and the Companies Act 2006.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with FRS 101.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Transactions with wholly-owned subsidiaries;
- The effects of new but not yet effective IFRS;
- The compensation of key management personnel;
- Capital management;
- Disclosures required by IFRS 15 Revenue from Contracts with Customers relating to customer contracts; and
- Disclosures required by IFRS 16 Leases relating to lessors.

As the consolidated financial statements of Morgan Advanced Materials plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of Group-settled share-based payments;
- The disclosures required by IFRS 7 Financial Instruments Disclosures;
- Disclosures required by IAS 12 Income Taxes in periods when Pillar Two legislation is enacted; and
- Certain disclosures required by IFRS 13 Fair Value Measurement relating to the fair value of assets and liabilities.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Under Section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement or statement of comprehensive income.

The Company's financial statements are presented in pounds sterling, which is the Company's functional currency.

The Company's financial statements are prepared on a going concern basis as set out in note 1 of the consolidated financial statements of the Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to the period presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

29. Accounting policies (continued)

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software: 3–7 years

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Plant, equipment and fixtures: 3–20 years

Buildings: 50 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Leasing

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of future lease payments including adjustments for any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case of leases in the Company, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value on similar terms.

The right-of-use-assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment. The Company tests the investment balances for impairment annually or when there are indicators of impairment. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Financial instruments

Financial instruments and financial liabilities are recognised in the Company balance sheet when the Company becomes party to the contractual provisions of the instrument.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recorded initially at transaction price and subsequently measured at amortised cost. This results in their recognition at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an 'expected credit loss' (ECL) model). The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

29. Accounting policies (continued)

Non-derivative financial instruments (continued)

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value of the consideration received, net of direct issue costs. They are subsequently held at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for using an effective interest rate method and are added to or deducted from the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Impairment of financial assets

The Company recognises provisions for ECLs on financial assets measured at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk with lifetime ECL recognised when there has been a significant increase in credit risk since initial recognition. Life ECL represents the expected credit losses that will result from all possible defaults over the expected life of the financial instrument.

To assess whether the credit risk has increased significantly since initial recognition, the Company compares the risk of default occurring at the reporting date with the risk of default at the date of initial recognition. The Company utilises both quantitative and qualitative information to support this assessment, including historical experience and forward-looking information.

The Company considered amounts due from Group undertakings to be in default when the borrower is unlikely to pay its credit obligations to the Company in full. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks including non-designated foreign exchange forward contracts as detailed in note 45.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the Master Netting Agreements on the Group's financial position is disclosed in note 21. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on AA-credit-rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan, and takes into account the adverse effect of any minimum funding requirements.

29. Accounting policies (continued)

Actuarial gains and losses that have arisen since the adoption of FRS 101 are recognised in the period that they occur directly into equity through the statement of comprehensive income.

The Company is the sponsoring and principal employer of two UK defined benefit pension schemes, the Morgan Pension Scheme and the Morgan Group Senior Staff Pension and Life Assurance Scheme ('the UK Schemes'). The Company also guarantees certain obligations and liabilities to the employees that currently participate in the two UK Schemes. During 2016, the Company adopted a new policy to allocate costs associated with the UK pension schemes between itself, as Principal Employer, and the various Participating Employers, based on an evaluation of each entity's share of overall Scheme liabilities. This ensures that the pension liability is reflected in the entity that employed the participant. Previously all of the Scheme assets and liabilities were recognised on the balance sheet of the Company only. Further details are provided in note 39.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. Share-based payment charges and credits relating to awards granted to employees of subsidiaries are recharged to those subsidiaries with a corresponding entry in the Company's income statement. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in the income statement.

Disclosure of the share-based payment transactions can be found in note 23 to the Group financial statements.

Own shares held by the Morgan General Employee Benefit Trust

Transactions of the Group-sponsored Morgan General Employee Benefit Trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the Trust's purchases and sales of shares in the Company are debited and credited to equity.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability where the effect of discounting is expected to be material.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

29. Accounting policies (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately approved and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee, at which point a liability would be recognised.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses.

In addition to the areas of judgement and estimates outlined in note 1 to the consolidated Group financial statements, the Company also identifies the assumptions required in investments impairment assessments as a source of significant risk of resulting in a material adjustment to the asset carrying values of the Company. Assessment of impairment relies on the use of estimates of the future profitability in a multiple-based valuation which may differ from the actual results achieved. Due to global economic uncertainty, there is an increased level of risk and therefore a key source of estimate uncertainty in these assumptions, see note 34 for sensitivity analysis.

30. Staff numbers and costs

The monthly average number of persons employed by the Company (including Directors) during the year was as follows:

Number of employees	2024	2023
Number of employees including Directors	**76**	69

Full details of the Directors' remuneration for the period can be found in the Remuneration Report on pages 96 to 109.

Aggregate employee-related costs were as follows:

	Note	2024 £m	2023 £m
Wages and salaries		**10.6**	7.6
Equity-settled share-based payments	23	**2.8**	2.9
Social security costs		**1.5**	2.1
Other pension costs		**0.9**	1.2
		15.8	13.8

In 2024, £2.6 million (2023: £3.0 million) of the equity-settled share-based payments amount was recharged to other Morgan Group companies.

31. Intangible assets

	Software £m
Cost	
Balance at 1 January 2024 and 31 December 2024	**10.0**
Amortisation	
Balance at 1 January 2024 and 31 December 2024	**10.0**
Carrying amounts	
At 31 December 2023	–
At 31 December 2024	**–**

32. Property, plant and equipment

	Land and buildings £m	Plant, equipment and fixtures £m	Total £m
Cost			
Balance at 1 January 2024	**6.5**	**2.3**	**8.8**
Additions	**–**	**0.3**	**0.3**
Disposals	**–**	**(0.2)**	**(0.2)**
Balance at 31 December 2024	**6.5**	**2.4**	**8.9**
Depreciation and impairment losses			
Balance at 1 January 2024	**3.8**	**1.5**	**5.3**
Depreciation charge for the year	**–**	**0.3**	**0.3**
Balance at 31 December 2024	**3.8**	**1.8**	**5.6**
Carrying amounts			
At 31 December 2023	2.7	0.8	3.5
At 31 December 2024	**2.7**	**0.6**	**3.3**

33. Right-of-use assets

The reconciliation in the movement of the carrying value of right-of-use assets is set out in the table below:

	Land and buildings £m	Plant, equipment and fixtures £m	Total £m
Cost			
Balance at 1 January 2024	**0.8**	**0.1**	**0.9**
Disposals	**–**	**(0.1)**	**(0.1)**
Balance at 31 December 2024	**0.8**	**–**	**0.8**
Depreciation			
Balance at 1 January 2024	**0.4**	**0.1**	**0.5**
Charge for the year	**0.1**	**–**	**0.1**
Disposals	**–**	**(0.1)**	**(0.1)**
Balance at 31 December 2024	**0.5**	**–**	**0.5**
Carrying amounts			
At 31 December 2023	0.4	–	0.4
At 31 December 2024	**0.3**	**–**	**0.3**

The Company leases several assets including buildings and IT equipment. The average lease term at 31 December 2024 is 0.8 years (2023: 0.9 years).

At 31 December 2024, the Company has not applied any exemptions for short-term leases or leases of low-value assets.

34. Investment in subsidiary undertakings

	Shares in Group undertakings £m	Loans £m	Total £m
Cost			
Balance at 1 January 2024	**449.4**	**432.4**	**881.8**
Additions	**4.9**	**–**	**4.9**
Repayment of capital	**–**	**(137.2)**	**(137.2)**
Effect of movement in foreign exchange	**–**	**2.9**	**2.9**
Balance at 31 December 2024	**454.3**	**298.1**	**752.4**
Provisions			
Balance at 1 January 2024	**64.8**	**100.6**	**165.4**
Provided in the year	**–**	**–**	**–**
Reclassification	**–**	**(17.9)**	**(17.9)**
Effect of movement in foreign exchange	**–**	**(0.3)**	**(0.3)**
Balance at 31 December 2024	**64.8**	**82.4**	**147.2**
Carrying amounts			
At 31 December 2023	384.6	331.8	716.4
At 31 December 2024	**389.5**	**215.7**	**605.2**

34. Investment in subsidiary undertakings (continued)

In December 2024, management conducted a review of the Company's investment in subsidiary undertakings and identified impairment losses of £nil (2023: £43.2 million). In addition, management identified £nil (2023: £17.8 million) impairment losses against loans.

The impairment assessment of shares in Group undertakings uses the 2024 results in an EBITDA* multiple valuation, which is sensitive to changes in the principal assumptions. In line with the fair value hierarchy in note 21, this has been classified as a Level 2 valuation. A 2% increase in either EBITDA* or the multiple would increase the carrying value of the share in Group undertakings by £3.0 million at 31 December 2024. A 2% decrease would result in an impairment of £3.0 million. Management considers these changes in assumptions to be reasonably possible.

Note 44 to the financial statements gives details of the Company's shares held in related undertakings.

35. Debtors

	Note	2024 £m	2023 £m
Due within one year			
Amounts owed by Group undertakings		**59.8**	127.1
Other debtors		**1.1**	3.3
Derivative financial assets	45	**1.4**	1.6
Prepayments		**3.3**	3.2
		65.6	135.2
Due after more than one year			
Derivative financial assets	45	**–**	0.4
Amounts owed by Group undertakings		**489.1**	252.4
		489.1	252.8

Amounts owed by Group undertakings relate to subsidiary undertakings, are unsecured and accrue interest at rates up to 18.3% (2023: 11.8%). Amounts owed by Group in more than one year are due in up to three years.

36. Creditors: amounts falling due within one year

	Note	2024 £m	2023 £m
Bank overdrafts		**2.6**	0.8
Lease liabilities		**0.1**	0.2
Trade creditors		**10.2**	2.9
Amounts owed to Group undertakings		**150.5**	109.4
Other creditors		**3.8**	3.0
Accruals		**8.9**	8.8
Derivative financial liabilities	45	**2.4**	1.7
		178.5	126.8

Amounts owed to Group undertakings relate to subsidiary undertakings and are unsecured, repayable on demand and accrue interest at rates up to 12.0% (2023: 10.5%).

37. Creditors: amounts falling due after more than one year

	Note	2024 £m	2023 £m
Amounts owed to Group undertakings		**85.8**	83.4
Borrowings	38	**337.7**	308.5
Lease liabilities		**–**	0.1
Derivative financial liabilities	45	**6.0**	2.7
		429.5	394.7

Amounts owed to Group undertakings relate to subsidiary undertakings and are unsecured and accrue interest at rates up to 8.0% (2023: 8.3%).

38. Borrowings

Terms and debt repayment schedule

	31 December 2024				31 December 2023			
		Fair value				Fair value		
	Carrying amount £m	Level 1 £m	Level 2 £m	Total £m	Carrying amount £m	Level 1 £m	Level 2 £m	Total £m
Financial assets and liabilities held at amortised cost								
3.37% US Dollar Senior Notes 2026	**(77.9)**	**–**	**(74.2)**	**(74.2)**	(76.6)	–	(71.6)	(71.6)
1.55% Euro Senior Notes 2026	**(20.8)**	**–**	**(19.9)**	**(19.9)**	(21.7)	–	(20.3)	(20.3)
4.87% US Dollar Senior Notes 2026	**(20.4)**	**–**	**(20.1)**	**(20.1)**	(20.0)	–	(19.4)	(19.4)
1.74% Euro Senior Notes 2028	**(8.3)**	**–**	**(7.7)**	**(7.7)**	(8.7)	–	(8.0)	(8.0)
2.89% Euro Senior Notes 2030	**(20.7)**	**–**	**(18.8)**	**(18.8)**	(21.7)	–	(19.6)	(19.6)
5.47% US Dollar Senior Notes 2031	**(8.0)**	**–**	**(7.6)**	**(7.6)**	(7.9)	–	(7.7)	(7.7)
5.53% US Dollar Senior Notes 2033	**(8.0)**	**–**	**(7.4)**	**(7.4)**	(7.9)	–	(7.6)	(7.6)
5.61% US Dollar Senior Notes 2035	**(24.1)**	**–**	**(22.0)**	**(22.0)**	(23.7)	–	(22.8)	(22.8)
5.50% Cumulative First Preference shares	**(0.1)**	**–**	**(0.1)**	**(0.1)**	(0.1)	–	(0.1)	(0.1)
5.00% Cumulative Second Preference shares	**(0.3)**	**–**	**(0.3)**	**(0.3)**	(0.3)	–	(0.3)	(0.3)
	(188.6)	**–**	**(178.1)**	**(178.1)**	(188.6)	–	(177.4)	(177.4)
Derivative financial assets held at fair value	**1.4**	**–**	**1.4**	**1.4**	2.0	–	2.0	2.0
	1.4	**–**	**1.4**	**1.4**	2.0	–	2.0	2.0
Derivative financial liabilities held at fair value	**(8.4)**	**–**	**(8.4)**	**(8.4)**	(4.4)	–	(4.4)	(4.4)

The fair value of cash and cash equivalents, current trade and other receivables/payables and floating-rate bank and other borrowings are excluded from the preceding table as their carrying amount approximates to their fair value.

In 2024, none of the borrowings were secured on the assets of the Company (2023: £nil).

39. Employee benefits: pensions

Defined benefit plans

The Company participates in two defined benefit pension schemes, the Morgan Pension Scheme and the Morgan Group Senior Staff Pension and Life Assurance Scheme ('the UK Schemes'). The UK Schemes were closed to new entrants on 1 August 2011, with any new employees receiving benefits through the Morgan Group Personal Pension Plan, a defined contribution arrangement. The Morgan Group Senior Staff Pension and Life Assurance Scheme was closed to the future accrual of benefits on and with effect from 6 April 2016. The Morgan Pension Scheme was closed to the future accrual of benefits on and with effect from 6 April 2018. Current employees, including those who were active in the Schemes at closure, were auto-enrolled into the Morgan Group Personal Pension Plan for their future pension benefits.

	2024 £m	2023 £m
Pension plans and employee benefits		
Present value of funded defined benefit obligations	**(104.1)**	(119.1)
Fair value of plan assets	**107.2**	122.2
Net assets	**3.1**	3.1
Movements in present value of defined benefit obligation		
At 1 January	**(119.1)**	(118.9)
Interest cost	**(5.1)**	(5.5)
Remeasurement gains/(losses):		
Changes in financial assumptions	**10.3**	(3.6)
Changes in demographic assumptions	**0.4**	1.1
Experience adjustments on benefit obligations	**0.8**	0.3
Benefits paid	**8.6**	7.5
At 31 December	**(104.1)**	(119.1)
Movements in fair value of plan assets		
At 1 January	**122.2**	125.3
Interest on plan assets	**5.3**	5.8
Remeasurement losses	**(11.6)**	(1.4)
Contributions by employer	**–**	–
Administrative expenses	**(0.1)**	–
Benefits paid	**(8.6)**	(7.5)
At 31 December	**107.2**	122.2
Actual return on assets	**(6.3)**	4.4

	2024 £m	2023 £m
Expense recognised in the income statement		
Administrative expenses (including administration expenses incurred by the Company directly)	**(0.6)**	(0.8)
Net interest on net defined benefit asset	**0.2**	0.3
Total expense recognised in the income statement	**(0.4)**	(0.5)

The fair values of the plan assets were as follows:

	2024 £m	2023 £m
Equities and growth assets	**47.6**	56.9
Bonds	**8.3**	7.6
Matching insurance policies	**38.2**	43.1
Other	**13.1**	14.6
Total	**107.2**	122.2

39. Employee benefits: pensions (continued)

The assumptions used are best estimate assumptions chosen from a range of possible actuarial assumptions which may not be borne out in practice. The principal assumptions are the discount rate and inflation assumptions which are long-term and measured on external factors, based upon each plan's duration. In addition to these, the mortality assumption in the UK is material to the cost of the promised benefits. The assumed increases in salaries and pensions in payment are derived from assumed future inflation.

Principal actuarial assumptions at the year end were as follows:

Assumptions:	**2024 %**	**2023 %**
Inflation (RPI/CPI)	**3.15/2.52**	3.05/2.31
Discount rate	**5.45**	4.52
Pensions increase	**3.00/3.02/3.66**	3.00/2.94/3.62
Salary increase	**n/a**	n/a
Mortality – post-retirement:		
Life expectancy of a male aged 60 in accounting year (years)	**25.5**	25.6
Life expectancy of a male aged 60 in accounting year +20 (years)	**27.0**	27.1

Funding

The most recent full actuarial valuations of the UK Schemes were undertaken as at 31 March 2022 and resulted in combined assessed deficits of £49.7 million on the 'Technical Provisions' basis. The Company subsequently agreed with the Trustees to make a lump sum contribution to the Schemes of £67.0 million on 29 December 2022 in lieu of the remaining contributions that would otherwise have been due under the existing recovery plans from the 31 March 2019 valuations. The sum paid represented the value of the deficit on the more prudent 'Long Term Objective' basis on the date of that agreement, 25 October 2022. As a result, no further contributions to the Schemes are expected to be required pending the results of the next full valuations as at 31 March 2025.

The Trustees and the Group have considered the impact of the recent Virgin Media court case on the Morgan Pension Scheme and, in particular, the extent to which actuarial confirmation was provided that any changes made to the Scheme between 1997 and 2016 did not adversely impact members' contracted out benefits. Reasonable due diligence has concluded that no additional liability requires disclosure. The Morgan Group Senior Staff Pension and Life Assurance Scheme was not contracted out over this period and therefore is not affected by the ruling.

Sensitivity analysis

The table below demonstrates the sensitivities of the net defined benefit asset to changes in the significant assumptions used for the scheme.

	Change in assumption	**2024 Decrease effect £m**	2023 Decrease effect £m
Discount rate	Decrease by 0.1%	**0.8**	1.0
Inflation	Increase by 0.1%	**0.3**	0.4
Mortality – post-retirement	Pensioners live 1 year longer	**2.1**	2.6

These sensitivities have been calculated to show the movement in the net balance sheet in isolation, and assuming no other changes in market conditions at the accounting date (except where a fully matching insurance policy is held where this asset is assumed to change in value to match the change in obligations). This is unlikely in practice – for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Company's schemes.

Defined contribution plans

The Group operates a defined contribution pension plan ('the Morgan Group Personal Pension Plan'). The total Company expense relating to this plan in 2024 was £0.9 million (2023: £0.7 million).

40. Provisions and contingent liabilities

	Dilapidation provisions £m	Other provisions £m	Total £m
Balance at 1 January 2024	**0.1**	**4.0**	**4.1**
Provisions used during the year	**(0.1)**	**(1.1)**	**(1.2)**
Balance at 31 December 2024	**–**	**2.9**	**2.9**
Current	**–**	**0.9**	**0.9**
Non-current	**–**	**2.0**	**2.0**
	–	**2.9**	**2.9**

Other provisions relate to legal claims and environmental provisions and are based on the Company's assessment of the probable cost of these activities.

Contingent liabilities and guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee, at which point a liability would be recognised.

The Group has been subject to legal claims in a number of countries. In some cases it will not be possible to form a view, either because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held against such cases. The Board, having taken legal advice, is of the opinion that the remainder of these actions will not have a material impact on the Company's financial position.

There are no other contingent liabilities in the Company as at 31 December 2024.

41. Share capital

The details of the Company's share capital and the nature of the reserves are disclosed in note 19 of the consolidated financial statements.

42. Share premium and reserves

The merger reserve comprises the balance associated with the premium of shares issued during previous acquisitions. Further details on share premium and reserves are given in note 19.

Apex Financial Services (Trust Company) Limited administer the Morgan General Employee Benefit Trust ('the Trust') in which shares are held to satisfy awards granted under the Company's share plans. The shares are distributed via discretionary settlement governed by the rules of the Trust deed dated 1 March 1996 (as amended).

The total number of own shares held by the Trust at 31 December 2024 was 464,405 (2023: 807,911) and at that date had a market value of £1.3 million (2023: £2.3 million).

In 2024, the amount of reserves of Morgan Advanced Materials plc that may be distributed under Section 831(4) of the Companies Act 2006 was £165.6 million (2023: £189.1 million). This comprises a portion of the profit and loss account.

43. Related parties

The Company has related party relationships with its subsidiaries, its Directors and executive officers and their close family members. The Company is exempt from providing information relating to these parties with the exception of transactions with entities where the Company does not directly or indirectly own 100% of the shareholding; these are set out in the table below:

	2024 £m	2023 £m
Transactions with subsidiaries		
Income from management services	**1.7**	4.0
Net interest income	**3.7**	3.8
Dividend income	**11.1**	14.0
Loans owed to related parties	**10.9**	4.6
Other amounts owed by related parties	**2.7**	2.6
Other amounts owed to related parties	**1.3**	1.0

44. Shares held in related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings as at 31 December 2024 is disclosed below. Related undertakings include subsidiary undertakings, all significant holdings (being 20% or more interest), associated undertakings, joint ventures and qualifying partnerships. Unless otherwise stated the Group's shareholding represents Ordinary shares held indirectly by the Company.

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
Carbo San Luis S.A.[11]	Argentina	Talcahuano 736, 4th Floor, Buenos Aires, C1013AAP, Argentina	100.00%
Morgan Technical Ceramics Australia Pty Ltd[15]	Australia	4 Redwood Drive, Clayton, VIC 3168, Australia	100.00%
Morganite Australia Pty Ltd[14]	Australia	30–36 Birralee Road, Regency Park, SA 5010, Australia	100.00%
Morgan Mechanical Carbon Australasia Pty Ltd[1,5]	Australia	Riverwood Business Park, Unit 4, 92–100 Belmore Rd, Riverwood, NSW 2210, Australia	100.00%
Morganite Brasil Ltda[15]	Brazil	Avenida do Taboão 3265, Taboão, São Bernardo do Campo, São Paulo, CEP 09656-000, Brazil	100.00%
Morgan Advanced Materials Canada Inc.[11]	Canada	1185 Walkers Line, Burlington, ON L7M 1L1, Canada	100.00%
Carbo Chile S.A.[15]	Chile	Avenida San Eugenio 12462, Sitio 3, Loteo Estrella del Sur, Santiago, Chile	100.00%
Dalian Morgan Ceramics Company Ltd[18]	China	Zhenxing Road, Pulandian Economic Development Zone, Dalian, Liaoning Province, 116200, China	100.00%
Morgan Guangzhou Trading Company Limited[15,20]	China	No. A163 Room 326, Scientific Research Office Building, 63 Pu South Road, Huangpu District, Guangzhou, China	100.00%
Morgan Haldenwanger Technical Ceramics (Wuxi) Co. Ltd[18]	China	Hongwei New Village No. 92, Dingshu Town, Yixing City, Jiangsu Province, 214221, China	100.00%
Morgan Molten Metal Systems (Suzhou) Co. Ltd[1,12]	China	108 Tongsheng Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, 215126, China	100.00%
Morgan Technical Ceramics (Suzhou) Co. Ltd[11]	China	Room 09, 28th Floor (2809), 288 LongShan Road, Kanhu Plaza, Suzhou New District, Suzhou, 215163, China	100.00%
Morgan Thermal Ceramics (Shanghai) Co. Ltd[1,18]	China	18 Kang An Road, Kang Qiao Industrial Zone, Shanghai, Pudong New District, 201315, China	100.00%
Morgan International Trading (Shanghai) Co. Ltd[1,18]	China	Room 6015, 6th Floor, Great Wall Mansion, No.333 Fute Xi Yi Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China	100.00%
Shanghai Morgan Advanced Material and Technology Co. Ltd[1,12]	China	4250 Long Wu Road, Shanghai, 200241, China	100.00%
Morgan AM&T (Shanghai) Co. Ltd[4,17]	China	4250 Long Wu Road, Shanghai, 200241, China	70.00%
Morgan Kailong (Jingmen) Thermal Ceramics Co. Ltd[4,18]	China	20-1 Quankou Road, Jingmen City, Hubei Province, 448032, China	70.00%
Dalian Morgan Refractory Co. Ltd[4,18,20]	China	Zhenxing Road, Pulandian Economic Development Zone, Dalian, Liaoning Province, 116200, China	70.00%
Yixing Morgan Thermal Ceramics Co. Ltd[5,18]	China	2 Beidan Road, Taodu Industrial Park, Dingshu Town, Yixing City, Jiangsu Province, 214222, China	51.00%
Morgan Carbon France S.A.S[15]	France	6 Rue du Réservoir, 68420 Eguisheim, France	100.00%
Thermal Ceramics de France S.A.S[15]	France	Centre de Vie BP 75, 3 Rue du 18 Juin 1827, 42162 Andrézieux-Bouthéon, France	100.00%
Thermal Ceramics S.A.[8,15]	France	Centre de Vie BP 75, 3 Rue du 18 Juin 1827, 42162 Andrézieux-Bouthéon, France	100.00%
Morgan Advanced Materials Haldenwanger GmbH[16]	Germany	Teplitzerstraße 27, 84478 Waldkraiburg, Germany	100.00%
Morgan Electrical Carbon Deutschland GmbH[15]	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
Morgan Thermal Ceramics Deutschland GmbH[15]	Germany	Weidenbaumsweg 103, 21035, Hamburg, Germany	100.00%

44. Shares held in related undertakings (continued)

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
Morgan Molten Metal Systems GmbH[15]	Germany	Noltinastraße 29, 37297 Berkatal-Frankenhain, Germany	100.00%
Morgan Deutschland Holding GmbH[15]	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
Porextherm Dämmstoffe GmbH[15]	Germany	Heisinger Straße 8/10, 87437 Kempten (Allgäu), Germany	100.00%
Morgan Holding GmbH[15]	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
The Morgan Crucible Management GmbH[15]	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
Wesgo Ceramics GmbH[15]	Germany	Willi-Grasser-Straße 11, 91056 Erlangen, Germany	100.00%
Refractarios Nacionales S.A[15]	Guatemala	Km. 34.5, Carretera al Pacífico, Palín, Escuintla, Guatemala	100.00%
Morgan AM&T Hong Kong Company Ltd[15]	Hong Kong	Units 4–6, 11/F, Siu Wai Industrial Centre, 29–33 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	100.00%
Morgan Materials Hungary Limited Liability Company[15]	Hungary	Csillagvirág utca 7, Budapest, 1106, Hungary	100.00%
Morgan Advanced Materials India Private Ltd[15]	India	P-11, Pandav Nagar, Mayur Vihar Phase 1, Delhi, 110091, India	100.00%
Morganite Crucible (India) Ltd[12]	India	B-11, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, 431136, India	75.00%
Ciria India Limited[18]	India	P-11, Pandav Nagar, Mayur Vihar Phase 1, Delhi, 110091, India	70.00%
Murugappa Morgan Thermal Ceramics Ltd[5,12]	India	PO Box 1570, Dare House Extension, V Floor, No. 2, NSC Bose Road, Chennai, Tamil Nadu, 600001, India	51.00%
Thermal Ceramics Italiana S.R.L[17]	Italy	Via Vittori Pisani 20, 20124, Milan, Italy	100.00%
Morgan Carbon Italia S.R.L[15]	Italy	Via Vittori Pisani 20, 20124, Milan, Italy	100.00%
Morganite Carbon Co. Ltd[15]	Japan	1–5, Isogamidori 7-chome, Chuo-ku, Kobe-shi, Hyogo, Japan	100.00%
Shin-Nippon Thermal Ceramics Corporation[6,15]	Japan	Portus Center Building 12F, 4-45-1 Ebisujimacho, Sakai-ku, Sakai-shi, Osaka 590-0985, Japan	50.00%
Morgan Korea Company Ltd[1,10]	Korea	27 Nongongjoongang-ro 46 gil, Nongong-eup, Dalseong-gun, Daegu-si, Korea	100.00%
Morganite Luxembourg S.A [15]	Luxembourg	BP 15, Capellen, L-8301, Luxembourg	100.00%
Grafitos y Maquinados S.A. de C.V.[2,19]	Mexico	Cerrada de la Paz No. 101, Fraccionamiento Industrial La Paz, Mineral de la Reforma, Hidalgo, CP. 42181, Mexico	100.00%
Grupo Industrial Morgan S.A. de C.V.[2,19]	Mexico	Cerrada de la Paz No. 101, Fraccionamiento Industrial La Paz, Mineral de la Reforma, 42181 Hidalgo, 42092, Mexico	100.00%
Morgan Technical Ceramics S.A. de C.V.[19]	Mexico	Av. Fulton 20, Fraccionamiento Industrial Valle de Oro, San Juan del Rio, Queretaro, CP. 76802, Mexico	100.00%
Morgan Holding Netherlands B.V.[15]	Netherlands	Oude Veiling 3, Zwaag, 1689 AA, The Netherlands	100.00%
Morgan Terrassen B.V. [15]	Netherlands	Oude Veiling 3, Zwaag, 1689 AA, The Netherland	100.00%
Morgan AM&T B.V.[15]	Netherlands	Oude Veiling 3, Zwaag, 1689 AA, The Netherland	100.00%
Morgan Carbon Polska Spolka z ograniczona odpowiedzialnoscia[15]	Poland	ul. Iskry 26, 01-472 Warszawa, Poland	100.00%
Thermal Ceramics Polska Sp.zoo[15]	Poland	Ul. Aleja Walentego Rozdzienskiego nr 1, Lok. KTW 1, P.2, Miejsc, KOD 40-202, Katowice, Poczta Katowice, Poland	100.00%
Morgan Ceramics Asia Pte Ltd[2,15]	Singapore	150 Kampong Ampat, #05-06A, KA Centre, 368324, Singapore	100.00%
Morganite Ujantshi (Pty) Ltd[15]	South Africa	149 South Rand Road, Tulisa Park, Johannesburg 2197, South Africa	74.90%
Thermal Ceramics South Africa (Pty) Ltd[15]	South Africa	149 South Rand Road, Tulisa Park, Johannesburg 2197, South Africa	100.00%
Morganite South Africa (Pty) Ltd[15]	South Africa	149 South Rand Road, Tulisa Park, Johannesburg 2197, South Africa	100.00%
Thermal Ceramics España S.L[15]	Spain	Av. de Europa, 106, 12006, Castellón, Spain	100.00%
Morganite Española S.A[15]	Spain	Av. de Europa, 106, 12006, Castellón, Spain	100.00%
Morgan Matroc S.A[15,20]	Spain	Roger de Lluria 104 5º-2ª, 08037 Barcelona, Spain	100.00%

44. Shares held in related undertakings (continued)

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
Morgan Advanced Materials (Taiwan) Co. Ltd[15]	Taiwan	25 Hsin-Yeh Street, Hsiao Kang, Kaohsiung 81208, Taiwan	100.00%
Morganite Thermal Ceramics (Taiwan) Ltd[15]	Taiwan	c/o Baker & McKenzie, 15/f, 168 Tun Hwa North Road, Taipei 105, Taiwan	88.00%
Morgan Holdings (Thailand) Ltd[2,14]	Thailand	98 Sathorn Square Office Tower, 37th Floor, North Sathorn Road, Silom, Bangrak, Bangkok, 10500, Thailand	100.00%
MKGS Morgan Karbon Grafit Sanayi Anonim Sirketi[15]	Turkey	Mahmutbey M. Tasocagi Yolu C. No. 3, Agaoglu MyOffice 212 Is Mrk. B-Bl. K:1 D:7, Bagcilar, Istanbul, 34218, Turkey	100.00%
Morgan Advanced Materials Industries Ltd[15]	United Arab Emirates	Plot No. KHIA4–07A, Khalifa Industrial Zone Abu Dhabi (KIZAD), Abu Dhabi, United Arab Emirates	100.00%
Certech International Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
MCCo Limited[6,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
MNA Finance Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Electro Ceramics Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Europe Holding Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan European Finance Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Finance Management Limited[15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Holdings Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan International Holding Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan North America Holding Limited[15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Technical Ceramics Limited[15]	United Kingdom	Morgan Advanced Materials – Technical Ceramics, Morgan Drive, Stourport-on-Severn, Worcestershire DY13 8DW, UK	100.00%
Morgan Trans Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morganite Carbon Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morganite Crucible Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morganite Electrical Carbon Limited[15]	United Kingdom	Upper Fforest Way, Morriston, Swansea, West Glamorgan, SA6 8PP, UK	100.00%
Morganite Special Carbons Limited[2,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Petty France Investment Nominees Limited[1,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
TCG Guardian 1 Limited[15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	99.01%
TCG Guardian 2 Limited[15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	99.01%
Terrassen Holdings Limited[7,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%

44. Shares held in related undertakings (continued)

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
The Morgan Crucible Company Limited[15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Thermal Ceramics Limited[6,15]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Thermal Ceramics UK Limited[15]	United Kingdom	Tebay Road, Bromborough, Wirral, Merseyside, CH62 3PH, UK	100.00%
Clearpower Ltd[3,13]	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	99.01%
Certech, Inc.[11]	United States	550 Stewart Road, Hanover Township, PA 18706, USA	100.00%
Graphite Die Mold, Inc.[11]	United States	18 Air Line Park, Durham, Connecticut 06422-1000, USA	100.00%
Morgan Advanced Ceramics, Inc.[11]	United States	2425 Whipple Road, Hayward, California 94544, USA	100.00%
Morgan Advanced Materials and Technology Inc.[11]	United States	441 Hall Avenue, St Marys, Pennsylvania 15857, USA	100.00%
Morganite Crucible Inc.[11]	United States	2102 Old Savannah Road, Augusta, Georgia 30906, USA	100.00%
Morganite Industries Inc.[11]	United States	4000 West Chase Boulevard, Suite 170, Raleigh, North Carolina 27607, USA	100.00%
National Electrical Carbon Products, Inc.[11]	United States	251 Forrester Drive, Greenville, SC 29607, USA	100.00%
Thermal Ceramics Inc.[11]	United States	2102 Old Savannah Road, Augusta, GA 30906, United States	100.00%
Thermal Ceramics de Venezuela C.A[15]	Venezuela	Zona Ind. El Recreo, Av. 87 N°105–121, Flor Amarillo, Valencia Edo. Carabobo, Venezuela	100.00%

1. Directly owned by Morgan Advanced Materials plc.
2. 99.99% owned by Morgan Advanced Materials plc.
3. 99.01% owned by Morgan Advanced Materials plc.
4. 70% owned by Morgan Advanced Materials plc.
5. 51% owned by Morgan Advanced Materials plc.
6. 50% owned by Morgan Advanced Materials plc.
7. 8.18% owned by Morgan Advanced Materials plc.
8. 1.98% owned by Morgan Advanced Materials plc.
9. 0.001% owned by Morgan Advanced Materials plc.
10. Ownership held in Common and Preference shares.
11. Ownership held in Common stock/shares.
12. Ownership held in Equity shares.
13. Ownership held in Ordinary A, B and C and Preference A and B shares.
14. Ownership held in Ordinary and Preference shares.
15. Ownership held in Ordinary shares.
16. Ownership held in Partnership shares.
17. Ownership held in Quotas.
18. Ownership held in Registered Capital.
19. Ownership held in Series A and Series B shares.
20. In liquidation.

44. Shares held in related undertakings (continued)

UK incorporated subsidiaries which have taken exemption from audit per Section 479A of the Companies Act 2006 for the year ended 31 December 2024 are listed below.

Morgan Advanced Materials plc will guarantee the debts and liabilities of the companies claiming the statutory audit exemption at the balance sheet date in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name of undertaking	Registered number
Clearpower Limited	06247523
MCCO Limited	03246886
MNA Finance Limited	10423297
Morgan Europe Holding Limited	02540399
Morgan European Finance Limited	09910922
Morgan Finance Management Limited	10423619
Morgan Holdings Limited	01956134
Morgan International Holding Limited	10677668
Morgan North America Holding Limited	08789720
Morgan Trans Limited	02557161
Morganite Carbon Limited	00679647
Morganite Crucible Limited	02133533
TCG Guardian 2 Limited	05564065
Terrassen Holdings Limited	01352995
The Morgan Crucible Company Limited	07328730

45. Derivative financial assets and liabilities

	2024 £m	2023 £m
Derivative financial assets		
Forward foreign exchange contracts non-designated		
– amounts falling due within one year	**1.4**	1.6
– amounts falling due after more than one year	**–**	0.4
	1.4	2.0
Derivative financial liabilities		
Forward foreign exchange contracts non-designated		
– amounts falling due within one year	**(2.4)**	(1.7)
– amounts falling due after more than one year	**(6.0)**	(2.7)
	(8.4)	(4.4)

Fair values are measured using a hierarchy where the inputs are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency. Fair value is calculated using discounted cash flow methodology; future cash flows are estimated based on forward exchange rates.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The derivative financial assets and liabilities are all measured using Level 2 inputs. The fair value of forward foreign exchange contracts is estimated by discounting the future cash flows using appropriate market-sourced data at the balance sheet date.

Group statistical information

	2020 Results before specific adjusting items £m	2021 Results before specific adjusting items £m	2022 Results before specific adjusting items £m	2023 Results before specific adjusting items £m	**2024 Results before specific adjusting items £m**
Revenue	910.7	950.5	1,112.1	1,114.7	**1,100.7**
Profit from operations before amortisation of intangible assets	91.7	124.5	151.0	120.3	**128.4**
Amortisation of intangible assets	(6.1)	(6.0)	(4.7)	(3.3)	**(1.7)**
Operating profit	85.6	118.5	146.3	117.0	**126.7**
Net financing costs	(11.9)	(9.2)	(9.2)	(14.1)	**(19.0)**
Share of profit of associate (net of income tax)	0.6	0.4	–	–	**–**
Profit before taxation	74.3	109.7	137.1	102.9	**107.7**
Income tax expense	(20.2)	(29.7)	(37.1)	(26.0)	**(28.4)**
Profit after taxation before discontinued operations	54.1	80.0	100.0	76.9	**79.3**
Profit for the year for continuing operations	54.1	80.0	100.0	76.9	**79.3**
Assets employed					
Property, plant and equipment	267.6	248.1	283.2	293.8	**344.9**
Right-of-use assets	35.5	31.9	33.6	31.6	**32.5**
Intangible assets	185.4	183.1	189.0	182.2	**179.9**
Investments and other receivables	11.2	2.9	3.2	5.6	**5.6**
Employee benefits: pensions	–	–	–	13.5	**13.0**
Deferred tax assets	14.4	15.9	15.3	17.6	**21.4**
Net current assets	136.7	202.8	212.6	254.4	**216.7**
Total assets less current liabilities	650.8	684.7	736.9	798.7	**814.0**
Employee benefits: pensions	176.3	102.7	15.6	38.7	**34.5**
Non-current provisions and other items	234.0	231.2	289.7	359.6	**387.5**
Deferred tax liabilities	0.5	1.2	2.0	1.8	**2.7**
Total net assets	240.0	349.6	429.6	398.6	**389.3**
Equity					
Total equity attributable to equity holders of the Parent Company	202.3	310.6	389.0	360.3	**353.7**
Non-controlling interests	37.7	39.0	40.6	38.3	**35.6**
Total equity	240.0	349.6	429.6	398.6	**389.3**
Ordinary dividends per share	5.5p	9.1p	12.0p	12.0p	**12.2p**
Earnings per share					
Continuing and discontinued operations					
Basic earnings/(loss) per share	(7.9)p	25.9p	31.0p	16.6p	**17.7p**
Diluted earnings/(loss) per share	(7.9)p	25.7p	30.7p	16.5p	**17.5p**
Adjusted earnings per share	19.0p	27.2p	33.8p	25.0p	**25.5p**
Diluted adjusted earnings per share	18.9p	27.0p	33.5p	24.8p	**25.2p**

Cautionary statement

This document has been prepared for and only for the members of the Company as a body and no other persons. Its purpose is to assist members in assessing how the Directors have performed their duties, the Company's strategies and the potential for those strategies to succeed and for no other purpose. Save as would otherwise arise under British law, the Company, its Directors, employees, agents or advisors do not accept or assume responsibility or liability to any third parties to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

This document contains forward-looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. These and other factors could adversely affect the outcome and financial effects of the plans and events described. Forward-looking statements by their nature involve a number of risks, uncertainties and assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of such variables. No assurances can be given that the forward-looking statements in this document will be realised. The forward-looking statements reflect the knowledge and information available at the date this document was prepared and will not be updated during the year but will be considered in the Annual Report for next year. Nothing in this document should be construed as a profit forecast.

Glossary

Constant-currency[1]	Constant-currency revenue and Group adjusted operating profit are derived by translating the prior year results at current year average exchange rates.
Corporate costs	Corporate costs consist of the costs of the central head office.
Free cash flow before acquisitions, disposals and dividends[1]	Cash generated from continuing operations less net capital expenditure, net interest paid, tax paid and lease payments.
Group earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	EBITDA is defined as operating profit before specific adjusting items, amortisation of intangible assets and depreciation.
Earnings before interest, tax and amortisation (EBITA)	EBITA is defined as operating profit before specific adjusting items and amortisation of intangible assets.
Group adjusted operating profit[1]	Operating profit adjusted to exclude specific adjusting items and amortisation of intangible assets.
Group organic[1]	The Group results excluding acquisition, disposal and business exit impacts at constant-currency.
Adjusted earnings per share (EPS)[1]	Adjusted earnings per share is defined as operating profit adjusted to exclude specific adjusting items and amortisation of intangible assets, less net financing costs, income tax expense and non-controlling interests, divided by the weighted average number of Ordinary shares during the period.
Net debt[1]	Borrowings, bank overdrafts less cash and cash equivalents.
Net cash and cash equivalents[1]	Net cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts.
Return on invested capital (ROIC)[1]	Group adjusted operating profit (operating profit excluding specific adjusting items and amortisation of intangible assets) divided by the average adjusted net assets (excludes long-term employee benefits, deferred tax assets and liabilities, current tax payable, provisions, cash and cash equivalents, borrowings, bank overdrafts and lease liabilities).
Specific adjusting items	See note 6 and note 1 to the consolidated financial statements for further details.
Underlying	Reference to underlying reflects the trading results of the Group without the impact of specific adjusting items and amortisation of intangible assets that would otherwise impact the users' understanding of the Group's performance. The Directors believe that adjusted results provide additional useful information on the core operational performance of the Group, and review the results of the Group on an adjusted basis internally.

1. Reconciliations of these non-GAAP measures to GAAP measures can be found on pages 202 to 205.

Alternative performance measures

The Group monitors business performance through alternative performance measures (APMs) which are not defined under IFRS and are therefore non-GAAP measures. The APMs provide useful information to stakeholders, including additional insight into ongoing trading and year-on-year comparisons. These APMs are not a substitute for IFRS measures but are complementary to them. The Group defines each APM and therefore they may not be directly comparable with similarly named metrics in other businesses. The definition, purpose and reconciliation to statutory figures where applicable are included below.

Constant-currency

Constant-currency figures are derived by translating the prior year results at current year average exchange rates. These measures are used as they allow key metrics such as revenue to be compared year on year excluding the impact of foreign exchange rates.

Organic growth

The growth of the business excluding the impacts of acquisitions, divestments and foreign currency impacts. This measure is used as it allows revenue and adjusted operating profit to be compared on a like-for-like basis.

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment total £m**
2023 revenue	454.4	327.2	333.1	**1,114.7**
Impact of foreign currency movements	(32.8)	(11.5)	(7.8)	**(52.1)**
Impact of acquisitions, disposals and business exits	(1.0)	–	–	**(1.0)**
Organic constant-currency change	(2.4)	29.5	12.0	**39.1**
Organic constant-currency change %	(0.6)%	9.3%	3.7%	**3.7%**
2024 revenue	418.2	345.2	337.3	**1,100.7**

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment total £m**	Corporate costs £m	**Group £m**
2023 adjusted operating profit	40.2	50.0	36.0	**126.2**	(5.9)	**120.3**
Impact of foreign currency movements	(7.1)	(2.6)	(1.0)	**(10.7)**	–	**(10.7)**
Impact of acquisitions, disposals and business exits	0.6	–	–	**0.6**	–	**0.6**
Organic constant-currency change	6.3	7.7	4.2	**18.2**	–	**18.2**
Organic constant-currency change %	18.7%	16.2%	12.0%	**15.7%**	–	**16.5%**
2024 adjusted operating profit	40.0	55.1	39.2	**134.3**	(5.9)	**128.4**

Corporate costs

Corporate costs consist of the costs of the central head office.

Specific adjusting items

Specific adjusting items are items which occur infrequently and are presented separately in the consolidated income statement due to their nature and size. They typically include but are not limited to:

- Individual restructuring projects which are material or relate to the closure of a part of the business and are not expected to recur;
- Impairment of non-financial assets which are material;
- Gains or losses on disposal or exit of businesses;
- Significant costs incurred as part of the integration of an acquired business;
- Gains or losses arising on significant changes to or closures of defined benefit pension plan; and
- Design, configuration and implementation of a Global ERP system.

The Directors consider disclosure of specific adjusting items necessary for the users of the financial statements to obtain an alternative understanding of the financial information and underlying performance of the business.

Note 6 provides details of the specific adjusting items in the current and prior year.

Group earnings before interest, tax, depreciation and amortisation (EBITDA)

Group EBITDA is defined as operating profit before specific adjusting items, amortisation of intangible assets and depreciation.

The Group uses this measure as it is a key metric in covenants over debt facilities; these covenants use EBITDA excluding IFRS 16 Leases.

The following table reconciles operating profit to Group EBITDA:

	2024 £m	2023 £m
Operating profit	**103.6**	91.9
Add back: specific adjusting items included in operating profit	**23.1**	25.1
Add back: depreciation – property, plant and equipment	**34.1**	31.9
Add back: depreciation – right-of-use assets	**8.6**	7.6
Add back: amortisation of intangible assets	**1.7**	3.3
Group EBITDA	**171.1**	159.8

Group EBITDA excluding IFRS 16 Leases impact

Group EBITDA excluding IFRS 16 Leases impact is defined as Group EBITDA less interest expense on lease liabilities and capital payments on lease liabilities.

The Group uses this measure as it is a key metric in covenants over debt facilities; these covenants use EBITDA on an IAS 17 basis (pre-IFRS 16 basis) and this metric is used as a proxy for the charge that would have been attributable to operating leases recognised in EBITDA under the now defunct IAS 17.

The following table reconciles Group EBITDA to Group EBITDA excluding IFRS 16 Leases impact:

	2024 £m	2023 £m
Group EBITDA	**171.1**	159.8
Interest expense on lease liabilities	**(2.6)**	(2.4)
Capital payments on lease liabilities	**(10.6)**	(8.9)
Group EBITDA excluding IFRS 16 Leases impact	**157.9**	148.5

Adjusted operating profit

Adjusted operating profit is defined as operating profit excluding specific adjusting items and amortisation of intangible assets.

Specific adjusting items are excluded on the basis that they distort trading performance. The exclusion of amortisation of intangible assets is to allow for consistent comparability internally and externally between our businesses.

The following table reconciles operating profit to adjusted operating profit:

2024	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m	Corporate costs £m	Group £m
Operating profit	31.1	47.2	37.9	**116.2**	(12.6)	**103.6**
Add back specific adjusting items included in operating profit	8.1	7.6	0.7	**16.4**	6.7	**23.1**
Add back amortisation of intangible assets	0.8	0.3	0.6	**1.7**	–	**1.7**
Adjusted operating profit	40.0	55.1	39.2	**134.3**	(5.9)	**128.4**
Adjusted operating profit margin	9.6%	16.0%	11.6%			**11.7%**

Alternative performance measures continued

Adjusted operating profit (continued)

2023	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m	Corporate costs £m	Group £m
Operating profit	29.5	39.9	42.5	111.9	(20.0)	91.9
Add back specific adjusting items included in operating profit	9.3	9.3	(7.6)	11.0	14.1	25.1
Add back amortisation of intangible assets	1.4	0.8	1.1	3.3	–	3.3
Adjusted operating profit	40.2	50.0	36.0	126.2	(5.9)	120.3
Adjusted operating profit margin	8.8%	15.3%	10.8%			10.8%

Adjusted earnings per share (EPS)

Adjusted earnings per share is defined as profit for the year attributable to shareholders of the Company adjusted to exclude profit from discontinued operations, specific adjusting items and amortisation of intangible assets and the tax effects of the excluded items, divided by the weighted average number of Ordinary shares during the year.

Whilst amortisation of intangible assets is a recurring charge, it is excluded from these measures on the basis that it primarily arises on externally acquired intangible assets and therefore does not reflect consistently the benefit that all of the Group's businesses realise from their intangible assets, which may not be recognised separately.

This measure of earnings is shown because the Directors consider that it provides a helpful indication of the Group's financial performance excluding material non-recurring expenses or gains and non-financial asset impairments and impairment reversals, and therefore facilitates the evaluation of the Group's performance over time. A reconciliation from IFRS profit to the profit used to calculate adjusted earnings per share is included in note 10 to the consolidated financial statements.

Free cash flow before acquisitions, disposals and dividends

Free cash flow before acquisitions, disposals and dividends is defined as cash generated from continuing operations less net capital expenditure, net interest (interest paid on borrowings, overdrafts and lease liabilities, net of interest received), tax paid and lease payments.

The Group discloses free cash flow as this provides readers of the consolidated financial statements with a measure of the cash flows from the business before corporate-level cash flows (acquisitions, disposals and dividends).

The following table reconciles cash generated from continuing operations to free cash flow before acquisitions, disposals and dividends:

	2024 £m	2023 £m
Cash generated from operations	**162.9**	126.3
Net capital expenditure	**(90.2)**	(58.5)
Net interest on cash borrowings	**(15.3)**	(11.6)
Tax paid	**(29.2)**	(30.3)
Lease payments and interest	**(13.2)**	(11.3)
Free cash flow before acquisitions, disposals and dividends	**15.0**	14.6

Net debt

Net debt is defined as borrowings, and bank overdrafts less cash and cash equivalents.

The Group discloses net debt because this is the measure used in the covenants over the Group's debt facilities. It helps readers of the consolidated financial statements assess its ability to meet its financial obligations, manage debt and its capacity to invest in growth opportunities.

	2024 £m	2023 £m
Cash and cash equivalents	**120.8**	124.5
Non-current borrowings	**(337.7)**	(309.1)
Current borrowings and bank overdrafts	**(9.3)**	(0.6)
Closing net debt	**(226.2)**	(185.2)

Net cash and cash equivalents

Net cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts. The Group discloses this measure as it provides an indication of the net short-term liquidity available to the Group.

	2024 £m	2023 £m
Cash and cash equivalents	**120.8**	124.5
Bank overdrafts	**(9.3)**	(0.6)
Net cash and cash equivalents	**111.5**	123.9

Return on invested capital (ROIC)

ROIC is defined as 12-month adjusted operating profit divided by the average capital employed. The Group discloses ROIC to assess its efficiency in generating profits from the capital it has invested in its operations. Third-party working capital includes inventories, trade and other receivables, and trade and other payables.

	2024 £m	2023 £m
Operating profit	**103.6**	91.9
Add back: specific adjusting items	**23.1**	25.1
Add back: amortisation of intangible assets	**1.7**	3.3
Group adjusted operating profit	**128.4**	120.3
Third-party working capital	**151.4**	174.7
Property, plant and equipment	**344.9**	293.8
Right-of-use-assets	**32.5**	31.6
Goodwill	**176.9**	177.5
Other intangible assets	**3.0**	4.7
Capital employed	**708.7**	682.3
Average capital employed	**695.5**	684.9
ROIC	**18.5%**	17.6%

Shareholder information

Analysis of Ordinary shareholdings as at 31 December 2024

		Number of holdings	% of total holdings	Number of shares	% of share capital
Size of holding	1–2,000	3,224	75.94	1,674,336	0.59
	2,001–5,000	495	11.66	1,575,648	0.56
	5,001–10,000	170	4.00	1,192,113	0.42
	10,001–50,000	167	3.93	3,523,423	1.24
	50,001–100,000	54	1.27	3,880,199	1.37
	100,001 and above	136	3.20	271,778,846	95.82
		4,246	**100.00**	**283,624,565**	**100.00**
Holding classification	Individuals	3,838	90.39	6,172,044	2.18
	Nominee companies	295	6.95	224,548,536	79.17
	Trusts (pension funds etc.)	3	0.07	1,882	0.00
	Others	110	2.59	52,902,103	18.65
		4,246	**100.00**	**283,624,565**	**100.00**

Key dates

8 May 2025	2025 Annual General Meeting (AGM), commencing at 10.30am.

2024 and 2025 dividend payment dates

1 October 2024	Dividend payment date in respect of the 5.5% Cumulative First Preference shares of £1 each and the 5.0% Cumulative Second Preference shares of £1 each.
15 November 2024	An interim cash dividend of 5.4 pence per Ordinary share of 25 pence each was paid to shareholders registered at the close of business on 25 October 2024.
1 April 2025	Dividend payment date in respect of the 5.5% Cumulative First Preference shares of £1 each and the 5.0% Cumulative Second Preference shares of £1 each.
13 May 2025	Subject to shareholders' approval at the 2025 AGM, a final cash dividend of 6.8 pence per Ordinary share of 25 pence each will be paid to shareholders registered at the close of business on 11 April 2025.

Other information

Capital gains tax	The market values of quoted shares and stocks at 31 March 1982 were: › Ordinary shares of 25 pence each: 122.5 pence › 5.5% Cumulative First Preference shares of £1 each: 30.5 pence › 5.0% Cumulative Second Preference shares of £1 each: 28.5 pence For capital gains tax purposes, the cost of Ordinary shares is adjusted to take account of rights issues. Any capital gains arising on disposal will also be adjusted to take account of indexation allowances. Since the adjustments will depend on individual circumstances, shareholders are recommended to consult their professional advisors.
Share price	The price can be obtained on the Company's website: morganadvancedmaterials.com
ISIN Code	GB0006027295
LEI	I4KI4LL95N2PHDL7EG85
Ticker symbol	MGAM

Company details

Registered office	York House, Sheet Street, Windsor, SL4 1DD Registered in England and Wales No. 286773. Telephone: +44 (0)1753 837000. **morganadvancedmaterials.com**
Website	The Company's website provides information about the Group including the markets in which it operates, its strategy and recent news from the Group. The 'Investors' section is a key source of information for shareholders, containing details of financial results, shareholder meetings and dividends, and providing access to frequently asked questions. Current and past annual half-year and sustainability and responsibility/EHS reports are also available to view and download.
Company registrars	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA **www.shareview.co.uk**
Shareview portfolio	The most efficient way to communicate with Equiniti is by registering for a portfolio at **www.shareview.co.uk**. This is a service which enables shareholders to manage their shareholdings online.
Dividend payments	You can choose to receive your dividend in a number of ways. Dividends will automatically be paid to you by cheque in UK pounds sterling and sent to your registered address unless you have chosen one of the options below: **Direct payment to your bank** Cash dividends can be paid directly to a UK bank or building society account. This means that your dividend reaches your bank account on the payment date, it is more secure (cheques can sometimes get lost in the post), you avoid the inconvenience of depositing a cheque and cheque fraud is reduced. If you are a shareholder who has a UK bank or building society account you can arrange to have dividends paid directly via a bank/building society mandate. You can add or change your mandate online at **www.shareview.co.uk**, or by contacting Equiniti. **Overseas payments** If you live overseas and would like dividends paid to an overseas account, please contact Equiniti by post to set up or amend a mandate. They offer an overseas payment service for 90 countries worldwide. Please see further information at **www.shareview.co.uk**.
Multiple accounts on the shareholder register	If a shareholder receives two or more sets of AGM documents, or multiple dividend payments, this means that there is more than one account in their name on the shareholder register, perhaps because the name or the address appears on each account in a slightly different way. If you have multiple accounts and would like them to be combined, please contact Equiniti.
Buying and selling shares	Equiniti offers a service to buy and sell shares in UK listed companies. For more information, visit **www.shareview.co.uk** or call +44 (0)3456 037 037. Providing this information is not a recommendation to buy or sell shares and this service may not be suitable for all shareholders. The price and value of any investments and income from them can fluctuate and may fall. Therefore, you may get back less than the amount you invested. Past performance is not a guide to future performance. Neither the Company nor Equiniti provides advice or makes recommendations about investments. If you have any doubts about the suitability of an investment, you should seek advice from a suitably qualified professional advisor.
Donate your shares to charity	If you have only a small number of shares which are uneconomical to sell, you may wish to consider donating them to charity, free of charge, through ShareGift (registered charity 1052686), a charity that specialises in the donation of small, unwanted shareholdings to good causes. You can find out more by visiting **www.sharegift.org** or by telephoning +44 (0)20 7930 3737.
Unsolicited telephone calls and mail	Shareholders in companies may receive unsolicited phone calls or correspondence concerning investment matters. If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, please check the company or person contacting you is properly authorised by the Financial Conduct Authority before getting involved. Further information about what you should do is available on our website in the 'Shareholder Centre' within the 'Investors' section.
Asset Reunification Programme	Morgan Advanced Materials has launched a tracing programme with the aim of reuniting 'lost' shareholders or their estates with unclaimed cash entitlements in respect of Morgan Advanced Materials dividend payments. Cash entitlements may not have been claimed due to an address change, or where a shareholder is deceased and the beneficiaries or executors of an estate are not aware of the holding. If you would like to clarify whether you or a deceased person for whose estate you act holds shares in Morgan Advanced Materials, please contact Equiniti for further assistance.

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