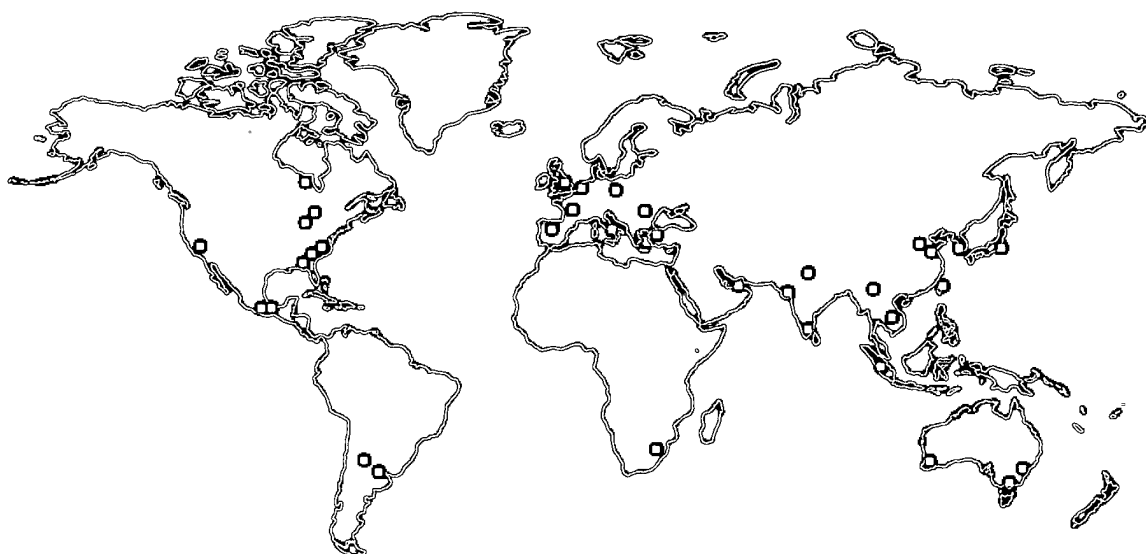




We are a global leader in advanced materials



Revenue

£1.0bn

2025 Headline*

Adj. operating profit*

£99.1m

2025 Headline*

Total employees

8,100

We combine material science, deep application expertise and process excellence to co-design and manufacture mission critical solutions. These solutions are at the heart of society's most essential systems today and they will enable the breakthroughs of tomorrow. Our products help people move, build and thrive. We help power human progress, where it matters most.

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 over a century of innovation. We employ approximately 8,100 people worldwide, across 57 operating sites serving a diverse range of customers across a range of end-markets.

* Non-statutory measures are denoted within an asterisk (*) through this report. Refer to page 46 for further details.

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The Morgan Code ('the 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.

See www.morganadvancedmaterials.com

Chair's statement

A history of innovation

Ian Marchant
Non-executive Chair



2025 was a significant year for Morgan Advanced Materials, marked by changes in the Group's executive leadership and an evolution of our strategy, focused on stability, growth and unlocking our potential.

Following his appointment as CEO in July 2025, Damien Caby led a comprehensive review of the business. He and the team developed a revised strategy for the Group, with input from the Board. The revised strategy has full Board endorsement and was presented to analysts and institutional investors at a Strategy Update Event in December 2025. The teams are already well underway in their delivery of this strategy.

While the year was characterised by continued global economic and geopolitical uncertainty and a difficult end-market environment impacting our performance, we nonetheless made progress across the Group and delivered our business simplification and efficiency initiatives, continuing our track record of self-help. Our investment in semiconductor capacity, scaled back from the original plan to align with short-term cyclical weakness, is now substantially complete. We made good progress across our simplification and efficiency initiatives. The initiatives delivered additional savings of £16 million in 2025 and are on track to deliver total savings of £27 million in 2026, compared to our 2023 baseline. These measures will ensure

we are well placed to benefit from rapid margin expansion as markets recover. We also made further advances with our IT systems and infrastructure, continuing the high level of investment in new capabilities, the replacement of older systems and strengthening our cyber security posture.

A focus on stability and growth means making choices about the shape of the business. The Board will continue to evaluate opportunities to improve Morgan Advanced Materials' portfolio to deliver faster growth, as we have done most recently, for example, with the disposal of the non-strategic Molten Metal Systems (MMS) business. We have now commenced a formal Strategic review of our Thermal Products division. This is a focus of the executive team and the Board and further updates will be provided in due course. We took the decision to pause our share buyback programme as part of our focus on balance sheet resilience and to prioritise margin-enhancing growth.

The Board remains confident in the Group's long-term structural growth opportunities. The importance of our mission critical solutions and the long-term growth driver of providing sustainable solutions to support the energy transition are still the same. Our focus has been on ensuring that we are managing the business appropriately to position ourselves for growth as our end-markets recover and the outcome of our strategy is reflected in our results.

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 2025

Our first imperative is the safety and wellbeing of our colleagues. During 2025, our safety performance declined, despite the significant focus on employee safety and wellbeing. Supporting the executive team, your Board has spent a significant amount of time reviewing safety performance and challenging the executive team on how safety performance and culture can be improved. My fellow non-executive Directors and I will continue to support the executive team to achieve a position of 'zero harm'.

The business delivered a resilient performance against a backdrop of challenging markets. Demand for our products used in silicon carbide (SiC) power semiconductor production reduced during the year, driven by destocking in the electric vehicle (EV) supply chain and the shift of SiC material growth towards China. Reflecting these dynamics, the Group has recognised an impairment charge of £15.6 million related to certain specialist assets held by Performance Carbon at a UK site which are dedicated to the Semiconductor material growth market. This impairment is consistent with the expectations for our Semiconductor business that the Group set out in its Strategy Update in December.

We saw a decrease in sales in our Healthcare markets, driven by tariff-related inventory adjustments and lower demand for certain mature product lines. Market conditions in European industrial and global automotive markets also weakened. This was countered in part by strong performance in our Aerospace markets. Group revenue was 3.3% lower than in 2024 on an organic constant-currency basis*. Margin remained below our financial framework guidance, and is an area of increased focus.

Leverage increased during 2025 as a result of reduced earnings and our investment in our digital transformation and simplification initiatives, but will reduce during 2026 as our investment in simplification comes to a close and upon realisation of the proceeds from the disposal of MMS.

Your Board has spent a considerable amount of time evaluating operational and commercial effectiveness, reviewing and challenging divisional strategies and overseeing the transformation programmes to improve trading performance. See the CEO's review on pages 5 to 6 and Group financial review on pages 46 to 52 for more information on how the business performed during the year.

The Board in 2025

I am pleased to report that your Board is functioning well and focused on supporting management through strategy development and operational delivery. We have focused in particular on trading performance, the CEO succession and revised strategy this year. Damien has settled well into his new role and strengthened his leadership team. He is bringing ever intensifying focus to the many essential aspects of performance delivery that we need to improve to achieve our aspirations for Morgan Advanced Materials, and he has refreshed the operating cadence to enhance the delivery of short-term goals and reinforce the focus and momentum of the strategic initiatives.

During the year, we welcomed new perspectives to the Board, further strengthening our strategic, financial and operational oversight and materials science expertise. Two new non-executive Directors – Jane Lodge and Professor Mary Ryan CBE FREng – joined the Board. Jane will take over as Audit Committee Chair after the 2026 AGM, from Jane Aikman who will step down at the AGM after nine years on the Board.

Pete Raby stepped down as CEO in July 2025. I and the whole Board would like to thank him for his significant contribution to Morgan Advanced Materials over his 10-year tenure as CEO. Having served nine years on the Board, Helen Bunch stepped down in May 2025. We would also like to thank Helen Bunch and Jane Aikman for their contributions.

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 64 and 65.

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 58% 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 2025 of 6.8 pence (2024: 6.8 pence). Combined with the interim dividend of 5.4 pence (2024: 5.4 pence), the resulting total dividend in respect of 2025 is 12.2 pence (2024: 12.2 pence).

The dividend will be payable on 12 May 2026 to shareholders on the register on 10 April 2026, subject to shareholder approval. The Board has committed to maintaining then growing the Ordinary dividend with adjusted earnings cover of circa 2.5 times.

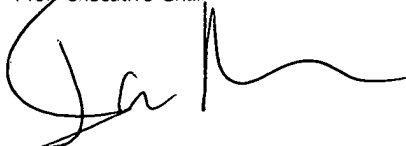
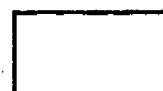
Looking forward to 2026

As we enter 2026, we note early signs of stabilisation but 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.

The Board is confident that the revised strategy provides a clear and credible roadmap for delivering sustainable performance improvement and margin growth. With disciplined capital allocation, the Board believes that the operating divisions are well placed to deliver against their strategic mandates and create enduring value for shareholders. We look forward to updating you on progress against our strategy in the coming year.

Ian Marchant

Non-executive Chair

CEO's review continued

Drive: We are driving stronger growth by focusing on our right to win to enhance our value proposition and gain market share. We have initiated focused plans to upgrade our position in selected value chains to allow us to grow irrespective of market cycles.

- Our Performance Carbon division is capitalising on its reputation and innovation in body armour and trade control capabilities by expanding into other defence systems. We are making a targeted investment in incremental capacity during 2026, backed by multi-year contracts.
- Our Technical Ceramics division is building on its leading position in ceramic cores for engines blades by investing in capacity to meet the increase in aircraft deliveries and progressive ramp-up of new generation engines with higher design complexity.

Maximise: We are actively managing our portfolio to maximise its value through partnerships, divestments and bolt-on M&A.

- We have commenced a formal Strategic review of our Thermal Products division. We will assess a full range of strategic options, including options for significant business performance improvement measures and a potential disposal. We will undertake the necessary preparatory work to ensure that we can act at pace once the review reaches a conclusion. No decisions have been made and we will provide further market updates in due course.

Our strategy will deliver against a clear medium-term financial framework

- Above-market organic constant-currency revenue growth: We expect to achieve growth in excess of GDP.
- Reliable and competitive margins: We expect to achieve an adjusted operating profit* margin of 12% by 2028 with sustainable margins of between 12% and 14% beyond 2028.
- Sustainable EPS Growth: Achieving sustained growth in adjusted Earnings per Share*, ahead of organic revenue growth, driven by a combination of organic growth, margin accretion, shareholder returns and M&A.
- Attractive ROIC: 17% - 20% ROIC*.
- Resilient balance sheet: Leverage range of 1.0x to 1.5x, or up to 2.0x adjusted EBITDA* post-acquisition, utilising our strong balance sheet to fund our organic growth, and then over time deploying excess capital to fund incremental M&A or additional shareholder returns as appropriate.
- Appropriate dividend cover: Shareholder dividends maintained then growing with adjusted earnings at around 2.5x cover.

Share buyback

As announced in December 2025, we paused our buyback programme as part of our focus on balance sheet resilience. The second £10 million tranche of the buyback has now completed and the Group has purchased a total of £20 million of shares.

Safety, people, sustainability

We have clear 2030 goals for our business, all of which are measured against a 2015 baseline.

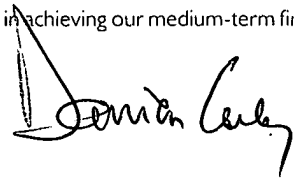
1. A 0.10 LTA rate: our LTA rate was 0.18 (2024: 0.13) which is an increase compared to the prior year. Safety of our employees is essential and addressing the root causes of lost time and recordable accidents is a critical focus for the Board and Senior Management team. We have undertaken a detailed root cause analysis of 2025 incidents, and as a result, we have developed a focused plan to reinforce the skills and engagement of our manufacturing leaders across the Group, and to implement more focused actions at selected sites during 2026. Alongside, we will maintain our focus on process safety. We have made significant progress in this area during 2025, with strong engagement and momentum in the implementation of the improvement plans in the first of three waves of deployment.
2. 40% of female leadership: We continue to improve our gender diversity and 36% of our leadership population are female, a year on year improvement of 2%. We will continue our focus on ensuring that our policies, working conditions, development and support offering, and recruiting approaches deliver a more supportive environment for our female leaders.
3. A top quartile engagement score: our engagement score was 75%, an improvement on the prior year. It is pleasing to see progress on this metric, particularly at the sites where engagement levels are below average. Our leaders remain focused with site specific actions.
4. Reduce scope 1 and 2 CO₂ emissions by 50%: We reduced by 5% in the year and we are now 58% below our baseline, significantly ahead of our glidepath. 80% of our power is from low-carbon sources and going forward, as our business grows, we are focusing on process efficiency and new technologies in order to sustain this performance.
5. Reduce water usage and water use in high-stress areas by 30%: Our overall water usage reduced by 11% and water use in high-stressed areas has decreased by 3%. We are 39% and 23% below our baseline, respectively.

Outlook

Demand in our end-markets has broadly stabilised and our outlook for 2026 is in-line with current market expectations. Organic constant-currency revenue growth is expected to be 1-2% and, supported by a continued focus on efficiency and the first results of our Transform initiatives, we expect to deliver an adjusted operating profit* margin at or around 10%.

As previously reported, our medium-term guidance for overall capital expenditure is for around £50-£55 million per annum over the next three years.

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


Damien Caby
CEO

Our strategy

Becoming the leading force in our chosen markets



Transform

We will build a scalable, more efficient and more agile business. We are going beyond site consolidation, we are leveraging the Group's scale, stepping up supply chain effectiveness, and turning around our largest underperforming sites.

- We will deploy Group-led category management across an indirect spend cost base of £170 million. We will deliver significant savings and reinforce the efficiency and reliability of our supply chain.
- We will implement structured and comprehensive multi-year programmes to turn around large underperforming sites that represent more than 20% of Group revenue. We will optimise production cycles and supply chains and simplify the asset base and product portfolio.
- We are investing in digital transformation to enhance business analytics, make better informed decisions and act with agility and confidence. We will streamline and standardise our back office processes to focus business teams on delivery and growth.



Drive

We will systematically upgrade our position in the value chain so that we can grow profitability irrespective of market cycles and increase our market share and addressable market.

- Our Performance Carbon division will innovate to increase performance and longevity in Rail and Wind. It will capitalise on its reputation, technology and trade control capabilities to expand in defence systems.
- Our Technical Ceramics division will increase its capacity to meet the increasing aircraft deliveries and the ramp-up of the new generation of engines.
- Our Thermal Products division will reinforce its outreach in the process industries to enable the decarbonisation of Steel and Chemical processes.



Maximise

We will make bold choices. We will invest selectively to expand our leading positions, partner where we know we cannot win alone, and exit markets where we cannot improve our market position or right to win.

- Our Performance Carbon division will pursue opportunities to supply sub-systems in Energy and Industrials where the supply chains are fragmented and the decarbonisation and digitalisation trends call for innovation. It will assess partnerships in China for Semiconductor SiC material growth.
- Our Technical Ceramics division will leverage its expertise in high-value niches to expand into new adjacencies, with priorities in Industrials and Aerospace.
- Our Thermal Products division will expand its structural partnerships in fire protection. It is a very large market and we are targeting the geographies and applications where the value proposition is compelling.

Who we are will help us succeed

We are a purpose-driven organisation. We are resilient and we thrive when it comes to solving tough problems. We are curious and innovative and we are committed to continuous learning. We are collaborative and open minded and we foster a culture of transparency and humility.

As a business, we are focused on recruiting, developing and retaining the high calibre of individuals we need to deliver on the next chapter for Morgan. To learn more about people policies, see page 63.

Our business model

We combine material science, deep application expertise and process excellence to co-design and manufacture mission critical solutions...

Technology leadership

- > We have a deep understanding of how and why materials work, and how to change their properties. This is underpinned by a rich intellectual property estate protected through trade secrets and select patents.

Customer intimacy

- > We are trusted by our customers to co-create and drive innovation. With our access to customers and their technical experts, we are able to anticipate their needs.

Global network

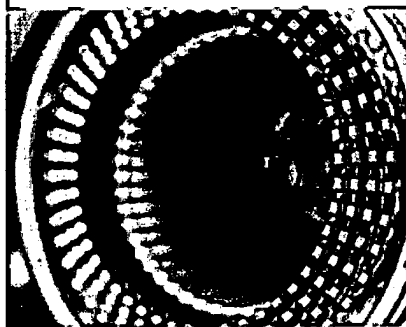
- > We have a global manufacturing footprint, allowing us to match manufacturing capacity with demand.

Accredited business

- > We work with regulatory authorities and customers to become approved suppliers for high barrier to entry and high barrier to change applications. We put quality at the forefront of everything we do.

...our divisions operate in close proximity with our markets and customers to achieve optimal solution performance and effective product delivery...

Performance Carbon



Value proposition

- > Leverages the versatility of carbon, graphite and silicon carbide materials for mission critical applications.
- > We hold leadership positions and have a large installed base in markets with high barriers to entry.

Benefit to our customers

Maximised performance, efficiency, reliability and durability of our customers' products in Aerospace & Defence, rail, energy generation, and oil & gas.

Technical Ceramics



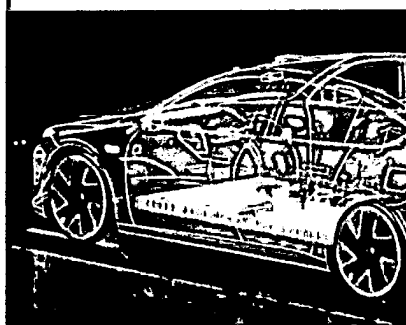
Value proposition

- > Co-designs bespoke ceramic and braze alloy assemblies in high performance, high specification applications.
- > We hold leadership positions and several opportunities to expand our market share in high barrier to entry, attractive markets.

Benefit to our customers

Enhanced durability, reliability and performance of our customers' products in Healthcare, Aerospace & Defence, Semiconductors and power generation.

Thermal Products



Value proposition

- > Provides full scale solutions for high-temperature insulation and fire protection.
- > We set the benchmark in insulation standards and benefit from a large installed base.

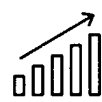
Benefit to our customers

Improved safety of people and equipment in demanding environments, reduced emissions and energy costs in energy-intensive processes industries.

...supported by our strategic focus areas...



Transform



Drive

Route to market

- > We sell our solutions directly to OEMs and through assembly suppliers.
- > Revenue is generated through sales into new products and for replacement parts.

Our products and solutions

- > Semiconductor consumables
- > Collector strips and carbon brushes
- > Graphite powders
- > Face seals
- > Sliding bearings
- > Rotary seals
- > Rotary vane pump components

Route to market

- > We sell our solutions directly to OEMs and through their suppliers.
- > Revenue is generated through sales into new products and for replacement parts.

Our products and solutions

- > Structural ceramic components
- > Engineered coatings
- > Ceramic cores
- > Ceramic-to-metal assemblies
- > Braze alloys
- > Ceramic tubes and rollers
- > Extruded products
- > Laser products
- > Semiconductor consumables
- > MACOR™ machinable glass ceramic

Route to market

- > We sell our solutions through our own global sales force and a network of trusted distributors.
- > Revenue is generated through sales into new build and retrofit projects.

Our products and solutions

- > High-temperature insulating and fire protection fibre products (Low biopersistent fibres, Superwool®)
- > Microporous products (WDS®, Min-K®)
- > Firebricks and mortars
- > Heat shield cladding

**Maximise**

...to create value

**Our customers**

- > Our superior product performance and reliability are industry leading and in many cases, unsurpassed.
- > We are a global supplier that can meet the toughest challenges in materials science.
- > We maintain and embed strategic partnerships.

**Our people**

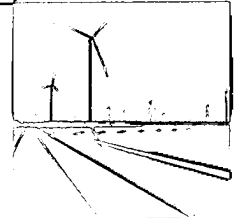
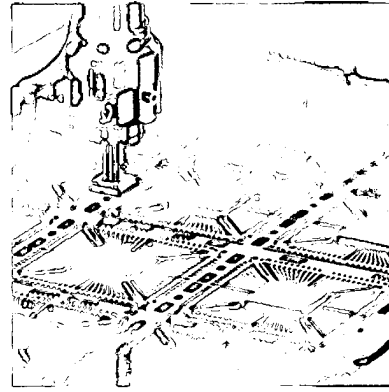
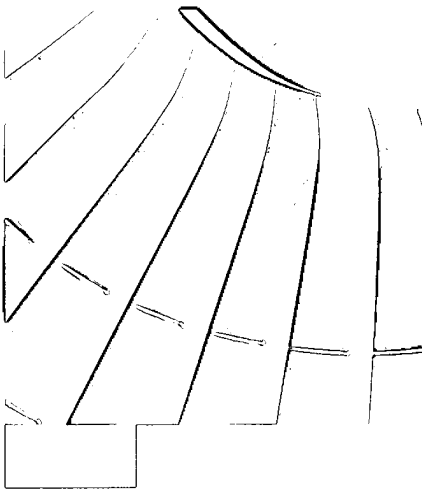
- > We keep our employees safe, aiming for zero harm.
- > We operate as a responsible and ethical business.
- > We attract, develop and retain a diverse and engaged workforce.

**Our investors**

- > Appealing growth drivers and clear strategy.
- > Strong financial framework.

**Our planet**

- > We care about our impact on the environment and are reducing the impact of our own operations.
- > Our products help reduce the environmental impact of our customers' operations.



Market environment

There are a number of megatrends that are shaping the future of our world and are driving an ever greater need for advanced materials. Our materials and solutions have an important role to play in addressing the challenges arising from climate change, resource scarcity, urbanisation and migration, a growing middle class, an ageing population and digitalisation.

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.

The chart below shows the split of our headline² revenue by end-market applications. In the following section, we have provided insight into our most significant markets.

Industrial markets shown below comprise 'Industrial processes, Industrial components and Metals.' The dynamics of these markets are set out overleaf.



Industrial	41.6%
Aerospace & Defence	20.7%
Oil & Petrochemical	9.7%
Healthcare	7.0%
Energy	6.9%
Semiconductors	6.8%
Rail	4.0%
Other	3.9%





Industrial Processes

Market trends

Industrial processes are being reshaped by the need for higher productivity through rapid digitalisation and automation with a lower impact to the environment.

How we add value

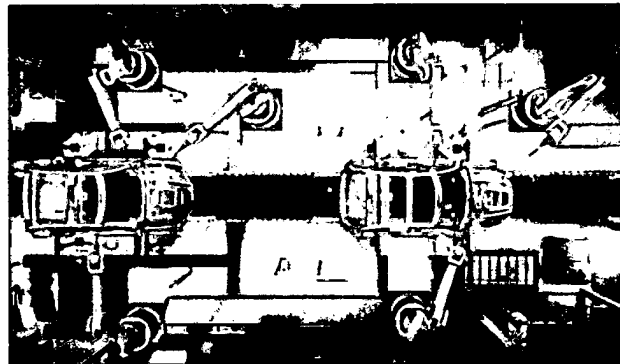
- > We co-design and manufacture products for use in a broad range of challenging process and manufacturing environments for numerous industrial applications such as insulation for foundry process and kiln furniture for glass and ceramic production.
- > Our materials offer superior insulating properties, dimensional stability, strength and stiffness.
- > These characteristics support optimised process efficiency and increases productivity, allowing our customers to reduce industrial waste, improve safety and lower their environmental impact.

Examples of our solutions

- > Superwool® Blok improves kiln lining life and thermal efficiency.
- > Pyro-Bloc® modules for regenerative thermal oxidisers reduce heat loss and fuel consumption.
- > Halsinc kiln furniture enable efficient use of energy and an optimal ratio between kiln furniture and sinter ware.

Examples of our customers

- > EPCs and specialist technology distributors



Industrial Components

Market trends

Global manufacturing growth is a primary catalyst for rising demand in industrial components. As manufacturing output expands – particularly in emerging economies – demand increases for bearings, gears, motors, valves, pumps and other precision-engineered components.

How we add value

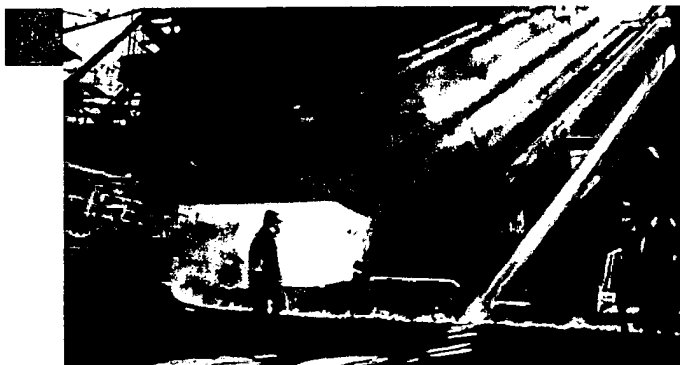
- > We co-design and manufacture products for use in a broad range of challenging environments. Our materials offer a wide range of performance characteristics.
- > Our components are highly resistant to chemical and physical wear, corrosion and extreme temperatures.

Examples of our solutions

- > Self-lubricating seals and bearings and ceramic shafts reduce energy consumption of pumps in chemical plants.
- > FireMaster® insulation for automotive exhaust catalyst, manages high temperatures, protects surrounding components and improves the efficiency of the emission control system.
- > Laser Reflectors generate diffuse reflectance, which provides a highly uniform beam profile for use in industrial lasers for cutting, welding and marking.

Examples of our customers

- > Automotive suppliers, industrial equipment manufacturers



Metals

Market trends

The demand for Iron & Steel remains strong, fuelled by industrialisation, population growth and urbanisation. Steel producers seek new solutions to tackle environmental concerns, rising energy costs and to increase operational efficiency.

How we add value

- We support the design phase, including material selection, in order to reduce energy, improve furnace performance and ensure that any molten metal transfer vessel melt holds. Our global network of subject matter experts are ready to support the commitment from the metals industry, to reduce emissions in their plants.

Examples of our solutions

- Superwool® XTRA for severe atmospheric conditions.
- Pyro-Bloc® modules provide the furnace design with a superior lining.
- K™, JM™, TJM™ ranges of insulating fire bricks offer superior performance to lining designs.

Examples of our customers

- Steel mills, Iron & Steel manufacturers, Foundries, aluminum manufacturers



Aerospace & Defence

Market trends

Demand in air travel is increasing in line with economic growth, driven by both business and leisure customers across the globe. There is a growing need for engines to run more efficiently and at greater extremes in temperature.

Rising geopolitical tensions have resulted in a global increase in defence spending. There is a growing need for materials that can withstand greater strains, pressures and temperatures.

How we add value

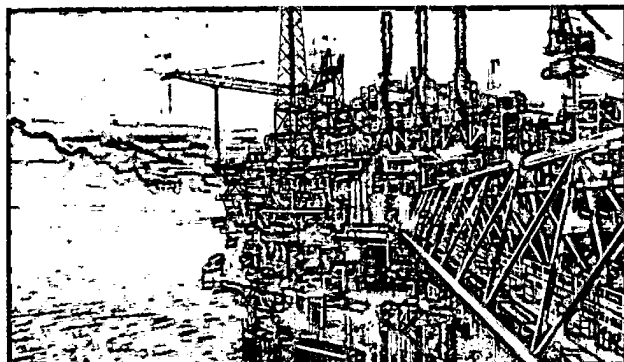
- We make proven high-performance components and sub-assemblies to exacting standards for aerospace.
- We co-design and supply precision-engineered materials that offer superior dimensional stability, strength, stiffness and chemical resistance across a wide range of temperatures to meet the technical demands of the global security and defence markets.

Examples of our solutions

- Complex cores for casting turbine blades to enable more fuel efficient jet engines.
- Components for night vision systems which enable superior performance.
- Ceramic tiles to build high-performance body and vehicle armour.

Examples of our customers

- Aerospace OEMs, sub-system suppliers and Defence contractors



Oil & Petrochemical

Market trends

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

How we add value

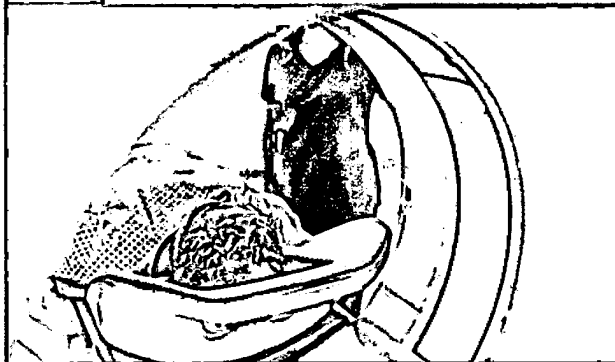
- We manufacture a range of components ideally suited to the uniquely demanding operating environments.

Examples of our solutions

- 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.

Examples of our customers

- Energy producers, manufacturers of industrial gases and refractory builders



Healthcare

Market trends

The global medical devices sector is undergoing a period of significant transformation, largely driven by demographic shifts, evolving patient needs and technological advancements. Global healthcare systems are increasingly focused on early detection, prevention and improved treatment pathways to manage the growing burden of chronic disease. Technological advancements, including artificial intelligence, robotics, predictive analytics and wearable medical technology, have revolutionised the landscape of medical diagnostics and treatment.

How we add value

- Medical engineering demands the highest standards of precision, accuracy, reliability and performance.
- 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 of our materials, combined with our high-quality, volume manufacturing means we are perfectly placed to supply components for medical applications. 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.

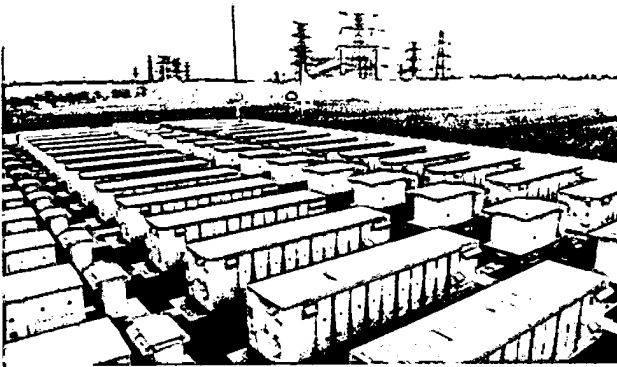
Examples of our solutions

- Bare ceramics and metallised components for medical imaging and oncology equipment.
- Ceramic feedthroughs for implantable technology such as cochlear implants and neuro-stimulation.
- Small precision componentry for use in a range of surgical equipment from ablation tools to surgical laser waveguides.

Examples of our customers

- Major medical equipment and imaging OEMs

Market environment continued



Energy

Market trends

As society advances, there is a growing need for greater energy security and cost-effective decarbonisation. The demand for reliable energy is growing rapidly, driving demand for increased power generation and energy transition through wind and solar power, energy storage and nuclear generation.

How we add value

- We develop products for renewable and traditional power generation and insulation materials for heat management.
- We produce high-temperature insulation for power plants to minimise energy loss and reduce CO₂ emissions.
- We enable the conversion and of power generation to solar and wind and the large-scale power storage this requires. We are the leading supplier of refractories and insulation for the furnaces which produce cathode materials for Lithium-ion battery-based power storage.
- Our superior product performance drives lower maintenance activity and cost for wind farm operators.

Examples of our solutions

- Ceramic materials for the manufacture of the latest generation of solar panels.
- Carbon brush grades power transmission and grid infrastructure wind turbines offering, reliable world-leading performance.
- Superwool® thermal insulation for heat recovery steam in generators, fuel cells, and energy storage walls.

Examples of our customers

- Generator Original Equipment Manufacturer, Solar panel manufacturers

Semiconductors

Market trends

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

How we add value

- Our 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 widespread SiC usage in power devices.

Examples of our solutions

- Ultra-high purity consumables for crystal boule growth.
- Graphite and ceramics for semiconductor wafer fabrication.
- Examples of our customers: Major American, Japanese and European Wafer Fabrication OEMs, Material Growth OEMs.

Examples of our customers

- Wafer fabrication equipment manufacturers, Crystal boule growers

Our strategy in action

Uniquely positioned to power progress that truly matters

Case study

Carbon strips enable reliable power transmission in high-speed rail

Whether its fossil fuel or clean energy, the power demands of rail require high-performance generators



Case study

Carbon cloth in reusable rocket technology enables global connectivity

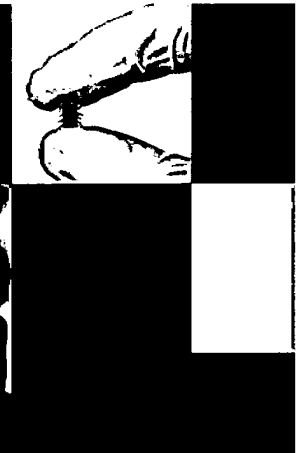
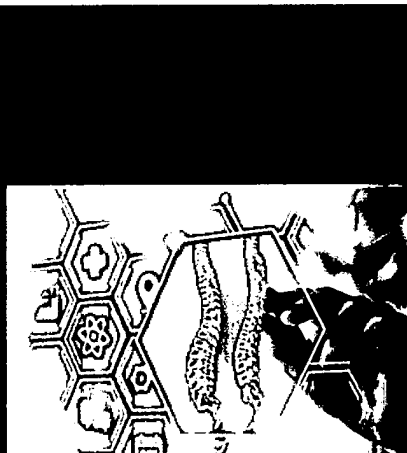
Rockets can be launched into space to put satellites into orbit – essential for internet access, mobile communications and earth observation



Case study

Feedthroughs enable breakthroughs in implantable pain therapy

Patients with complex medical conditions require long-term sustainable pain management methods to avoid over reliance on opioids



Key performance indicators (KPIs)

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.

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. In 2025, certain metrics have also been presented on a 'Headline' basis which includes the results earned by MMS up to the completion date of the disposal.

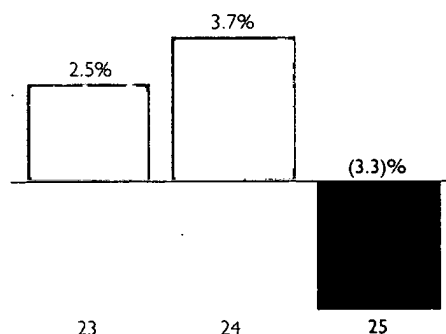
➡ Refer to page 50 for further details



In the year ended 31 December 2025 the results of MMS for the period up to disposal are presented in discontinued operations in the Consolidated income statement. Prior year figures have been restated to present results for MMS in discontinued operations. The income statement metrics used to assess Group performance exclude the results of MMS and in order to provide meaningful comparison to prior years certain metrics are presented a 'Headline' basis which includes the results of MMS for the period of ownership.

Financial KPIs

Organic constant-currency* revenue growth (%)



Purpose

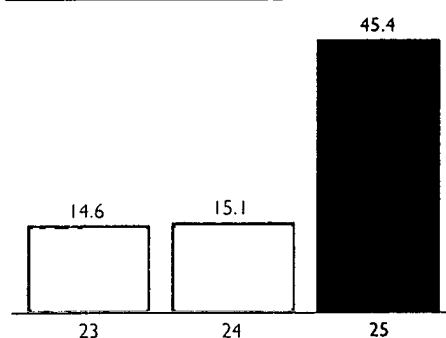
Organic constant-currency growth is a non-statutory measure used by the Board and Management to monitor the Group's performance. It provides an important indicator of organic like-for-like growth of the Group reporting businesses over time. Organic constant-currency growth eliminates the impact of acquisitions,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

Performance

Revenue declined by 3.3% on an organic constant-currency basis, reflecting challenging market conditions notably in Semiconductor and industrial and automotive markets.

➡ Refer to pages 46 to 52 for further details

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



Purpose

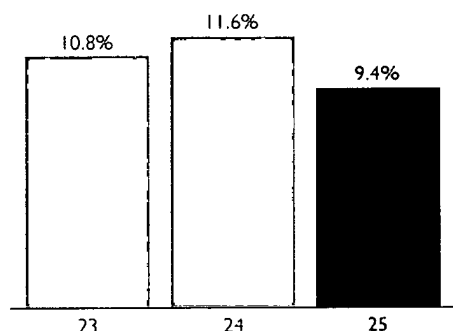
Free cash flow generation is an important non-statutory measure used by the Board and Management to measure the Group's ability to support future business expansion, distributions or financing.

Performance

Headline* free cash flow has increased to £45.4 million, driven by lower capital expenditure and by the implementation of focused working capital initiatives across the Group.

➡ See page 96 for details of how Financial KPIs are reflected in Annual Bonus and long-term incentive performance targets

Adjusted operating profit* margin (%)



Purpose

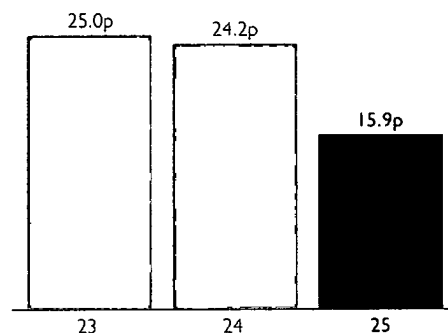
Adjusted operating profit margin is a non-statutory measure that the Board and Management monitor to assess the underlying trading profitability of the Group, excluding the impact of specific adjusting items and the amortisation of intangible assets.

Performance

On a continuing basis, adjusted operating profit margin for 2025 has decreased by 220bps to 9.4%, reflecting reduced revenue. Volume decline and mix drove a significant decrease in margin, but our continued focus on actions within our control allowed us to offset a significant portion of this decline.

➡ Refer to page 46 to 52 for further details

Adjusted EPS* (p)



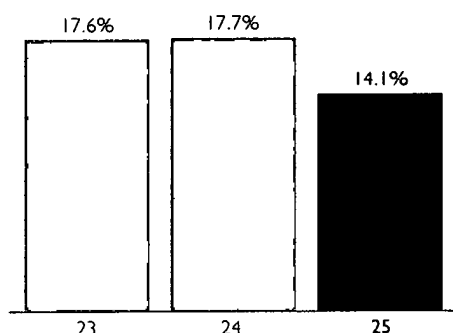
Purpose

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

Performance

Adjusted EPS has decreased by 8.3 pence to 15.9 pence during 2025, reflecting the decrease in adjusted operating profit.

Return on invested capital* (%)



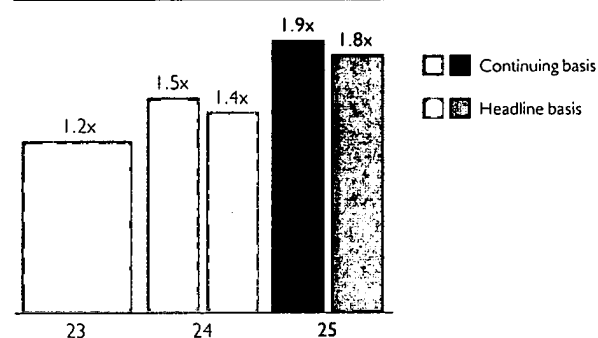
Purpose

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

ROIC has decreased by 360 bps to 14.1%, reflecting the decrease 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 a covenant under the Group's debt facilities.

Performance

On a continuing basis, net debt to EBITDA has increased to 1.9x, driven by reduced adjusted operating profit delivery in the year and impacted by the disposal of MMS in the year, with full realisation of proceeds not expected until 2026.

On a headline basis, which includes the results of MMS for our period of ownership in 2025, net debt to EBITDA was 1.8x.

Key performance indicators (KPIs)
continued

As a responsible business, we are committed to creating a positive impact both on the environment and society.

We have established ambitious environmental and social targets for our own operations, reflecting our role as stewards of the natural environment and the communities in which we operate.

Beyond reducing our own footprint, we design and manufacture products that help our customers improve efficiency, enhance safety, and minimise environmental impact.

Through these efforts, we contribute to a more sustainable world and help improve quality of life globally.

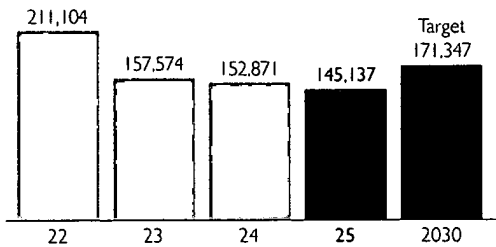
Alignment to our strategy

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

-  **Transform**
-  **Drive**
-  **Maximise**

 Read more on page 7

Key environmental, social and governance (ESG) KPIs
CO₂e scope 1 and 2 emissions (metric tonnes)



Alignment to strategy



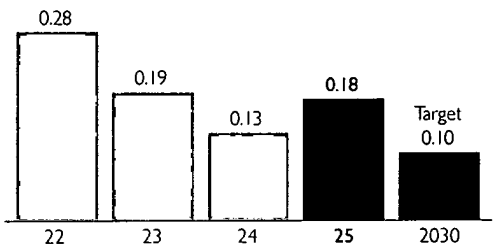
Purpose

Reducing greenhouse gas (GHG) emissions is an important part of our strategy. We are committed to reducing our absolute Scope 1 and 2 emissions by 50% by 2030 from a 2015 baseline.

Performance

Total emissions were 145,137 tCO₂e, a 5% decrease from 2024 and 58% decrease over our 2015 baseline.

Lost-time accident (LTA) rate²



Alignment to strategy



Purpose

We have an aspiration of 'zero harm' to all employees. We commit to build a caring safety culture and a world class safety system to achieve a 0.10 LTA rate by 2030.

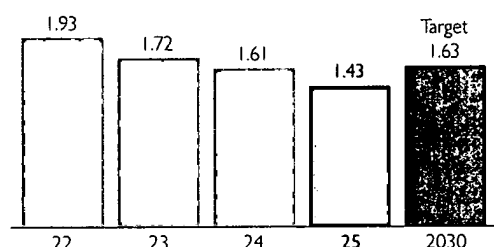
Performance

Our LTA rate increased to 0.18 in 2025. This is a significant area of focus for the Board and senior management and we have a focused plan to address identified root causes during 2026.

 See pages 30 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.

Total water withdrawal (million m³)



Alignment to strategy



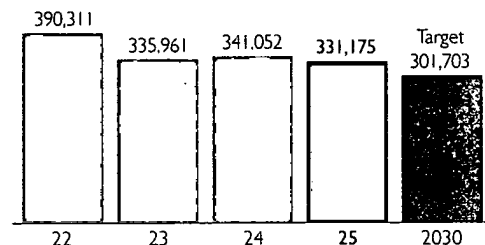
Purpose

Water is critical to our manufacturing operations. We will reduce our total water withdrawal by 30% by 2030 from a 2015 baseline.

Performance

Total water withdrawal was 1.43 million m³; which is a 11% decrease over 2024 levels and a 39% decrease over our 2015 baseline.

Water withdrawal in water stressed areas¹ (m³)



Alignment to strategy



Purpose

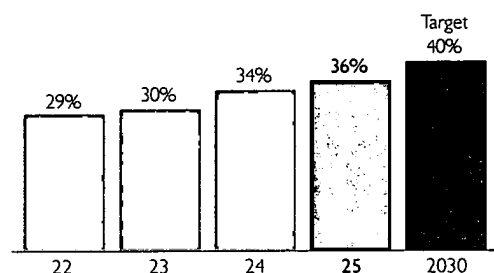
We recognise that in some instances our water demands are in areas of increasing water stress. Our goal is to deliver a 30% reduction of water withdrawal in water stressed areas by 2030 from a 2015 baseline.

Performance

Total water withdrawal in water stressed areas was 331,175m³. This is 3% lower than 2024 and 23% lower than our baseline, reflecting better water management practices

1. 2025 water stressed areas include Chile, China, India, Italy, Luxembourg, Mexico, South Africa, Spain, Turkey, the UAE, and the state of California, USA. These were evaluated using the most recent World Resource Institute data 2025 (Aqueduct). See page 29 for details.

Female representation in leadership³



Alignment to strategy



Purpose

A greater gender diversity is good for Morgan Advanced Materials and good for employees.

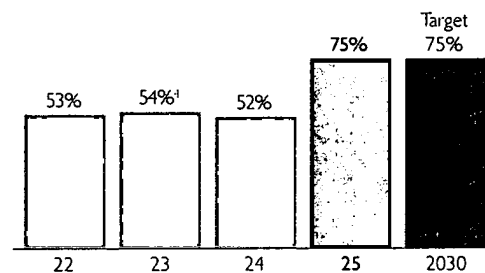
Performance

Female representation continues to progress. 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.

➔ See page 31 for more information

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

Employee engagement rate



Alignment to strategy



Purpose

Maintaining an engaged workforce is critical to delivery of our strategy. We measure the engagement of our employees through an employee engagement survey called 'Your Voice'.

Performance

We are taking direct actions on the things our employees care about. We hear from employees directly through our 'Your Voice' employee engagement survey.

➔ See page 64 for more information

4. 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%.

Stakeholder engagement

Effective engagement with our stakeholders

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

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

☺ See pages 64 to 65 for details of Board consideration and oversight of the needs of our stakeholders



Our employees

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 employees 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 employees 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 employees 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(l) 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(l) statement. Engagement activities specifically carried out by the Board collectively and individually can be found on page 65.

Alongside the key decisions outlined below, the table highlights other sections of this Report which explain how the Directors have had regard to Section 172(l).

(a) The likely consequences of any decisions in the long-term

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(b) Interests of employees

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(c) Fostering the Company's business relationships with suppliers, customers and others

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(d) Impact of operations on the community and environment

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(e) Maintaining a reputation for high standards of business conduct

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(f) Acting fairly between members of the Company

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Key decisions in the year

Refreshed strategic plan

The Board reviewed and agreed the refreshed strategic plan, ahead of the Strategy Update Event in December 2025. When reviewing the plan, during its development, the Board considered margin enhancement initiatives, financial targets, portfolio maximisation, internal and external risk factors, sustainability strategy and divisional growth plans, as well as the key roles of technology and talent. See page 62 for more information.

Key to stakeholders

Investors	Suppliers	Communities
Customers	Employees	Lenders and debt holders

Stakeholder considerations

Shareholders:

- > An interview-based perception audit of Morgan Advanced Materials' investor base was carried out and considered by the Board to ensure that the investor perspective was considered as part of the strategic review.
- > The need to maintain a strong balance sheet and low leverage from which to invest in growth and increase shareholder returns.

Employees:

- > Focus on simplifying and improving the Group's operations and therefore our employees' experience.
- > Empowering our employees to deliver the strategy and best serve our customers.

Customers:

- > Enhance customer experience and build strategic partnerships with our customers.
- > More rigorous customer focus to ensure that the service we deliver to our customers matches the best-in-class quality of our products.

Sale of MMS business

We announced in August 2025 that we had entered into an agreement to sell MMS to Vesuvius plc ("Vesuvius"). The disposal continued our strategy of simplifying the Group's operations, accelerating organic growth and generating higher returns by focusing on specific faster growing markets, with the proceeds of the sale intended to further strengthen the balance sheet and reinvest in the core business. The total consideration payable to Morgan Advanced Materials was £76.2 million. The sale completed on 12 November 2025.

Stakeholder considerations

Shareholders

- > Improves the financial position of the Group and realises significant value for shareholders.
- > Provides optionality both for investment in growth and enhanced shareholder returns in line with our capital allocation priorities.

Employees

- > Management focus on supporting employees affected by the disposal.
- > The staff and senior management team of MMS transferred to Vesuvius to continue to run the business, providing continuity and support to affected employees.

Customers

- > Management focus on ensuring there was no disruption for customers throughout the transition.
- > The decision to sell MMS followed a portfolio review. The review concluded that MMS's long-term future would be better served outside of the Group. MMS is highly complementary to Vesuvius's existing business, enabling customers to benefit from synergies with Vesuvius's existing business.

Pausing of the share buyback programme

In December 2025, we announced the intention to pause our buyback programme as part of our focus on balance sheet resilience. The programme was paused in January 2026 after the completion of the second tranche, by which time we had purchased £20 million of shares. When considering the proposal to pause the programme, the Board considered the cash flow generated during the year, the strength of the balance sheet, as well as the ability to support future growth opportunities under the refreshed strategy and deliver increased returns to shareholders.

Stakeholder considerations

Shareholders

- > Shareholders' expectations of the programme.
- > 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.

Approval of shareholder dividends

We also announced in December 2025 that we would continue to provide regular returns to shareholders by maintaining, then growing the regular dividend with adjusted earnings cover of circa 2.5x, and provide additional returns of surplus capital to shareholders as appropriate.

When considering the proposals to pay interim and final dividends during 2025, 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.

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 2026 and an interim dividend of 5.4 pence in November 2025. 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.

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.

Employees

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

Key to stakeholders

 Investors	 Suppliers	 Communities
 Customers	 Employees	 Lenders and debt holders

Section 172(I) statement continued

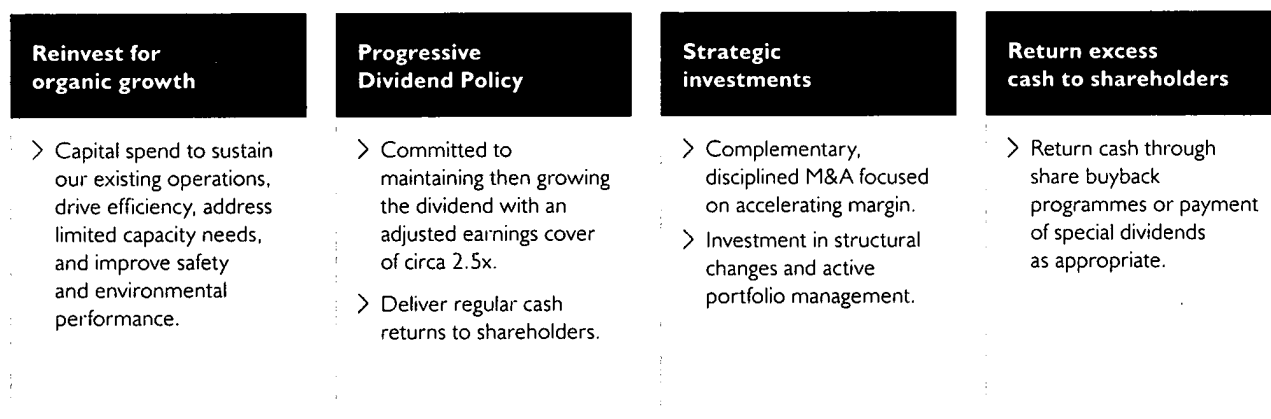
Application of the capital allocation framework

The Board applied the capital allocation framework below, when considering the relative priorities for the use of cash during 2025.

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.



Capital allocation framework

Morgan Advanced Materials has applied its capital allocation framework during 2025 as follows:

12.2p

Maintained its full-year dividend at 12.2 pence

£76.2m

Total consideration for the sale of MMS

£67.1m

Investment in CAPEX

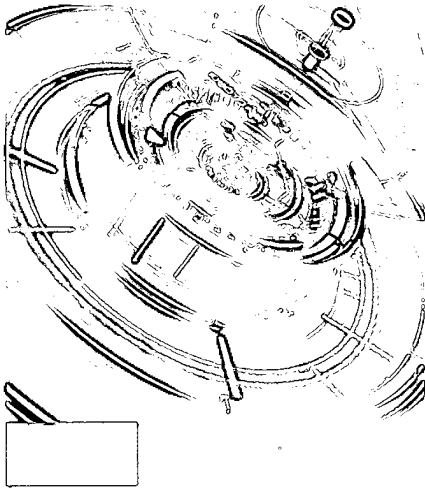
Maintain a strong balance sheet with solid investment grade credit metrics

- > 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 53 and 54.

Non-financial and sustainability information statement

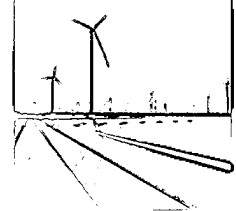
'Our business model' on pages 8 and 9 provides an insight into the key resources and relationships that support the generation and preservation of value within Morgan Advanced Materials. All of our non-financial KPIs are presented together on pages 18 to 19. A summary of our principal and emerging risks, including those related to ESG matters, as well as a description of our risk management process, starts at page 41.

	Areas of impact	Related principal risks, pages 41 to 45	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 75%, from a survey conducted during the year - LTA rate, the headline* measure for health and safety, was 0.18	- Our people and communities (pages 30 to 31) - Effective engagement with our stakeholders (pages 20 to 21) - Monitoring and embedding culture (page 63) - Engaging with our workforce (pages 64 to 65) - ESG policies - ESG goals - Health, safety and wellbeing - Diversity, equity and inclusion - Gender pay gap - Our people and communities
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 on page 26.	- 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 40) - Environmental Policy - Sustainability & Responsibility Report - Climate action - Water conservation - TCFD Reporting
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 2025 - 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 - Ethics hotline
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	- Monitoring and embedding culture - Risk management (pages 41 to 45) - Ethics and compliance - Supplier Code of Conduct



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A responsible business

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:



Transform operational effectiveness through safer, cleaner operations

- Health & Safety:** Embedding robust safety practices and process safety management will reduce incidents, protect our workforce, and ensure uninterrupted operations, all critical for efficiency.
- Environment:** Continued focus on environmental controls will minimise risks such as spills or emissions, safeguarding compliance and reputation.
- Sustainability:** Streamlined operations will lower resource consumption and waste, driving cost savings and supporting our ESG commitments.



Drive stronger growth by meeting market demand for sustainable solutions

- Health & Safety:** Demonstrating a strong safety culture builds trust with customers and partners, making us a preferred choice.
- Environment:** Offering solutions that reduce environmental impact aligns with customer sustainability goals, and creates new revenue streams.
- Sustainability:** Co-developing sustainable practices through customer partnerships and supply chain engagement will support our position as a leader in responsible growth.



Maximise portfolio value

- Health & Safety:** Many of our products are integral to customer safety applications, meaning our commitment to safety directly enhances their operational reliability and risk management.
- Environment:** Our technologies improve efficiency in customer processes, reducing energy use and emissions.
- Sustainability:** By delivering solutions that combine safety, efficiency, and sustainability, we strengthen customer trust and differentiate our products.

Our environment

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 well below 2°C ambition for our Scope 1 and Scope 2 commitment. To achieve this we are focusing on our operational efficiency and are actively evaluating alternative manufacturing technologies.

Energy performance in 2025

Our Scope 1 and Scope 2 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 (tCO₂e) from stationary fuel combustion were 106,088 tonnes and Scope 1 GHG emissions (tCO₂e) from process and mobile emissions were 5,976 tonnes (of which process emissions were 5,655 tonnes). For 2025, total Scope 1 GHG emissions (tCO₂e) were 112,064 tonnes, which is a 0.9% increase over 2024 values and 45.5% decrease over 2015 values.

> Market-based Scope 2 GHG emissions (tCO₂e)¹ were 33,072 tonnes, which is a 21% decrease over 2024 values and 76% decrease over 2015 values.

Our GHG emissions, such as carbon dioxide (CO₂), 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 (2025 Version 1, published 10 June 2025).

Green energy procurement

As part of our SBTi commitment, we have a target to procure 80% of our electricity from renewable and nuclear sources by 2025, reaching 100% by 2030.

In 2025, we reached our SBTi target of 80% renewable and nuclear electricity. Our total energy consumption (fuel and electricity) was 897.4 GWh for 2025, which is 2% lower than 2024. We have put in place a number of long term contracts to secure our renewable and nuclear energy portfolio and continue to strive to get these contracts in place where possible.

Assurance

Our Scope 1 and Scope 2 GHG emissions and selected other environmental metrics for 2025 have been assured by ERM CVS. A copy of the assurance report can be found on our website at morganadvancedmaterials.com

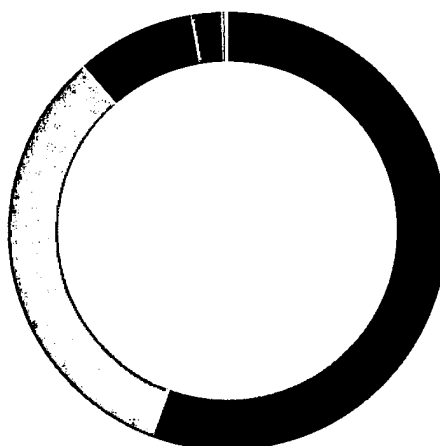
Our calculation methodology details can be found in the Basis for Reporting, which is available on request at investor.relations@morganplc.com

Our decarbonisation roadmap

We continue to improve the efficiency of our gas-fired kilns whilst actively assessing the feasibility of green technology options for our material portfolio. For further information on our path to net zero, see page 38.

Energy mix

● Natural gas	55.7%
⚡ Renewable and nuclear purchased electricity	33.1%
● Non-renewable, Standard Grid electricity	8.6%
● LPG/propane	1.7%
● Fuel oil	0.4%
● Green on site Generation	0.4%
☪ Steam/Other	0.1%



1. The Scope 2 emissions figure was calculated using the market-based methodology. The location-based figure for the same period is 144,130 tCO₂e.

Climate action (continued)

Pursuing carbon neutral operations by 2050



Energy efficiency projects of note in 2025

Thermal Products

- One of our major sites in the US has installed a new sitewide asset energy monitoring system.
- One of our sites in India has installed a more energy efficient water cooling system.
- One of our sites in France replaced a gas asset with a new electric annealing oven.

Performance Carbon

- One of our sites in the US installed a more efficient thermal oxidiser system.

Technical Ceramics

- One of our UK sites has installed photosensor controllers and has been working to systematically reduce firing temperatures.
- One of our sites in Germany has been focusing on more efficient furnace cycles and implemented a new, more efficient electrical dryer.

Green energy generation projects

Performance Carbon

- Solar farm on land adjacent to Performance Carbon plant in the US was completed.

Case study

Largest investment in solar power activated

In 2025 a Performance Carbon site in the US activated a 1.8 MW solar array which is the largest in our portfolio. The installation was complex, taking 13 months to complete and requiring significant preliminary work to prepare the site before construction could begin. The field will generate 93,000 MWh of electricity over its lifetime and power 12% of the sites annual electricity requirement.



Case study

Decarbonisation Roadmap on track

During 2025, a new electric annealing oven was brought into operation at our Thermal Products site in France. A key part of our decarbonisation strategy, alongside other efficiency initiatives, this multi-year project delivered energy savings of 740 tonnes CO₂ emissions per annum.



Water conservation Managing our impact

We aim to use water responsibly across our business. We use this valuable resource to cool our machines, clean our products and in our sanitary facilities for our workforce. We have targets to reduce water across all sites, and in water stressed areas in particular to ensure we are taking action in the regions where it matters the most. By improving our water usage, we have a positive impact in the communities where we operate.

For 2025, the list of water-stressed countries includes Chile, China, India, Italy, Luxembourg, Mexico, South Africa, 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. We have continued to make investments in closed loop cooling systems across our sites, making significant strides towards our 2030 goals.

In 2025 we made further improvement in our total water withdrawal.

This reduction was driven by our investment in water recirculation projects through 2023 and 2024, better operational efficiency practices and changes in product mix. Water withdrawal intensity was 1,383 m³/£m (revenue), compared to 1,459 m³/£m (revenue) in 2024.

Examples of water reduction projects:

Thermal Products

- One of our major sites in the US has introduced a system to recycle waste water from one process as an input into another.
- One of our major sites in the US has introduced dynamic water consumption monitoring to identify and reduce waste.

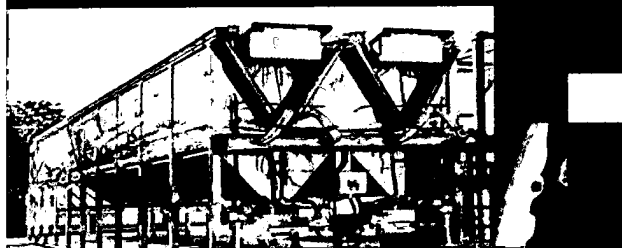
Technical Ceramics

- One of our sites in the US has installed a closed loop water recycling system in plating area.

Case study

Investment in closed loop system

In 2025, our Thermal Products site in India replaced their conventional cooling system with a closed loop adiabatic cooling tower. The system will save approximately 3.6m litres of water, 39,600 kWh of energy and requires far fewer chemicals to treat the water.



Case study

Saving water by enabling reuse

In 2025, one of our Technical Ceramics sites in the USA invested in a water recirculating system on their wash tanks. The new system more efficiently purifies the water before recycling it back to be used again. The new system saves approximately 2,000 gallons of water a day and the purification system means that any water that does leave the system is of a higher standard.



Waste performance

Through continuous improvement efforts we are reducing all hazardous and non-hazardous waste streams. Every year we set internal targets to reduce waste generation and increase recycling. This is achieved through activities such as Kaizen and 6S (Sort, Set in order, Shine, Standardise, Sustain and Safety) which focus on improving quality and eliminating waste. We are making good progress to reduce our waste generation, improve recycling and minimise hazardous waste.

Waste and recycling

	Units	2025	2024	2023	2022	2021
Total waste generated	metric tonnes	33,889	34,972	36,853	47,879	39,918
Waste generation intensity	metric tonnes/£m	33	32	33	43	42
Total waste recycled	metric tonnes	16,895	16,905	17,384	25,406	21,547
% recycling of total waste	%	50	48	47	53	54
Hazardous waste generated	metric tonnes	1,601	2,106	2,109	2,891	2,509

Our people and communities

Health, safety and wellbeing

At Morgan Advanced Materials, safety is a shared responsibility. We rely on the expertise and commitment of our operational and safety teams to uphold high standards across our sites, ensure all incidents are thoroughly investigated, and implement effective controls to prevent recurrence. Actual and potentially severe incidents are reviewed biweekly with the Group CEO and Divisional Presidents. We recorded no fatalities in 2025 and have maintained this record since 2012.

Our Group Environmental, Health and Safety (EHS) Policy – available in local languages – is supported by our Company EHS Framework, which guides sites in establishing robust local EHS processes. Compliance is assessed through our annual audit programme, and our ThinkSAFE programme continues to embed Visible Safety Leadership, Don't Walk By, and 'TAKE 5' behaviours across the business.

Protecting our people from hazardous material risks remains central to our EHS approach. We assess and monitor controls, provide targeted training, and require each site to maintain an industrial hygiene monitoring plan to identify potential exposures and define appropriate mitigation.

Progress in 2025

In 2025, we delivered quarterly safety topics focused on the business's key EHS challenges, reinforcing our ThinkSAFE commitment and the 'TAKE 5' programme message.

We were disappointed to see that our LTA rate increased to 0.18 in 2025. Through accident and incident root cause analysis we identified a skills gap among frontline site leaders in balancing safety leadership with production and people responsibilities. In response, we launched the ThinkSAFE Leaders programme to strengthen safety leadership capability and reinforce expectations for sustaining a proactive safety culture.

To enhance clarity on safety risk management requirements, we introduced new safety standards and guidance, supported by site-level gap analyses. Compliance audits will begin in 2026 to assess adoption and effectiveness.

We also launched our Process Safety Risk Management framework, identifying all major accident hazards across the business. We are now conducting process hazard analyses for all high-risk processes and providing organisation-wide training to embed strong process safety practices and reduce the likelihood of serious events.

As a result of this work to clarify and standardise safety performance, we are now able to report additional safety metrics. These give additional insight into our safety performance and will be important in tracking the overall maturity of our safety programme.

New safety metrics (all rates per 100k hours worked)

	Units	2025 Full Year
Total Recordable Injury (TRI) Rate	Rate	0.41
Process Safety Incident Rate	Rate	0.21

Total Recordables included in TRI Rate calculation based on OSHA record keeping criteria applied globally. Process Safety Incidents only include Actual Process Safety Incidents (not Near Misses)

Our safety plans for 2026 and beyond

In 2026, we will complete the roll out of the thinkSAFE Leaders programme, to strengthen our operational safety leadership. Closing this skills gap will be central to improving our safety performance and maturing our safety culture. We will also improve our incident investigation process, through training, by strengthening root cause analysis capability and ensuring we are taking the learning opportunities that arise from events and then provide thorough follow up of corrective actions. We will continue to perform and build on the findings of Process Hazard Analyses studies to deepen process safety knowledge, implement improvement actions, refresh maintenance programmes and roll out enhanced, localised process safety training. Alongside this, we will focus on reviewing and improving the actions driving our leading indicators, to maximise their effectiveness and ensure the actions taken positively impact on our safety performance.

Community

In 2025 our sites engaged in a number of community projects as follows:

- Our Penn State Carbon Centre of Excellence (CoE) team were busy igniting curiosity and hands-on learning in local schools, engaging students from elementary level to college. The team welcomed students to the CoE to explore cutting-edge carbon products, from wind turbine brushes to wheel flange lubricants, while witnessing the science behind them through dynamic demonstrations.
- Our Fostoria, Ohio, USA team came together to support the Seneca Humane Society through a generous donation drive. Employees collected essential items to help improve the lives of animals in need.
- Our MMTCL team in India, donated a blood transportation van to the Red Cross. This contribution represents a meaningful investment in community health, aligning with the humanitarian values of our team; to improve the quality of life.
- Our Atlacomulco, Mexico team reaffirmed their commitment to education and development as key pillars for the future, by hosting a scholarship award ceremony for the children of their employees. On the day, the scholarship beneficiaries enjoyed a guided tour of the Atlacomulco facilities, where they learned about the site's production processes and saw the effort and dedication of their family members in action. This programme recognises the commitment of the families that are part of Morgan Advanced Materials, while supporting the next generation in achieving their academic goals.

For safety week,

- Our team in Argentina got family members involved. Focusing on fire safety through creative artwork, the children of the site's employees reminded everyone that safety begins at home, grows at work, and lives in each of us.
- While our Jingmen City, China team organised fun games to promote fire safety knowledge and emergency evacuation.

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 and engaging to all.

- In 2025, our Women@Morgan employee resource group tackled key health subjects that face men. Organising health related talks on prostate cancer and men's mental health.
- Our Erlangen, Germany team welcomed five new apprentices joining us on a three and a half-year scheme. The 2025 apprentice group will spend half of their time in practical training with us, and the other half attending college classes. They finish with an official German government degree and are recognised as highly skilled co-workers.

You can find examples of our engagement on LinkedIn.

In 2025, Women@Morgan continued empowering women globally, by increasing internal engagement through topics relevant to all employees. We marked International Women's Day with a well attended online webinar on allyship, alongside on site celebrations such as female empowerment film screenings and the King's Trust 'Brilliant Breakfast' initiative. Throughout the year, we delivered additional virtual sessions covering men's mental health, caregivers, and prostate cancer, with plans to address common female health conditions in 2026. Our Women@Morgan country chapters also maintained regular meetings and activities focused on their local priorities and community initiatives.

You can find examples of our engagement on our website: morganadvancedmaterials.com

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 2025, the average gender pay gap for our UK workforce was 16.0% (17.6% in 2024). 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 50% female, and the role of Senior Independent Director was held by a woman.

Workforce by gender: Members as at 31 December 2025

Male

Board

4

Male 50% (2024: 57%)

All leaders

267

Male 64% (2024: 66%)

Executive Committee

6

Male 75% (2024: 67%)

All Employees

4,896

Male 61% (2024: 64%)

Senior leaders

30

Male 61% (2024: 67%)

Female

Board

4

Female 50% (2024: 43%)

All leaders

150

Female 36% (2024: 34%)

Executive Committee

2

Female 25% (2024: 33%)

All Employees

3,192

Female 39% (2024: 36%)

Senior leaders

19

Female 39% (2024: 33%)

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

Our disclosures within this Annual Report are consistent with TCFD recommendations and the recommended disclosures as required by the UK Listing Rules 6.6.6R(8).

These disclosures also 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.

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

Under the strategy pillar we have modelled our most material risks under a range of scenarios and identified the tactical and strategic mitigations needed to continue to deliver on our strategy. Financial impacts have been assessed and are presented in this Report but do not encompass all transition aspects such as changing stakeholder expectations.

To improve our metrics and targets reporting, in 2024 we developed a full Scope 3 inventory, marking a significant improvement in our reporting methodology and accuracy. We are continuing to refine this and we will share the results once appropriate third party validation has been obtained.

Summary of disclosures:

Section	Requirements	Page
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	33
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	34 – 38
	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 temperature scenario.	
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	39
	b) Describe the organisation's processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	
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 process.	39 – 40
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

Governance

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

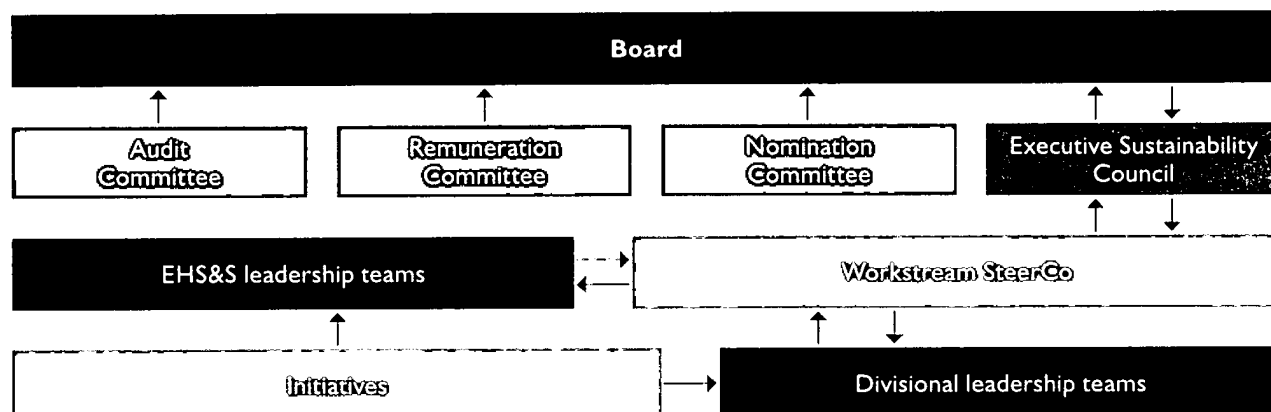
Our Board has oversight of our climate change, environmental and corporate responsibility matters and ensures that our Executive team progresses as planned to meet our commitments and goals. The Board receives a written update from the Group Director for Environment, Health, Safety and Sustainability 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 and Scope 2 CO₂e emissions target; and
- > progress towards our 2030 water withdrawal and water stress targets.

During 2025 the Board received external training on Corporate sustainability, including an update on the legislative landscape and quantitative examples of creating value from climate-related risks and opportunities. The Board received four internal updates from the Group Director EHS&S on the Group's sustainability strategy and progress against an in-year plan.

ESG Governance structure



Board and Management oversight of climate-related risks and opportunities

Board of Directors	➤ Frequency: Four times per year. Chair: Ian Marchant. Attendees: Main Board ➤ 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 CO₂e and water progress in each meeting. ➤ The competencies of the Board can be found on pages 57 and 58 of the Annual Report, which includes skills and experience relevant to climate matters.
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. GHG emissions targets are part of our Long-Term Incentive Plan (LTIP).
Executive Sustainability Council	➤ Frequency: Four times per year. Chair: Damien Caby. Attendees: Executive plus Group Function Senior Reps and Workstream Initiative Leads. ➤ 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 Divisional Presidents. ➤ Provides strategic direction, secures investment and resources. ➤ Provides oversight and decision-making across the workstreams, manages escalation with a focus on outcomes and benefits.
Workstream SteerCo	➤ Frequency: Bi-monthly Chair: Group Finance Director. Attendees: Initiative Leads, Group EHS&S Director, Group ESG Manager, Group Risk Lead, Divisional ESG Leads, Group Head of FP&A, Group Comms Director. ➤ Monitors delivery against our net zero strategy through various workstreams, manages dependencies across projects. ➤ Resolves risks and issues raised and identifies escalations. ➤ Reports to the Executive Sustainability Council.
EHS&S leadership team	➤ Led by the Group Director EHS&S and comprising EHS&S leads from each of the divisions, the team meets monthly to review strategy implementation and performance against 2030 targets.
Divisional leadership teams	➤ Each division 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 divisions 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 divisions monitor their own performance against ESG targets and implement climate-related policies and projects. ➤ Representatives from the divisional leadership teams are members of the Workstream SteerCo to ensure smooth rollout of workstream-related projects in the division.
Initiatives	➤ Frequency: As required. Chair: Initiative Lead. Attendees: Divisional Functions, Group EHS&S, Finance as appropriate.

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

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 2025, 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 AI.1 and AI.2 in the TCFD guidance, the information in the table on page 35 summarises our material risks and opportunities across the appropriate time horizons.

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 division is developing 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.

Through a review of our Materiality Assessment in 2025 we have appraised our climate related risks over the short term, and the potential impacts were concluded to not be material.

We have therefore focused our detailed scenario analysis over the medium-term and long-term and prepared the management responses on the same basis.

We recognise the importance of scenario analysis in the development of our strategy. During the 2025 strategy plan review, the glidepath to reduce reliance on natural gas was reviewed by all of the Divisions.

In the short term, the business focus is on efficiency improvements while the technology teams and global kiln working group conduct pilot studies to validate emerging green technologies. Development of a glidepath aligned with the revised group strategy will be a focus for 2026, where the global kiln working group will be leveraged.

Scenarios chosen

We have assessed the potential likelihood and impact of relevant climate-related risks and opportunities across a range of scenarios, as set out in the table below.

Transitional risks: The business reliance on natural gas. We have modelled the potential financial impact of GHG taxes using our 10 sites that have the highest GHG emissions output.

Physical risks: We consider Heat Stress and Water Stress to be the most significant physical climate change risks for the Group. We have considered the financial impact of Heat Stress and/or a Water Stress incident for the top 25 applicable sites. Our applicability assessment considers revenue, GHG emissions, water consumption and whether the site is located in a geography or region that is likely to be exposed to a water stressed region. We have also modelled the financial impact from sea level rise and coastal flooding events for nine sites which were selected due to their low lying locations and proximity to the coast.

During the 2025 strategy review, each division reviewed their glidepath to reduce reliance on natural gas. In the short term, the business remains focused on efficiency improvements. Our technology teams and global kiln working group are conducting pilot studies to validate emerging green technologies which may support more meaningful reductions in the longer term. During 2026, we will focus on developing glidepaths that are aligned to the Group's revised strategy and we will leverage the work undertaken by our global kiln working group.

Summary of scenarios

A range of scenarios were chosen to explore the impact from a range of possible outcomes. The likelihood in each case was assessed and factored into the results.

Scenario	Deep and rapid cuts	Current trajectory	Unchecked pollution
Temperature	<2°C	2–4°C	>4°C
Description	the optimistic trajectory based on government pledges.	medium-case scenario where warming is somewhat limited.	no steps are taken to limit warming. Global collaboration focuses on protecting the population.
Likelihood	High	Medium	Low
IEA/IPCC*	APS**, SSP 1-2.6	SSP 3-7.0	SSP 5-8.5

* IEA - International Energy Agency, RCP - Representative Concentration Pathway

** Announced Pledges

Risk likelihood (Transitional or Physical)

Deep and Rapid Cuts			
Optimistic trajectory based on current government pledges	Risk	Medium term	Long term
	T Reliance on natural gas	High	Significant
	P Heat stress	Low	Low
	P Water stress	Low to moderate	Low
	P Sea level rise	Low to moderate	
Current Trajectory			
Climate change action is limited initially but stronger actions follow	Risk	Medium term	Long term
	T Reliance on natural gas	High	Significant
	P Heat stress	Low	Low to moderate
	P Water stress	Low	Low to moderate
	P Sea level rise	Low to moderate	
Unchecked Pollution			
Very limited steps are taken and warming continues unchecked	Risk	Medium term	Long term
	T Reliance on natural gas	High	Significant
	P Heat stress	Low	Moderate
	P Water stress	Negligible	Negligible
	P Sea level rise	Low to moderate	

Financial impact

 Negligible (£0–£0.1m)	 Low (£0.1–£1m)	 Moderate (£1–£5m)	 High (£5–£10m)	 Significant (£10–£20m)	 Critical (>£20m)
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Task Force on Climate-related Financial Disclosures (TCFD) reporting continued

Risk/opportunity description	Management response
Reliance on natural gas 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 taxation and 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. As global energy markets evolve, we recognise the increasing impact of our reliance on natural gas. Our strategic and financial planning models reflect rising wholesale prices and we look to mitigate these in the short term through multi-year contracts and robust financial planning. We continue to monitor long-term trends closely. Under the scenarios analysed, GHG pricing instruments are anticipated to come into force closer to 2030. Based on current guidance, most of our sites operate below the emissions thresholds, but we remain proactive in preparing for expected future regulatory changes. We expect the timing of these regulatory changes to be phased across political and geographical jurisdictions over the medium to long-term. This is reflected in our transition plan and our approach to investments. Internally, our operational excellence programmes focus on optimising gas consumption and improving process efficiency. Aligned to our commitment to decarbonisation and ensuring long-term resilience of the business, we remain committed to sourcing renewable and nuclear energy. 2. We are progressing our transition to low carbon manufacturing through strategic investments and research that supports decarbonisation across key product families. In 2025, we invested in another new electrical furnace, see page 28, to enhance operational efficiency and reduce emissions. We also piloted a shadow carbon price for capital expenditure proposals and have a global rollout planned for 2026. This approach ensures future impacts of carbon pricing mechanisms are integrated into investment decisions. Our cross-divisional global kiln working group is focused on identifying and driving efficiency improvements and evaluating the readiness of the next-generation of low-carbon technologies. We are also proud to be signatories of the Ceramics UK Towards Net Zero initiative and are active participants in its hydrogen research programme. 3. Managing stakeholder expectations relies on us articulating Morgan Advanced Materials' value proposition by communicating the broad role that Morgan Advanced Materials products play in the energy transition. Through transparent and consistent disclosure and embedding our strategy, we can demonstrate our commitment, supporting the development of long-term customer partnerships and an attractive shareholder proposition. Relevant metrics: Commitment to reduce Scope 1 and Scope 2 GHG emissions by 50% by 2030 from a 2015 baseline. Commitment to source 80% renewable and nuclear electricity by the end of 2025, which was achieved.
Heat stress Heat stress at our manufacturing facilities could negatively affect our staff, plant and materials.	Extreme heat events are becoming more frequent, with the highest impact in the Unchecked Pollution scenario. To safeguard our workforce and maintain operational continuity, we have implemented targeted measures at sites most exposed to rising temperatures. These include air-conditioned rest areas, cooling equipment, and revised shift patterns to avoid peak heat hours. Our global manufacturing footprint and diversified supply chain provide flexibility to relocate production if necessary. Heat related stress assessments are integrated into our manufacturing strategy. Relevant metrics: We are now monitoring heat stress incidents through our H&S reporting system.
Water stress Water is used in the manufacture of our materials. Drought events where process water is limited could impact our sites.	Drought events increase in duration in the Unchecked Pollution scenario, underscoring the importance of water stewardship in our operations. As part of our transition plan to 2030, we are investing in R&D to reduce water use across key product families and share best practices in conservation. Operational projects are already delivering results. For example, at our Gujarat facility in India, a new recirculating cooling tower will save approximately 3.6m litres of water annually. These initiatives help us reduce consumption and avoid potential operational disruptions. We have set Group-level targets to cut total water withdrawal and withdrawal at water-stressed sites by 30% by 2030, with progress reviewed regularly by management and the Board. Water stress assessments are integrated into our manufacturing strategy. Relevant metrics: 30% reduction in water withdrawal by 2030 from a 2015 baseline and a 30% reduction in water withdrawal at water stressed sites by 2030 from a 2015 baseline.
Sea level rise Some of our factories are in low lying locations. Flood events could damage plant and interrupt supply of product to customers.	Our analysis shows that the impact of sea level rise alone is low. However, risk increases when combined with coastal flooding events, which could lead to flood damage, production loss, and potential protection or relocation costs. We assessed exposure across our most at-risk sites. Of our 57 manufacturing locations, 4 have more than a 1% annual flood risk before 2050. We considered scenarios ranging from annual floods to once-in-a-thousand-year events. This risk is actively managed through our risk framework and ongoing review of our physical asset portfolio to ensure resilience and continuity. Relevant metrics: Impact analysis will be updated as new data becomes available. Metrics not currently developed.

Opportunities

Climate driven opportunities and their impact on our strategy

Our customers' exposure to carbon pricing creates opportunities for Morgan Advanced Materials. Our thermal management solutions help customers maximise efficiency and minimise carbon footprints. This is a critical advantage in regulated markets.

We also see significant transition opportunities in sectors affected by global climate policy. Success depends on understanding customer needs and tailoring our offering accordingly. Some markets seek partners aligned with their sustainability goals, while others focus on regulatory compliance. Our strategy is to serve both ends of this spectrum – and everything in between.

Opportunity description	Management response
Energy Generation	Our growth opportunity in the energy sector extends beyond supplying components for wind turbines and solar panels. Many of our products also enhance the efficiency of traditional energy generation, helping operators reduce emissions and improve performance. This positions us to benefit from both the expansion of renewable energy and the modernisation of conventional power infrastructure.
Transport	We are a recognised leader in electrified rail, a sector where demand is accelerating as governments and operators invest in low-carbon transport. Our recent innovations such as integrated heating systems are helping rail networks reduce energy consumption and improve reliability. These technologies position us to capture significant growth as electrification projects expand globally. Beyond rail, we are well placed to support the next generation of aerospace and automotive platforms. Through deep customer relationships and advanced engineering capabilities, we enable the transition toward greater efficiency, sustainable fuels, and ultimately green alternatives.
Metal Processing	In markets already impacted by carbon pricing and cross-border tariffs, we deliver value through our market-leading thermal management solutions. Using advanced heat-flow modelling, we help customers maximise energy efficiency, reducing both operating costs and emissions. These capabilities position us as a strategic partner for businesses seeking to maintain competitiveness while meeting tightening environmental regulations.

Impact of risks and opportunities on the business strategy

Climate-related risks

As we execute our strategy, we recognise that increased production could lead to higher emissions, creating long-term exposure to carbon taxes across all scenarios. To mitigate this, we are strengthening our transition plan, ensuring robust management of emissions and other critical resources such as water. Failure to proactively implement our decarbonisation roadmap could impact our ability to execute strategy effectively.

Currently, only two sites operate under emissions trading schemes. However, we anticipate broader exposure to carbon pricing instruments and potential challenges in accessing affordable renewable energy in the future. Proactive planning is essential to safeguard our ability to deliver on strategy.

In the short to medium term, climate considerations are embedded in financial planning decisions, including:

- Renewable and nuclear electricity tariffs: Continuing investment where feasible, despite rising energy costs. In 2025, our consumption of renewable and nuclear electricity rose to 80% from 75% in 2024.
- Self-generation projects: In 2025, we commissioned a 1.8 MW solar field at a Performance Carbon site in the US which is our largest investment to date. The project, costing £2.8 million, includes 4,264 panels and significantly boosts our renewable capacity.
- On-site renewable generation: In total, we generated 3.5 GWh of renewable electricity in 2025, more than double the level of renewable electricity generated in 2024.
- Physical risks such as heat stress, water stress, and sea level rise currently have limited impact on business strategy but remain integral to decisions.

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

Business resilience

In considering our climate-related risks and opportunities under these scenarios, we believe our business model and strategy is sufficiently resilient to climate change. Our current assessment indicates that the impact of climate-related issues has not significantly impacted our financial performance or financial position, and we do not anticipate that it will in the short to medium term.

Our global footprint, strong market positions, and diverse portfolio are our strengths. 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 division or Group.

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 process in 2025, we have further embedded climate considerations into our financial and strategic planning processes through the piloting of a shadow internal carbon price (ICP) on capex. 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. During 2025, the ICP was trialled as part of our capital investment business case assessment process.

This will be rolled out to all capital investment business cases reviewed at an executive level in 2026.

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 risk 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 mindful that external factors may have an impact on our transition plan and we are monitoring geopolitical trends with respect to climate change commitments.

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 have reduced water usage considerably through recycling. We are utilising the global kiln working group to develop decarbonisation pathways for key products, gaining an improved understanding of the technology availability and the cost. We now understand our Scope 3 position and the opportunities in more detail, leveraging supplier assessments to understand their maturity and ensure alignment with our ambition.

Our net zero roadmap

Preparing for the future

2025



Our net zero roadmap also incorporates Scope 3 emissions. In the near term, we are focused on identifying the largest Scope 3 contributors and the solutions that will help us decarbonise. Over this period we will:

- > Convert some low temperature furnaces to electricity.
- > Develop Scope 3 emissions strategy.
- > Undertake lifecycle assessment on key products.
- > Refine divisional decarbonisation glidepaths.
- > 80% of our electricity will be renewable and nuclear.
- > Develop engineering solutions to increase energy efficiency and water recycling.
- > Include a shadow carbon price in capex business cases.
- > Invest in R&D for carbon-free furnaces.

Scaling up

2027



We will begin to invest in decarbonising our business and value chain. We will:

- > Install pilot carbon-free furnaces.
- > Increase conversion of lower temperature furnaces to electricity.
- > Work with our value chain to reduce Scope 3 emissions.

Invest in key technologies

2030



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

- > 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%.
- > We will convert higher temperature furnaces to electricity/alternative low carbon fuel.
- > We will work with our value chain to further reduce Scope 3 emissions.
- > We will convert remaining furnaces to carbon-free alternatives.
- > Our ambition is to reach net zero Scope 1 and Scope 2 emissions by 2050.

2050

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 divisions 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 41 and 42, 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 divisions 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 43 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 2025. Additionally, the Audit Committee carried out a focused risk review of each division. 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 management response table on page 36 and their values are summarised here. We have had our Scope 1, Scope 2 & Scope 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 2°C scenario.

Our commitments are as follows:

- Morgan Advanced Materials commits to reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2015 base year¹;
- 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.

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 Scope 2 GHG emissions. The balance of the award is focused on financial performance measures.

Metric description	Target type	Baseline year	Baseline value	FY 2030 target	2025 progress
Scope 1 and Scope 2 GHG emissions (tonnes)	Absolute	2015	342,694	171,347	145,137
Water Withdrawal in Water Stressed Areas (m ³)	Absolute	2015	431,004	301,703	331,175
Commitment to source 80% renewable and nuclear electricity by the end of 2025	Intensity	2019	1%	100%	80%

1. The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Our Scope 1 and Scope 2 GHG emissions and selected other environmental metrics for 2025 have been assured by ERM CVS. A copy of the assurance report can be found on our website². Scope 1 and Scope 2 GHG emissions are reported from manufacturing/production sites only, accounting for approximately 93.6% of Morgan Advanced Materials' 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 which was retrieved from the Company's ERP³ systems and/or finance systems, with updated emission factors taken from appropriate sources. Following the improvement to our methodology, we will take steps to validate this data before re-validating with SBTi and publishing the values.

2. www.morganadvancedmaterials.com/ESGAssurance/

3. Enterprise Resource Planning.

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

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 below. 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 is 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 Scope 2 consumption and CO₂e 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 (2024 version) where available for European countries, and IEA 2024 emission factors in all other cases globally. DEFRA Emissions Factor Database 2025 version 1 has been used across the majority of Scope 1, utilising the published kWh calorific value (CV) and kgCO₂e emissions factors relevant for reporting period for the year ending 31 December 2025.

Responsible business

Scope 1 and Scope 2 emissions and streamlined energy and carbon reporting

	Units	2025	2024	2023	2022	2021
Scope 1 energy consumption	MWh	519,890	533,674	574,531	636,583	648,833
UK	MWh	30,596	34,655	38,316	37,988	37,358
Global excluding UK	MWh	489,294	499,019	536,215	598,595	611,475
Scope 1 GHG emissions	tCO ₂ e	112,064	111,011	110,563	121,989	122,817
UK	tCO ₂ e	6,625	7,357	7,374	5,657	6,880
Global excluding UK	tCO ₂ e	105,440	103,654	103,189	116,332	115,937
Scope 2 energy consumption	MWh	377,493	382,356	395,366	423,955	417,835
UK	MWh	12,873	13,584	14,198	15,205	15,083
Global excluding UK	MWh	364,620	368,772	381,168	408,750	402,752
Scope 2 GHG emissions (market-based)	tCO ₂ e	33,072	41,860	47,011	89,115	107,070
UK	tCO ₂ e	0	0	0	0	0
Global excluding UK	tCO ₂ e	33,072	41,860	47,011	89,115	107,070
GHG intensity	tCO ₂ e/£m	141	139	141	190	242
UK	tCO ₂ e/£m	100	104	169	106	179
Global excluding UK	tCO ₂ e/£m	144	141	140	194	245
Biogenic CO ₂ emissions ⁴	tCO ₂ e	668	543	719	978	877

4. 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 (2025 version).

Risk management

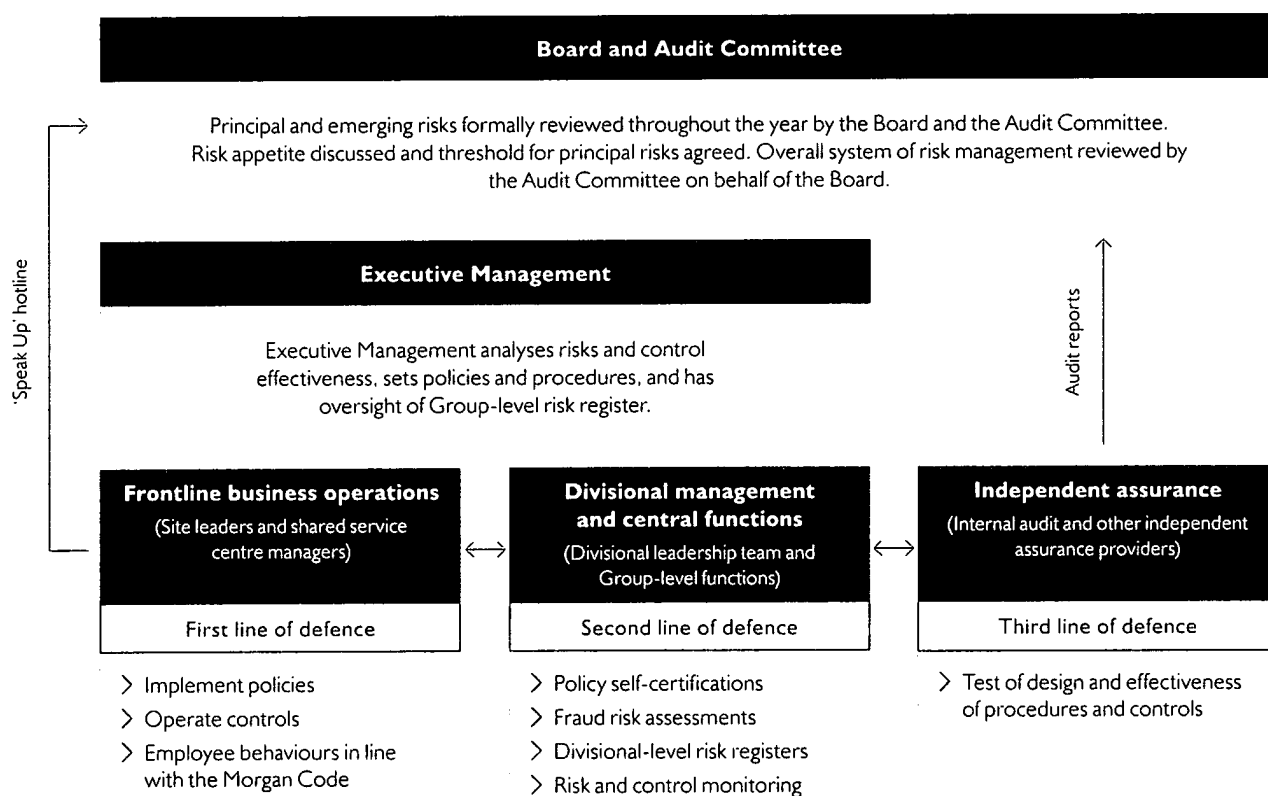
We have an established risk management methodology which seeks to identify, prioritise and manage risks, underpinned by a 'three lines of defence' model comprising internal control frameworks, internal monitoring and independent assurance processes.

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 divisions 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



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 led discussions on risk appetite, taking into account principal risk trends and movements, ensuring alignment with the Group's strategic objectives and the evolving risk landscape.

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 are 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 management continued

Risk analysis during the year

2025 risk and control assessments

During 2025, the Board undertook a comprehensive review of the Group's overall risk profile, which involved detailed discussion of risk assessment outputs provided by the divisions and central functions. This included deep dives into principal risks and horizon scanning, identifying emerging risk themes. The Board actively engaged in discussions on risk trends and mitigation strategies, ensuring alignment with the Group's strategic objectives for 2025 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 throughout the year, supplemented by thematic reviews and assurance reports from internal and external sources.

Material control activities

In preparation for compliance with Provision 29 of the 2024 UK Corporate Governance Code, the Board oversaw readiness efforts that included:

- Setting up a project team to identify material controls and link them to principal risks.
- Conducting gap analyses and implementing enhancements to control frameworks as needed.

- Advancing documentation of controls and assurance processes.
- Planning internal controls assessment "dry runs" ahead of the formal declaration included in the 2026 Annual Report & Accounts.

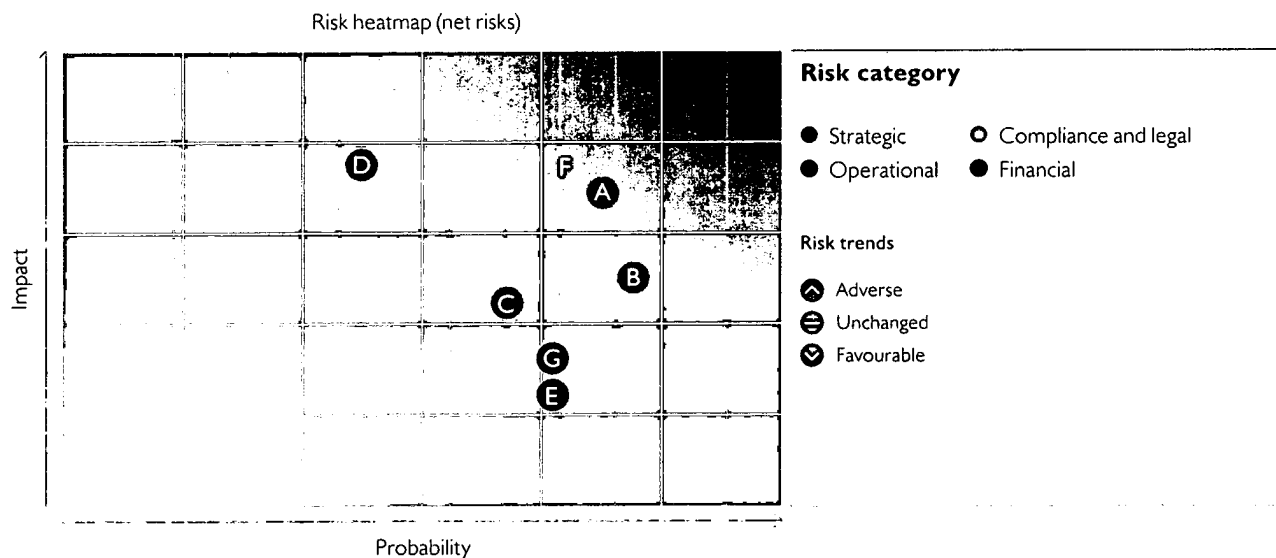
Changes in principal risk disclosures

There were no fundamental changes to the Group's principal risks during the year; however, risk narratives were refreshed to reflect evolving external conditions and internal priorities. Specific updates included:

- Enhanced commentary on IT infrastructure and security, reflecting increased sophistication of cyber threats.
- Greater emphasis on supply chain resilience and cost inflation pressures.
- Following enhancements to control frameworks, contract management risk has been removed as a standalone principal risk. It continues to be managed as part of our operational risk framework.

Principal risks heatmap

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



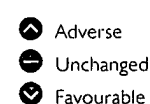
Key	Risk title	Risk trend since last Annual Report	2025	2024
A	External environment	Adverse	⬆	⬆
B	Business change and development	Adverse	⬆	⬆
C	Business continuity	Favourable	⬆	⬆
D	Environment, health and safety (EHS)	Unchanged	⊖	⊖
E	IT infrastructure and security	Unchanged	⊖	⬆
F	Legal and regulatory	Unchanged	⊖	⬆
G	Key finance processes	Unchanged	⊖	⊖

Principal risks and uncertainties

Strategic impact



Risk trends



A. External environment

Strategic impact:

Risk trend:

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.

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. This 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 medium-term and longer-term challenges for our business. Climate-related risks are addressed in greater detail on pages 32 to 40.

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.

Trend commentary

Escalating geopolitical tensions and macro-economic instability are creating a highly volatile operating environment. Conflicts and political uncertainty are leading to the introduction of tariffs and taxes, while global events such as natural disasters add further unpredictability. These factors are driving fluctuations in commodity prices, sustained inflationary pressures, and sudden disruptions to supply chains, all of which can adversely impact customer demand, financial performance, and the Group's ability to maintain operational continuity.

B. Business change and development

Strategic impact:

Risk trend:

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 divisional 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.

Trend commentary

The Group has a number of significant transformation programmes underway. They introduce complex changes to systems, processes and organisational structures. These initiatives increase execution risk and resource strain, creating potential for delays, cost overruns and disruption to core operations. While strong governance and dedicated project management are in place, the scale and interdependencies of these projects mean the risk will remain heightened until stabilisation and benefits realisation are achieved.

Risk management continued

Principal risks and uncertainties (continued)

Strategic impact



Transform



Drive



Maximise

Risk trends



Adverse



Unchanged



Favourable

C. Business continuity

Strategic impact:

Risk trend:

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.
- > There are single-point (key supplier/key site) exposure risks within the Group's supply chain.
- > Rising cost inflation across raw materials, energy and logistics adds pressure to operational resilience and profitability.
- > Some of the products manufactured by the Group are used in potentially high-risk applications, for example in the Aerospace, Automotive, Electric vehicle, Healthcare and Power industries.

If this risk was to materialise, it could lead to supply chain disruption, increased operating costs, loss of customers and/or market share, and reduced competitiveness, ultimately affecting the Group's current and future financial performance.

Key controls and mitigation

- > 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.

Trend commentary

The implementation of an enhanced property risk management framework has helped reduce exposure to facility-related vulnerabilities, favourably impacting the risk trend. However, residual risks remain due to single-point dependencies (key supplier/key site) and the critical nature of products used in high-risk sectors such as Aerospace and Healthcare. While dual sourcing and quality management systems provide additional resilience, the complexity of manufacturing operations and supply chain interdependencies mean continued attention is required.

D. Environment, health and safety (EHS)

Strategic impact:

Risk trend:

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 which complement the Group's 'thinkSAFE' behavioural safety programme.
- > KPIs are monitored by the Executive Committee and the Board. Our LTA rate was 0.18 (2024: 0.13); which is an increase compared to the prior year. Safety of our employees is a critical focus. We have performed root cause analyses and developed a targeted plan for 2026. This is addressed in greater detail on page 30.

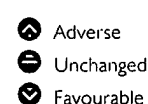
Trend commentary

There is no material change to the risk trend.

Strategic impact



Risk trends



E. IT infrastructure and security

Strategic impact:  

Risk description and drivers

It is critical that the Group's information technology and operational technology infrastructure remain cyber resilient, ensuring that proprietary, confidential and otherwise protected information, intellectual property and personal data held and processed on these systems are appropriately secured. The increasing sophistication and frequency of cyber threats, including targeted attacks and advanced persistent threats, heightens the risk environment and demands continuous improvement in our defence posture.

Failure to prevent or respond effectively to a cyber security event could compromise the availability, confidentiality and integrity of our IT systems, disrupt key operations, impede recovery of critical data or services, and cause irrevocable damage to assets and reputation.

Risk trend: 

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.

Trend commentary

There is no material change to the risk trend. Although our controls are strengthening, the broader threat landscape continues to intensify in both volume and complexity.

F. Legal and regulatory

Strategic impact:  

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 requires ongoing focus.

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.

Risk trend: 

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.

Trend commentary

There is no material change to the risk trend.

G. Key finance processes

Strategic impact:  

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.

Risk trend: 

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 divisions.
- Quarterly internal financial control self-assessments for all relevant locations.

Trend commentary

There is no material change to the risk trend.

Group financial review

"We have delivered a robust financial performance against a challenging market backdrop.

Demand in our end-markets has now broadly stabilised. The work we have done to reduce our manufacturing cost base over the last three years, coupled with our planned optimisation opportunities, leaves us well placed to deliver margin growth as end-markets recover."

Richard Armitage
CFO



(3.3)%

Organic constant-currency
revenue decline

9.6%

Headline adjusted operating
profit* margin

14.1%

Return on invested capital*

1.8x

Net debt*/Headline EBITDA*
leverage ratio

Discontinued operations and Alternative Performance Metrics

In August 2025, the Group announced that it had reached an agreement to sell the majority of its MMS business which was reported within the Thermal Products reporting segment. The transaction completed on 12 November 2025. The disposal represented a major line of business for the Group and accordingly, it is classified as a discontinued operation under 'IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.' In accordance with IFRS 5, current year results for MMS are shown as one line 'profit from discontinued operations' on the face of the income statement and prior year results have been restated on the same basis.

In addition to statutory metrics, the Group monitors business performance through alternative performance measures (APMs) which are non-GAAP measures not defined under IFRS. The Directors consider that these APMs provide useful information to stakeholders, including additional insight into ongoing trading and year-on-year comparisons. These APMs are not intended as a substitute for IFRS measures and should be considered as providing complementary insight.

The Group defines each APM and therefore they may not be directly comparable with similarly named metrics in other businesses. The purpose and definition of each APM, along with a reconciliation to the equivalent statutory metric are included in the 'Glossary of Terms and Alternative Performance Metrics' sections on pages 199 to 204.

In order to help users of these financial statements understand the performance of the Group during 2025, where relevant, the Directors have presented 'Headline' metrics which include the results earned by MMS up to the date of the disposal. These metrics are clearly denoted by the use of the term 'Headline' and they are presented alongside statutory results and in addition to the usual APMs presented by the business.

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.

Unless otherwise stated, all financial information reported in the Financial review relates to continuing operations.

Group financial performance

Summary financial information for the year ended 31 December 2025

	2025 £m	2024 ² £m	Change %
Summary income statement and key metrics			
Headline¹ metrics			
Headline ¹ Revenue	1,030.3	1,100.7	(6.4)%
Headline ¹ Adjusted operating profit ¹	99.1	128.4	(22.8)%
Headline ¹ Adjusted operating profit ¹ margin	9.6%	11.7%	(210) bps
Net debt ¹ to Headline EBITDA ¹ ratio	1.8x	1.4x	n/m ²
Results from continuing operations			
Revenue	996.6	1,060.1	(6.0)%
Adjusted operating profit¹	93.8	123.3	(23.9)%
Adjusted operating profit ¹ margin	9.4%	11.6%	(220)bps
Amortisation of intangible assets	(1.0)	(1.7)	(41.2)%
Specific adjusting items ⁴	(47.6)	(22.4)	112.5%
Operating profit from continuing operations	45.2	99.2	(54.4)%
Net financing costs	(22.2)	(19.0)	16.8%
Profit before taxation from continuing operations	23.0	80.2	(71.3)%
Income tax expense	(17.9)	(24.7)	(27.5)%
Profit after taxation from continuing operations	5.1	55.5	(90.8)%
Profit after taxation from discontinued operations	23.7	3.3	618.2%
Profit for the year	28.8	58.8	(51.0)%
Basic EPS from continuing and discontinuing operations	7.5p	17.7p	(57.6)%
Adjusted EPS ¹	15.9p	24.2p	(34.3)%
Return on invested capital ¹	14.1%	17.7%	(360)bps
Summary cash flow and key metrics			
Headline ¹ cash generated from operations	168.6	163.0	3.4%
Headline ¹ free cash flow ¹	45.4	15.1	200.7%
Cash and cash equivalents	79.3	120.8	(34.4)%
Net debt ¹	232.2	226.2	2.7%
Headline ¹ net debt ¹ to EBITDA ¹ ratio	1.8x	1.4x	n/m ³
Total dividend per share	12.2p	12.2p	–

¹ Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary and Alternative Performance Metrics' section on pages 199 to 204.

² Statutory financial results have been restated for the year ended 31 December 2024 to present the results of MMS within discontinued operations.

³ Movements where the percentage movement is not meaningful are represented by n/m.

⁴ Details of specific adjusting items arising during the year and the comparative period are given in note 6 to the consolidated financial statements.

Group financial review continued

Revenue

Revenue	2025 £m	2024 £m	Change %	OCC Change %
Performance Carbon	306.8	345.2	(11.1)%	(8.9)%
Technical Ceramics	341.6	337.3	1.3%	3.4%
Thermal Products	348.2	377.6	(7.8)%	(4.2)%
Revenue from continuing operations	996.6	1,060.1	(6.0)%	(3.3)%
Discontinued operations – MMS	33.7	40.6	n/m	n/m
Headline revenue	1,030.3	1,100.7	(6.4)%	(3.3)%

On a headline* basis, the Group recognised revenue of £1,030.3 million (2024: £1,100.7 million), a year on year decrease of 6.4% at reported currency rates. Revenue was significantly impacted by foreign exchange headwinds, largely related to the US Dollar and sterling exchange rates. On an organic constant currency* basis, Group revenue decreased by 3.3% year-on-year.

Performance Carbon was heavily impacted by the well-publicised conditions within the Semiconductor market and in total the division delivered revenue of £306.8 million, an 8.9% decline versus the prior year on an organic constant currency* ('OCC') basis. Lower Semiconductor sales drove the year on year decline, although we note that revenue has stabilised in the second half of the year. Across other markets, the business has demonstrated a resilient revenue performance. The business saw a smaller decline in Aerospace & Defence sales which reflects the timing of some large defence orders which are now expected in 2026. This was largely offset by increased demand in Rail and Energy markets.

Technical Ceramics has demonstrated good resilience over the year, delivering revenue of £341.6 million, a 3.4% increase on an OCC* basis. The business saw strong demand in Aerospace & Defence markets, driven by demand for new aircraft along with robust maintenance revenue driven by increased fleet utilisation. This growth was partially offset by the impact of Semiconductor market dynamics and notably lower sales into Healthcare markets driven by customer inventory adjustments.

Thermal Products delivered revenue of £348.2 million, a 4.2% decline on an OCC* basis. This performance was impacted by regional economic dynamics, primarily driven by continued challenging conditions in European industrial markets. Overall, we note revenues have remained broadly stable since the second half of 2024.

Adjusted operating profit*

	2025		2024	
	Profit £m	Margin %	2024 £m	Margin %
Adjusted operating profit¹				
Performance Carbon	41.2	13.4%	55.1	16.0%
Technical Ceramics	39.4	11.5%	39.2	11.6%
Thermal Products	23.5	6.7%	37.5	9.9%
Central costs	(10.3)	n/m	(8.5)	n/m
Adjusted operating profit¹ from continuing operations	93.8	9.4%	123.3	11.6%
Discontinued operations – MMS	5.3	n/m	5.1	n/m
Headline Adjusted operating profit¹	99.1	9.6%	128.4	11.7%

¹ Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary and Alternative Performance Metrics' section on pages 199 to 204.

The Group delivered headline adjusted operating profit* of £99.1 million (2024: £128.4 million) and a headline adjusted operating profit* margin of 9.6% (2024: 11.7% reported; 11.3% on an OCC* basis). Whilst volume and mix impacts drove a 440 bps decrease in margins, our overall margin delivery was positively impacted by our continued focus on simplification and efficiency. On a combined basis, the net impact of pricing, inflation and efficiency initiatives contributed 170 bps improvement to margin with simplification initiatives providing a further 160 bps margin. The remaining movement in margin relates to foreign exchange and other non-trading items.

Performance Carbon delivered an adjusted operating profit* margin of 13.4%, a 260 bps decrease compared to the prior year. The impact of lower volume and an adverse sales mix was partially offset by substantial gains from efficiency and simplification initiatives. Margin was further supported by £5.2 million of trading receipts that will not repeat in 2026.

Technical Ceramics delivered an adjusted operating profit* margin of 11.5% which was broadly in-line with the prior year.

Thermal Products delivered an adjusted operating profit* margin of 6.7%, a 320 bps decrease compared to the prior year. Performance reflects challenging market conditions and foreign exchange headwinds and hyperinflation accounting.

On a continuing operations basis, **Central costs** of £10.3 million have increased by £1.8 million compared to 2024. This increase reflects the build out of our central ERP team who will support the new system on an ongoing basis. Central costs for the prior year have been restated to include central costs which were previously allocated to MMS that have remained with the Group post deal close.

Adjusted profit* margins for the discontinued MMS business are not considered meaningful since they exclude central costs previously allocated to the division, thus artificially increasing the profit attributable to the operating unit.

Specific adjusting items

Specific adjusting items from continuing operations were £47.6 million (2024: £22.4 million) and comprised the following:

	2025 £m	2024 £m
Specific adjusting items from continuing operations¹		
Impairment of non-financial assets	(15.6)	(4.2)
Business simplification restructuring	(13.4)	(12.4)
Design, configuration, customisation and implementation of a Global ERP system	(13.3)	(5.2)
Reversal of prior year impairments following Argentina's currency devaluation	1.9	0.5
Residual costs associated with the cyber security incident	–	(1.1)
Movement in fair value of consideration shares held at FVTPL	(7.2)	–
Total specific adjusting items from continuing operations before income tax	(47.6)	(22.4)
Income tax credit from specific adjusting items	1.5	2.3
Total specific adjusting items from continuing operations after income tax	(46.1)	(20.1)

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

During 2025, the Group has recognised an impairment charge of £15.6 million related to certain specialist assets at a UK site which are dedicated to the Semiconductor market. Our current view of future demand for this market subsegment indicates that these assets will not be utilised. Since this specialist machinery cannot be redeployed to fulfil other demand in the near-term without further investment, we have fully impaired the asset, in-line with the requirements of 'IAS 36 – Impairment of assets'. There is no change to our previously communicated expectations for the Semiconductor market opportunity for Morgan.

The Group has recorded a cumulative total of £28.6 million impairment charges recognised in current and prior periods, for assets which it continues to use. These impairments could be reversed if the businesses were to outperform significantly against their budgets and strategic plans, or if market conditions materially change. 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 remaining impaired amounts in 2025 (2024: £nil); the only impairment reversed during the year relates to trading assets in Argentina, as noted overleaf. Refer to note 6 to the consolidated financial statements for details of the impairment review and key assumptions made.

The Group incurred total expenditure of £14.3 million in respect of our business simplification and restructuring programme during the year (2024: £13.1 million). Of this total, £13.4 million relates to continuing operations (2024: £12.4 million) with the balance of £0.9 million incurred by MMS and included within discontinued operations (2024: £0.7 million).

As at 31 December 2025, the Group's business simplification initiatives have delivered total cumulative adjusted operating profit* benefits of £24 million, compared to our 2023 baseline, for a total cost total of £35 million. During 2025, we have rephased certain planned activities to ensure clear prioritisation and execution throughout the business. We continue to expect to deliver total cumulative savings of £27 million by 2026, compared to the 2023 baseline, for a total cost of approximately £40 million.

The Group incurred £13.3 million of exceptional costs associated with the design, configuration, customisation and implementation of a Global ERP system (2024: £5.2 million). We made good progress in 2025, completing a pilot system roll-out and finalising design and build ahead of a go-live of material sites across North America and Europe during 2026. We anticipate that roll-out and implementation will be completed by the end of 2027. Alongside our investment in implementation, we are building out a dedicated ERP and project team that will remain with the business post-implementation and these costs are recognised within underlying results. We expect to incur ERP implementation costs of between £22-24 million in 2026 which will be recognised within specific adjusting items.

The Group recognised a credit of £1.9 million relating to the reversal of a fixed asset impairment associated with operations in Argentina. The impairment was recognised in 2023, following a currency devaluation of more than 50%. During 2025, we have successfully repatriated a cash dividend from Argentina to the UK via the Bopreal mechanism and the business has continued to operate profitably despite ongoing economic uncertainty. Accordingly, the Group has recognised a full reversal of its previous fixed asset impairment.

Within 'specific adjusting items' from continuing operations, the Group recognised a fair value and foreign exchange loss on consideration shares received in a listed Indian business as part of the consideration received for the disposal of MMS. Further details of the MMS transaction are set out below.

	2025 £m	2024 £m
Specific adjusting items from discontinuing operations¹		
Net restructuring charge	(0.9)	(0.7)
Gain on disposal of MMS	28.5	–
Other	–	0.1
Total specific adjusting items from discontinuing operations before income tax	27.6	(0.6)
Income tax credit from specific adjusting items	(7.7)	0.2
Total specific adjusting items from discontinuing operations after income tax	19.9	(0.4)

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

Group financial review continued

Gain on disposal of MMS

During the year the Group announced the sale of its MMS business to Vesuvius plc. MMS was previously reported within the Thermal Products reporting segment. The business represents a major line of business and therefore meets the criteria of a disposal group under IFRS 5. The results of MMS for the year ended 31 December 2024 and the period up to the completion of the transaction on 12 November 2025 are presented as discontinued operations in the Group's audited financial statements.

MMS was sold for total consideration of £76.2 million. The transaction was structured as an acquisition of Morgan's 75% shareholding in its Indian listed subsidiary, Morganite Crucible (India) Limited ('MCIL'), by Vesuvius' Indian listed subsidiary, Fosco India Ltd ('FIL'), with consideration for the acquisition being the issuance of new FIL shares to Morgan, plus a cash acquisition for the remainder of the MMS business ('Rest of World').

At completion, Morgan received 1.2 million consideration shares in FIL, which represents a circa 15% shareholding in FIL valued at approximately £55.7 million. These shares are subject to a six-month lock-up period post-initial listing, in accordance with applicable Indian regulations.

In addition, Morgan received £20.5 million in cash as gross consideration for the Rest of World Transaction, which was subject to customary post-completion cash, debt and working capital adjustments and prior to any taxes, fees and other expenses related to the overall MMS transaction.

The calculation of the gain on disposal of MMS is presented in the table below. The gain on disposal has been included in 'specific adjusting items' within discontinued operations in the consolidated income statement.

It is our intention to sell the consideration shares and therefore they have been designated as held for trading and are recognised at fair value through profit and loss and revalued at the balance sheet date by reference to the publicly listed share price. Movements in share price and associated foreign exchange movements are recognised in specific adjusting items due to their nature and size. In accordance with applicable accounting standards, the fair value movement in the consideration shares held is recognised within continuing operations as it relates to an asset held by the continuing business.

	£m
Share consideration	55.7
Cash consideration	20.5
Total consideration	76.2
Goodwill and other intangibles	(8.8)
Other non-current assets	(21.6)
Current assets	(18.7)
Liabilities	10.6
Net assets disposed	(38.5)
Transaction costs	(7.0)
Cumulative foreign exchange	(5.1)
Non-controlling interest	2.9
Pre-tax gain on disposal	28.5

Statutory operating profit

Statutory operating profit from continuing operations was £45.2 million (2024 restated: £99.2 million), a significant reduction compared to the prior year, driven by reduced revenues and increased charges from specific adjusting items as a result of our investment in the Global ERP programme, the fair value and foreign exchange loss on consideration shares held following the disposal of MMS and the impairment of certain Semiconductor related assets.

Net financing costs

Net financing costs of £22.2 million (2024: £19.0 million) comprise net bank interest and similar charges of £17.8 million (2024: £15.8 million), interest payable on supplier finance arrangements of £1.2 million (2024: £nil), net interest on IAS 19 pension obligations of £0.4 million (2024: £0.6 million), and interest expense on lease liabilities of £2.8 million (2024: £2.6 million) resulting from IFRS 16 Leases.

The impacts of potential changes in interest rates on profit or loss are stated in note 22 to the consolidated financial statements.

Net financing costs for 2026 are expected to be within the range of £22-26 million.

Taxation

The Group tax charge from continuing operations, excluding specific adjusting items, was £19.4 million (2024: £27.0 million). The effective tax rate, excluding specific adjusting items, was 27.5% (2024: 26.3%). 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 £17.9 million (2024: £24.7 million), lower than the previous year due to lower taxable profits.

We expect our effective tax rate, excluding specific adjusting items, to be within the 27-28% range in 2026.

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.

Earnings per share

Basic earnings per share from continuing operations was a loss of (1.0) pence per share (2024: 16.5 pence) and adjusted earnings per share* was 15.9 pence (2024: 24.2 pence).

Basic earnings per share from continuing operations was impacted by overall trading performance and increased charges associated with specific adjusting items, as noted above.

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.

For illustrative purposes, the table below provides details of the impact on 2025 revenue and Group adjusted operating profit* if the actual reported results, calculated using 2025 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 2025 revenue/ adjusted operating profit' if:	Revenue £m	Adjusted operating profit' £m
GBP weakens by 10c against the US Dollar in isolation	39.0	3.8
GBP weakens by 10c against the Euro in isolation	17.8	2.5

1. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary and Alternative Performance Metrics' section on pages 199 to 204.

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

GBP to:	2025		2024	
	Closing rate	Average rate	Closing rate	Average rate
US Dollar	1.35	1.32	1.25	1.28
Euro	1.15	1.17	1.21	1.18

The potential impact of changes in foreign exchange rates is given in note 22 to the consolidated financial statements.

Cash flow

	2025 £m	Restated 2024 £m
Adjusted operating profit ¹ from continuing operations	93.8	123.3
Adjusted operating profit ¹ from discontinued operations	5.3	5.1
Headline¹ adjusted operating profit¹	99.1	128.4
Adjusted for:		
Depreciation	42.0	42.7
'Specific adjusting items' cash outflows	(22.8)	(20.4)
Loss/(Profit) on sale of PPE	0.5	(3.0)
Equity-settled share-based payments	2.0	2.8
Net working capital movements	50.4	14.6
Other items	(2.6)	(2.1)
Cash generated from operations	168.6	163.0
Net capital expenditure	(65.9)	(90.2)
Net interest on cash and borrowings	(18.8)	(15.3)
Tax paid	(26.4)	(29.2)
Lease payments and interest	(12.1)	(13.2)
Free cash flow before acquisitions, disposals and dividends	45.4	15.1
MMS cash proceeds, net of tax paid	10.0	–
Dividends paid to external shareholders	(34.1)	(34.5)
Net cash flows from other investing and financing activities	(12.1)	(16.9)
Share buyback	(15.2)	(4.7)
Movement in net debt ¹	(6.0)	(41.0)
Opening net debt¹	(226.2)	(185.2)
Closing net debt¹	(232.2)	(226.2)
Lease liabilities	(49.2)	(47.1)
Closing net debt¹ and lease liabilities	(281.4)	(273.3)

1. Definitions of these non-GAAP measures can be found in the glossary of terms on page 199, reconciliations of the statutory results to the adjusted measures can be found on pages 200 to 204.

The Group generated cash from operations of £168.6 million (2024: £163.0 million) which was £5.6 million higher than the previous year, with lower headline adjusted operating profit* materially offset by a continued focus on working capital management as a result of focused initiatives across the Group. Working capital initiatives included the initiation of a focused Supplier Financing arrangement for those areas of the business where supplier terms are materially below standard industry levels and an extension of our non-recourse debt factoring programme. These initiatives improve the Group's diversification and cost of liquidity, and the total benefit from these arrangements as at 31 December 2025 was £37.2 million.

Free cash flow before acquisitions, disposals and dividends* was £45.4 million (2024: £15.1 million). The increase in free cashflow was driven by a significant reduction in capital expenditure compared to the prior year following the reduction of the scope of our investment in Semiconductor capacity.

Group financial review continued

For the purposes of compliance with external debt covenants, net debt* is calculated excluding IFRS 16 lease liabilities. On this basis, net debt* was £232.2 million (2024: £226.2million), representing a net debt* to continuing operations EBITDA* ratio of 1.9 times (2024: 1.5 times). On a headline basis, which includes the profits earned from MMS up to the date of disposal, net debt* to headline EBITDA* ratio was 1.8 times (2024: 1.4 times). The Group has yet to receive the majority of the consideration associated with the sale of MMS and the value of these consideration shares was £47.2 million at the balance sheet date. Leverage on a continuing basis will begin to return towards our target range during 2026 upon realisation of these proceeds. We expect leverage to be at or around 1.7x by the end of 2026.

Commitments for property, plant and equipment and computer software for which no provision has been made are set out in note 26 to the consolidated financial statements. Treasury and risk management policies, which remain unchanged from the prior year, are set out in note 22 to the consolidated financial statements.

Liquidity

At the balance sheet date, the Group had net cash and cash equivalents* of £74.2 million (2024: £111.5 million) and undrawn headroom on its revolving credit facility of £295.3 million (2024: £279.3 million).

Capital structure

At the year end total equity was £348.9 million (2024: £389.3 million) with closing net debt* of £232.2 million (2024: £226.2 million).

Non-current assets were £568.5 million (2024: £597.3 million) and total assets were £984.8 million (2024: £1,077.1 million).

Details of undiscounted contracted maturities of financial liabilities and capital management are set out in note 22 to the consolidated financial statements on page 157 and 163.

Capital structure is further discussed in note 22 to the consolidated financial statements under the heading Capital management.

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 12 May 2026 to Ordinary shareholders on the register at the close of business on 10 April 2026. The ex-dividend date is 9 April 2026.

Together with the interim dividend of 5.4 pence per share paid on 17 November 2025, this final dividend, if approved by shareholders, brings the total distribution for the year to 12.2 pence per share (2024: 12.2 pence).

A total dividend of 12.2 pence per share represents a dividend cover of adjusted EPS* of 1.3 times. The Board has committed to maintaining then growing the Ordinary dividend with adjusted earnings cover of circa 2.5 times.

Note 14 to the Company financial statements provides additional information on the Company's distributable reserves.

Share buyback

On 5 November 2024, the Group announced its intention to undertake a buyback programme of up to a maximum £40 million, excluding expenses. In December 2025, we announced our intention to pause the buyback programme after the second £10.0 million tranche had been completed in order to support our focus on balance sheet resilience. As at 31 December 2025, the Group had purchased 8,576,587 shares, for total consideration of £19.9 million including fees and stamp duty. The second tranche completed in January 2026.

Refer to note 19 in the consolidated financial statements for further details about the share buyback programme.

Post balance sheet events

There are no reportable balance sheet events.

We note the emerging situation in the Middle East. Whilst the Group has a small footprint in the region, with a relatively low profit exposure we are mindful that the situation could have an impact on broader trade and cost inflation. It is too early to assess the potential impact for 2026 and our primary focus is the safety of our employees.

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 54. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the Financial review on pages 46 to 52. In addition, note 22 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 million unsecured multi-currency revolving credit facility, which matures in November 2029. As at 31 December 2025, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £601.7 million. The amount drawn under these facilities was £306.4 million, which together with net cash and cash equivalents of £74.2 million, gave a total headroom of £369.5 million. The €150 million delayed draw Term Loan was €75 million drawn and the multi-currency revolving credit facility was undrawn at 31 December 2025. The Group has scheduled debt maturities of \$97 million and €25 million due in October 2026. We expect to repay these facilities using existing facilities.

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 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 22 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 25% and an increase in net debt* of 30% 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 2030 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 41 to 45 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 2030.

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 crystallising 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.

Directors' statements continued

Scenarios modelled	Link to Combined Principal Risks
Macroeconomic uncertainty The risk of adverse impact on our business from macroeconomic factors that affect the performance of Morgan Advanced Materials or investments in specific countries or regions. The sensitivity analysis performed considered impacts on the Group's revenue, EBITA and Working Capital following a worldwide downturn in trading due to Macroeconomic dislocation.	External environment
Competitive positioning Key risk drivers include heightened competitive pressure within markets the Group operates in, or restrictions on certain markets. The sensitivity analysis performed considered impacts on the Group's revenue, EBITA and Working Capital following a loss of business in certain markets.	Business change and development
Organisation change The possibility of adverse impacts of changes in Morgan Advanced Materials' structure, culture, processes, systems or strategies. The sensitivity analysis performed considered impacts on the Group's revenue, EBITA and Working capital following unexpected staffing shortages caused by inadequate change management.	Business change and development
Trade compliance breach The failure of the sanctions screening programme and non-compliance with export regulations. The sensitivity analysis performed considered impacts on the Group's revenue, EBITA and Working Capital as well as additional legal costs.	Legal and regulatory

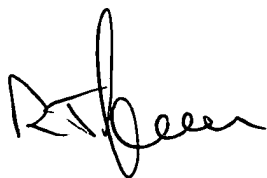
The combined impact of the above 4 scenarios results in 15% reduction in Group's revenue and 44% reduction in Group's EBITA in 2026 before taking mitigating actions. In this worst-case scenario, the Group remains within banking covenants.

Whilst 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 2030.

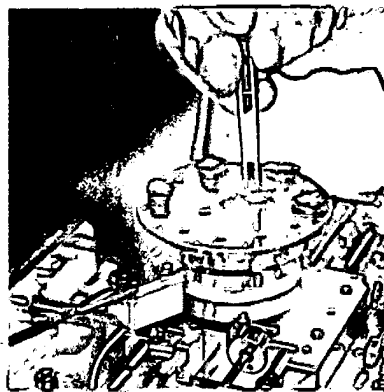
This Strategic Report, as set out on pages 2 to 54, has been approved by the Board.

On behalf of the Board

Richard Armitage
Chief Financial Officer



2 March 2026



Governance

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Chair's letter to shareholders

"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



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.

The 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 initiatives 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 that the Board itself continues to be effective, including undertaking an internal Board performance review which is set out on page 66.

2025 was another busy year for the Board and, in addition to our standard agenda items, we considered a breadth of matters such as succession planning, the evolution of our strategy and business plan, portfolio reviews and the disposal of Molten Metal Systems (MMS).

We have continued our dialogue with our stakeholders throughout the year, details of which can be found on pages 20 and 21 and 64 and 65. Some of our key decisions and our consideration of stakeholders in making those decisions are described in our Section 172 statement on pages 22 to 24.

Further details on our activities during the year can be found on pages 60 to 62.

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 reviewed our compliance with the 2024 UK Corporate Governance Code ('2024 Code') and readiness for reporting against Provision 29. Further information on the Committee's work can be found on pages 69 to 74.
- The Nomination Committee has supported the Board with succession planning activities, including the CEO transition from Pete Raby to Damien Caby and the appointment and induction of two non-executive Directors – Jane Lodge and Professor Mary Ryan CBE FREng. Details of the Committee's work is set out on pages 75 to 77.
- The Remuneration Committee has reviewed the implementation of the Group's Remuneration Policy (approved by shareholders at the 2025 AGM). Details of the Committee's work is set out on pages 78 to 104.

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

Focus for 2026

Some of the key priorities for the Board in 2026 will be continuing to oversee trading performance and the delivery of our revised strategy. The Board will continue to support Damien in his new role as well as ensuring that the new non-executive Directors are successfully onboarded.

Ian Marchant
Non-executive Chair

A stylized, handwritten signature of Ian Marchant in black ink.

Board of Directors

Ian Marchant

Non-executive Chair



Committees



Appointed: Chair Designate and non-executive Director in 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 and a member of the Prince's Council of the Duchy of Cornwall.

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 and Chair of the Audit Committee at NWF Group plc.

Damien Caby

CEO



Appointed: Executive Director and CEO Designate in May 2025. CEO in July 2025.

Skills and contribution:

Damien brings strong leadership skills and extensive business experience in specialities across several markets. He has an established track record of strategic organic and inorganic growth, innovation and transformation of global advanced materials and processing aids and a strong technical and international background, having lived and worked in the United States, Germany and France.

Past experience:

Before joining Morgan Advanced Materials in 2022 as President of the Thermal Products division, Damien held senior business group and business leadership roles at BASF from 2017 to 2022 and Imerys from 2011 to 2016.

External appointments:

None.

Jane Aikman

Independent
non-executive Director



Committees



Appointed: Non-executive Director and Audit Committee Chair in July 2017. Jane will retire from the Board following the AGM in May 2026.

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.

Committees



Committee Chair



Audit



Nomination



Remuneration

Directors who resigned during the year

Helen Bunch, who was appointed as non-executive Director from February 2016 and as Remuneration Committee Chair from January 2019, retired from the Board following the Company's AGM in May 2025.

Pete Raby, who was CEO from August 2015, retired from the Board on 1 July 2025 and left the Company on 31 August 2025.

Board of Directors continued

Jane Lodge

Independent
non executive Director



Committees

(A) (N) (R)

Appointed: June 2025. Jane will succeed Jane Aikman as Audit Committee Chair following the AGM in May 2026.

Skills and contribution:

Jane is a highly experienced non-executive Director and Audit Committee Chair with a significant background in international businesses in the industrial/manufacturing sector. Jane is a Chartered Accountant with substantial audit, risk and financial experience.

Past experience:

In her executive career, Jane spent 35 years at Deloitte & Touche LLP, progressing to a Senior Audit Partner working for major corporates and acted as the manufacturing and industry lead Partner, providing best practice and insights across tax, auditing, consulting and corporate finance. Jane was previously a non-executive Director and Audit Committee Chair of TI Fluid Systems plc from 2022 to 2025, non-executive Director of DCC plc from 2012 to 2022, Senior Independent Director and Audit Committee Chair of Costain Group plc from 2012 to 2021, non-executive Director and Audit Committee Chair of Devro plc from 2012 to 2021.

External appointments:

Non-executive Director and Audit Committee Chair of First Group plc, non-executive Director and Remuneration Committee Chair of Glanbia plc and non-executive Director and Audit and Risk Committee Chair of Bakkavor Group Plc.

Professor Mary Ryan

CBE FREng

Independent
non-executive Director



Committees

(A) (N) (R)

Appointed: November 2025.

Skills and contribution:

Mary brings significant materials science expertise to the Board. She is a leading materials scientist at Imperial College London ('Imperial'), where she currently serves as Vice-Provost for Research and Enterprise and the Armourers & Brasiers' Chair in Materials Science. She has significant industry exposure, having led Imperial's partnerships with several major corporates including Shell, Rio Tinto and Hitachi. She is a Fellow of the Royal Academy of Engineering and Fellow of the Institute of Materials, Minerals and Mining (IoM3).

Past experience:

Mary has held various senior positions in Imperial, since joining Imperial in 1998.

External appointments:

Vice-Provost for Research and Enterprise and the Armourers and Brasiers' Chair for Materials Science at Imperial, non-executive director of the UK Atomic Energy Authority Board, Board member of the Francis Crick Institute and Governing Board member of the Henry Royce Institute.

Alison Wood

Senior Independent Director



Committees

(A) (N) (R)

Appointed: November 2024. Remuneration Committee Chair in May 2025.

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. Alison was a non-Executive Director of TT Electronics plc from 2016 to 2025 and served as Chair of their Remuneration Committee.

External appointments:

Chair of Galliford Try Holdings plc, Senior Independent Director and Remuneration Committee Chair of Oxford Instruments plc.

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.

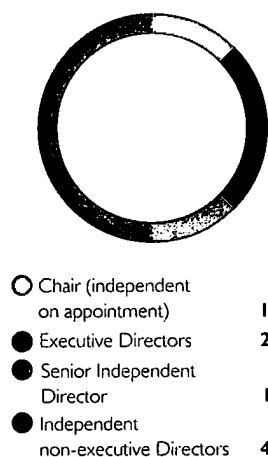
External appointments:

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

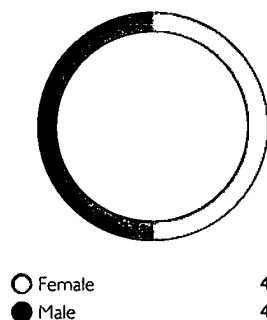
Governance overview

Board composition

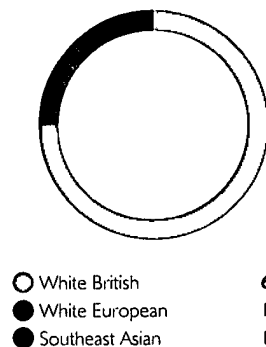
Board balance of roles



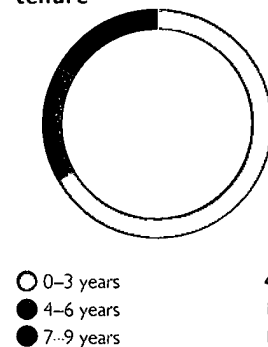
Gender



Ethnic origin



Non-executive Director tenure



Desired/required skills, experience, attributes

	Ian Marchant	Damien Caby	Richard Armitage	Jane Aikman	Jane Lodge	Mary Ryan	Alison Wood	Clement Woon
Strategy development and oversight	○	○	○	○	○	○	○	○
Accounting and financial reporting oversight	○		○	○	○			
Major change and transformation	○	○	○	○	○	○	○	○
Innovation, disruption and R&D	○	○				○		○
Materials science, semiconductor and other key growth materials						○		
Engineering and Industrial sector		○	○	○			○	○
Leadership, commercial and business operations	○	○	○	○	○	○	○	○
Technology		○				○		
Remuneration, talent and culture oversight	○		○		○		○	○
Corporate governance	○		○	○	○		○	○
International business		○	○	○				○
M&A/Portfolio management	○	○	○	○	○		○	○
Safety/Environmental/Sustainability	○	○			○		○	○
Risk management and assurance oversight	○	○	○	○	○		○	○

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	3/3	4/4
Damien Caby ²	6/6	2/2 ¹	2/2 ¹	3/3 ¹
Pete Raby ³	3/3	2/2 ¹	2/2 ¹	2/2 ¹
Richard Armitage	8/8	4/4 ¹	–	–
Jane Aikman	8/8	4/4	3/3	4/4
Helen Bunch ⁴	3/3	2/2	2/2	1/1
Jane Lodge ⁵	4/5	2/2	1/1	2/2
Mary Ryan ⁶	3/3	0/1	1/1	2/2
Alison Wood	8/8	3/4	3/3	4/4
Clement Woon	8/8	4/4	3/3	4/4

The table above shows individual attendance at Board and Committee meetings, out of the maximum possible number of meetings each Director could have attended.

1. Attended by invitation.

2. Damien Caby was appointed to the Board on 8 May 2025.

3. Pete Raby resigned from the Board on 1 July 2025.

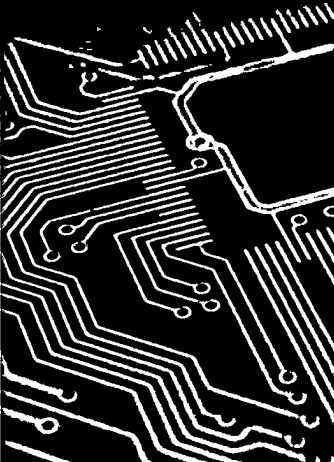
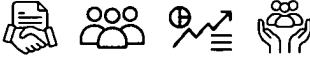
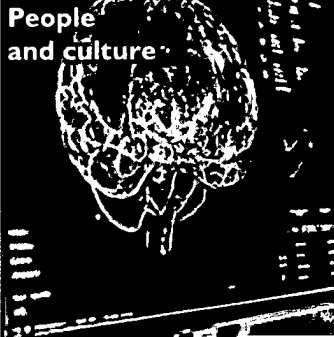
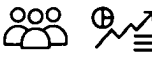
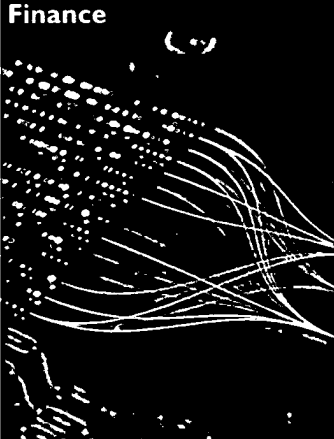
4. Helen Bunch resigned from the Board on 8 May 2025.

5. Jane Lodge was appointed to the Board on 1 June 2025. Jane was unable to attend a Board meeting because of a pre-existing commitment arranged before she was appointed to the Board.

6. Professor Mary Ryan CBE FREng joined the Board on 1 November 2025. Mary was unable to attend an Audit Committee meeting because of a pre-existing commitment arranged before she was appointed to the Board.

Key Board focus areas during the year

The table below sets out the key areas of Board focus during the year and how these align with the Group's principal risks. It also highlights the key stakeholders considered in the Board's discussions and decision-making. Some of the principal decisions of the Board during 2025 are included in the Strategic Report on pages 22 to 24.

Strategy and operations 	 > Board strategy discussions held to consider in-depth strategic direction, priorities and investment (see case study on page 62) > CEO report presented to each Board meeting, including EHS&S, key stakeholder, technology and innovation updates > EHS&S report, including safety performance and initiatives and progress against the sustainability targets > Divisional business updates, including divisional strategy, performance, risks and opportunities > Deep dives on key customers for each division > Group structure considerations, including M&A strategy and MMS divestment > Deep dives on each of Morgan Advanced Materials' strategic priorities > Updates on the IT transformation programme, cyber security posture and ERP roll-out > Approval of capital expenditure investment programme > Defence and shareholder activism strategy A B D E
People and culture 	 > Annual Board talent review and succession planning > Monitoring progress on the Group's global diversity, equality and inclusion strategy > Update on employee engagement activities > Monitoring and embedding culture > 'Your Voice' survey results B D F
Finance 	 > CFO report and financial performance update at each Board meeting, including KPI Dashboard > Investor relations updates > Interim and full-year results and trading updates > Interim and full-year report and accounts > Business planning review and 2026 budget approval > Interim and final dividends approval > Funding and refinancing, including pension funding update > Capital allocation, including share buyback programme updates A B C G

Key to stakeholders

 Investors	 Suppliers	 Communities
 Customers	 Employees	

Key to principal risks

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

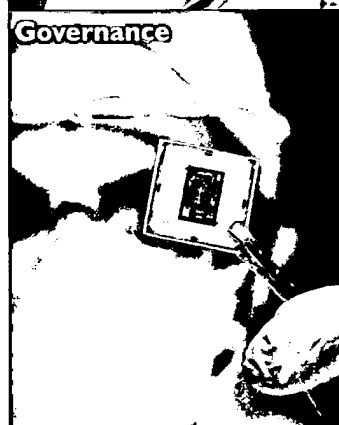


Risk management



- > Reviews of principal risks, including risk profile and appetite
- > Review of internal controls framework and the preparations for Provision 29
- > Updates from management on whistleblowing cases
- > Emerging risk trends
- > Macro environment trends
- > Review of escalated significant operational risks, where required

A B C D E F G



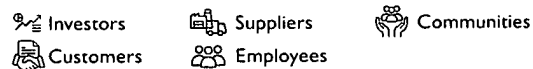
Governance



- > Annual effectiveness review and evaluation
- > Annual Report and Accounts review and approval
- > Annual General Meeting
- > Company Secretary report including Litigation Updates
- > Modern Slavery Statement review and approval
- > Review of insurance programme and Directors' Deed of Indemnity
- > UK Corporate Governance Code compliance

F

Key to stakeholders



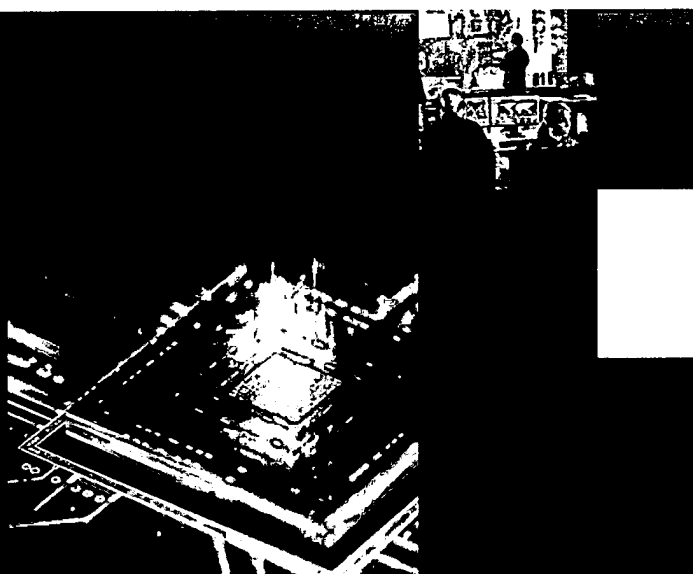
Key to principal risks

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

Board oversight of cyber threat

Bi-annual updates from the Chief Information Officer on the cyber security posture and IT transformation programme covering:

- > progress of cyber security strategy and IT transformation programme
- > updates on incidents and key industry developments
- > detailed progress updates on cyber risk reduction programmes and key initiatives
- > insights provided on cyber threat landscape and relevant threats linked to Morgan Advanced Materials' business and technology strategy



Board oversight of strategy



Board strategy discussions ahead of the December 2025 Strategy Update Event

Purpose	➤ To review and agree the revised strategic plan, ahead of the Strategy Update Event in December 2025. ➤ To build on the Group's strong foundations and develop a clear strategy that will drive higher margin growth and unlock our potential to be the leading force in our chosen markets.
Process	➤ The Directors shared their views about the direction of the strategy to enable the executive team to incorporate this into their thinking for the refreshed plan in the Board meeting in May 2025. ➤ The CEO outlined the process which would be used to review the strategy and the key questions which would be addressed in the Board meeting in July 2025. ➤ Two-day strategy away-day in September 2025, attended by the Board, Executive Committee, members of the finance and strategy teams, to discuss the medium- and long-term strategy and growth opportunities, including challenges and risks, and determine Morgan Advanced Materials' key strategic levers. ➤ The changes to the strategy, including the portfolio strategy and financial framework, were discussed in the Board meeting in November 2025. Two further Board calls were held in November 2025 to finalise the strategy and presentation for the Strategy Update Event.
Reviewing the external context	The Board discussion was in the context of a challenging operating environment and downturn in some of the Group's key markets. This has been driven by macro-economic and geopolitical factors, including newly introduced tariffs, inflationary pressures and political uncertainty across several key markets. In this context, we considered the short-, medium- and long-term impact on our markets, supply chain and stakeholders, as well as the impact on our sustainability strategy.
Confirming the strategic options	We agreed that our revised strategic plan aims to create value for our shareholders by aligning with our purpose and guiding us to: ➤ Identify our three strategic levers for margin enhancing growth: – Transform: Driving a step change in operational effectiveness by implementing new initiatives that leverage group scale. – Drive: Expanding our market share and addressable market by leveraging right to win and upgrading our position in the value chain. – Maximise: Actioning clear portfolio choices, aligned to capital allocation for margin enhancing growth. ➤ Adopt a sustainable capital structure to enable continued investment to sustain growth, and deliver strong shareholder returns. ➤ Enhance the experience of our customers and build strategic partnerships.
Outcomes and next step	We agreed to make sure upcoming Board work includes: ➤ Making sure innovation, cost optimisation and sustainability continues to underpin our strategy. ➤ Reviewing the execution of the distinctive strategic mandates for each division. ➤ Regularly reviewing our capital allocation framework to prioritise growth and returns.



Monitoring and embedding 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.

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 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 EHS&S 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 divisions, proposals for capital expenditure, key risks and other ad hoc presentations to the Board. This enables the Board to gauge 'tone at the top'.
- 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 Audit Committee reviewed the key themes and trends in the Speak Up 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.
- Workforce engagement and survey – the non-executive Directors heard directly from employees during employee listening sessions held in 2025. Together with the annual employee engagement survey, 'Your Voice', 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.

➡ See page 64 and 65 for information on workforce engagement

➡ See page 64 for information on the 2025 'Your Voice' survey

- 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.

➡ See page 81 to 89 for information on the Remuneration Policy

Sources of Morgan Advanced Materials Culture Insights and Metrics received by the Board (as identified in the 2024 Code Guidance)

Diversity, equity and inclusion initiatives and strategy	➤ Women in Leadership update ➤ FTSE Women Leaders and Parker Review submissions
Recruitment, reward and promotion decisions	➤ Annual update on talent and leadership development ➤ Oversight of the Group reward and incentive mechanisms ➤ Gender pay reporting ➤ Employee listening sessions on remuneration
Whistleblowing, grievance and 'Speak Up' arrangements and findings	➤ Ethics reporting including compliance with the Morgan Code and whistleblowing, grievance and 'Speak Up' data
Employee surveys and direct engagement	➤ 'Your Voice' survey results ➤ Employee listening sessions ➤ Leadership Conference attendance
Board interaction with senior management and workforce	➤ Presentations from Executive Committee members and their direct reports ➤ Board site visits
Health and safety incidents and near misses	➤ Health and safety performance reports
Promptness of payments to suppliers	➤ Payments to suppliers report
Attitudes to regulators, internal audit and employees	➤ Discussions with the Head of Internal Audit, Director of Ethics and Compliance and Deloitte without the Executives present ➤ Internal audit reports and report on review of effectiveness of Internal Audit
Turnover, absenteeism rates and exit interviews	➤ Attrition rates
Data analytics, including learning and development	➤ Safety leading and lagging indicators ➤ Ethics training completion rates ➤ Survey response rates ➤ Management KPIs

Engaging with our workforce

The Board is at the forefront of the journey to Morgan Advanced Materials having a winning culture 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 65.

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 at 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 2024 Code. Its effectiveness will be kept under review.

Feedback received from employee listening sessions

Positive feedback	Improvement areas	Actions taken
Safety culture Employees were very positive about the safety culture, recognising the priority we give to health and safety. They welcomed the continued focus of site and senior management on their safety and wellbeing.	Some employees at one site felt that the messaging and communication at their site had become less prominent over time and that it needed to be reinforced.	In addition to actions taken specific to the site, a company-wide reinforcement of the 'thinkSAFE' behaviour-based safety programme is being undertaken. The 'thinkSAFE' leaders programme, focused on-site leadership teams, and the process safety programme are also underway.
Roll-out of the new ERP system Employees welcomed the roll-out of the new ERP system and the opportunities to further streamline processes, improve efficiencies and collaboration.	The planned deployment of the system should be further reviewed to ensure the readiness of the sites. The teams at the pilot site shared their learnings on the deployment, identifying areas for improvement.	The timetable for future deployments was reviewed. The learnings from the deployment at the pilot site were incorporated into the plans for future deployments, including the need for increased training and extended hypercare support post-implementation.
Training and development Several employees praised the access to training and development opportunities at Morgan Advanced Materials. Leadership development courses were described as enabling collaboration across divisions, functions and countries.	Some employees requested additional training in areas such as artificial intelligence (AI).	Better signposting of the training and development opportunities including AI on the skills and development platform, Skillssoft Percipio, would be considered.

'Your Voice' survey



The 'Your Voice' survey 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' 2025 was conducted in June 2025 as an all-employee digital survey. The outcome of the survey was presented to the Board in July 2025. The overall engagement score was 75%, up from 52% in 2024, with a response rate of 81% (2024: 81%). 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 Morgan Code, our strategy and the desired culture. Focus is now on maintaining this momentum. Next steps and action plans were developed at Group, division and site levels. Broad initiatives in response to the survey were communicated to our employees throughout the year.

Engagement with employees and other stakeholders

Non-executive Directors and employee listening activities

2025

 Quarterly leadership calls held for the senior leaders with the CEO and members of the executive team	Virtual listening session with Technical Ceramics site employees in Auburn, California, USA attended by Helen Bunch and Ian Marchant.	Feb
	Jane Aikman and Clement Woon attended a virtual listening session with Group Finance and Shared Service Centre employees.	Mar
		Apr
	Site visits by Alison Wood to Technical Ceramics sites in Rugby, Stourport and Corby, UK and Thermal Ceramics site in St Marcellin, France.	May
	Site visit by Jane Lodge to Thermal Ceramics site in Augusta, Georgia, USA.	Jun
	Alison Wood and Jane Aikman attended a virtual listening session with the Performance Carbon team in Martinsicuro, Italy.	Jul
		Aug
	Site visits by Jane Lodge to Performance Carbon site in Redditch, UK and Technical Ceramics sites in Rugby and Stourport, UK. Ian Marchant and Jane Lodge attended the Leadership Conference.	Sep
	Board site visit and listening sessions with Performance Carbon employees in Swansea, UK.	Nov
	Virtual listening session with Thermal Products employees in Tamil Nadu, India, attended by Ian Marchant and Clement Woon.	Dec

Engagement with other stakeholders

Following publication of the 2024 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 2024 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.	
The 2025 AGM was held in Windsor. 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.	
	Ad hoc meetings were held with brokers and institutional investors throughout the year
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 2025 interim results.	
Following publication of the Q3 trading update, meetings were held with institutional shareholders and potential investors.	
Strategy Update Event to provide institutional investors and analysts with updates on the revised strategy.	

Assessing Board performance

Following the externally facilitated review in 2024, an internal review of the Board's performance was undertaken during the year, led by the Board Chair.

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

- > the Board's strengths and areas for improvement
- > identification of important topics to be prioritised for discussion by the Board
- > progress on the actions from the 2024 Board performance review
- > committee effectiveness, considering factors such as membership, meetings, work and remit.

The review was conducted by way of a bespoke questionnaire sent to the Board, which collected both quantitative and qualitative data. A report was produced and shared with the Board at its meeting in December 2025, summarising the responses received, highlighting areas for the Board's consideration and recommended actions which were agreed by the Board.

The Board Chair met with each of the Directors to discuss 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 2025.

Strengths identified

- > While there have been changes to the Board composition, it has strong foundations. The Board Chair is an effective leader and the Board has a good culture with a balance of cohesion and challenge.
- > The Board's work and approach to succession planning, Board composition and renewal were areas rated highly by respondents.
- > The Board's approach to workforce engagement continues to be a strength. The Board receives good insights and feedback from these sessions, which help the Board to understand employee sentiment and to have employee views in mind during Board decision-making.
- > All Board members rated the progress made on the actions arising from the 2024 external review highly, with all actions from 2024 either complete or in progress.

Areas of focus and actions proposed

- > The Board calendar and agendas would be reviewed to ensure that the topics suggested by the Board members are covered in 2026.
- > More in-person employee engagement sessions would be arranged to take place during Board site visits, in addition to the virtual engagement sessions.
- > The Board site visits will cover on-site innovations and technologies, to provide more insight into innovation, technology and R&D.

Recommendations from the 2024 Board performance review	Actions taken during 2025
Pivot the Board's composition more towards the strategic needs of the business, now and for the future	The Nomination Committee was cognisant of the need to focus on the strategic needs of the business when making its recommendations to the Board for the appointment of Professor Mary Ryan CBE FREng and Jane Lodge.
Enhance the customer updates provided to the Board	Deep dives were held on key customers for each division during the year, covering what was working well, opportunities for improvement and to enhance customer experience and build strategic partnerships with our customers.
Further develop the Board training programme	The training requirements were discussed with each Director during the year. Training provided included Value Creation from Sustainability, Provision 29 Requirements, Product Stewardship and Market Abuse Regulation Update.
Review the Board KPIs	The Board KPIs were enhanced and incorporated into the CFO Reports to the Board.

UK Corporate Governance Code 2024 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 2024 ('the Code'), which is available at [frc.org.uk](https://www.frc.org.uk), throughout the year ended 31 December 2025. The table below sets out how the Board has applied the Code principles during 2025.

Board leadership and Company purpose

A. The role of the Board

The Board provides strategic and entrepreneurial leadership within a framework of strong governance, effective controls and an open and transparent culture.

Governance framework		
Board		
Audit Committee See page 69	Nomination Committee See page 75	Remuneration Committee See page 78
Executive Committee - Drives Group and divisional strategic implementation. - Delivers operational, financial and non-financial performance. - Reviews health, safety and environmental performance, drives improvement and embeds the 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. - Approves arrangements with financial institutions. - Approves guarantees and indemnities. - Approves substantive intra-Group loans. - Approves intra-Group dividends and capital restructuring. - Approves awards under the Company's share schemes (after Remuneration Committee approval) and any Employee Benefit Trust-related loans.

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. The 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.

Information on the Board's activities in 2025 are set out on page 60, including attendance on page 59.

A description of Morgan Advanced Materials' business model is set out on pages 8 and 9. An assessment of the principal risks facing the Group is included on pages 41 to 45.

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. The Board is responsible for defining our values and setting clear standards from the top. Information on how the Board monitors and assesses culture can be found on pages 60 to 65.

C. Governance reporting

Board decisions made during the year, the outcomes and the link to our strategy and objectives can be found on pages 22, 23, 60 and 61.

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 2025 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 60 to 65.

Further detail on how the Board considers the impact of decisions on relevant stakeholders can be found in our Section 172 statement on pages 22 to 24.

Engagement with our stakeholders can be found on pages 20 to 21 and an outline of the Board's engagement with shareholders and our workforce can be found on pages 60 and 65.

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. Information on how the Audit Committee reviews reports generated from the disclosures and ensures that arrangements are in place for investigation and follow-up action as appropriate can be found on pages 72 - 73.

UK Corporate Governance Code 2024 compliance statement continued

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 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.

G and H. Balance of the Board

The roles of the Chair and CEO are separate, with distinct accountabilities set out in their role profiles.

The expected time commitment of the Chair and non-executive Directors is agreed, set out in writing in a Letter of Appointment and has not changed during the year. 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 was the case with the appointment of Jane Lodge and Professor Mary Ryan CBE FREng. 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.

The Board undertakes an annual review of the independence of each non-executive Director and in 2025 continued to consider each non-executive Director to be independent.

I. The Company Secretary

The Group Company Secretary ensures 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 process for the appointments of Jane Lodge and Professor Mary Ryan CBE FREng is set out on page 77. Information on succession planning can be found on page 77.

All Directors retire at each AGM and may offer themselves for re-election or election by shareholders. With the exception of Jane Aikman who will be retiring following the Company's AGM in May 2026, all the Directors will retire at the 2026 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

Information on Board skills, experience and knowledge can be found on page 59.

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. The training provided during the year can be found on page 66.

L. Annual evaluation

A summary of the 2025 performance review can be found on page 66.

Audit, risk and internal control

M. Audit functions

Information on the work of the Audit Committee can be found on pages 69 to 74.

N. Fair, balanced and understandable assessment

The process which supports the Board's confirmation that the Annual Report is fair, balanced and understandable is set out in the Audit Committee Report on page 71.

O. Risk management and internal control framework

Information on the risk management and internal control framework, as well as the extent and nature of the Group's principal risks, can be found on pages 41 to 45.

The Board and Audit Committee monitor the Group's risk management and internal control framework and conduct an annual review of its effectiveness. See pages 72 to 73.

Remuneration

P. Remuneration policies and practices

The Directors' Remuneration Policy, approved by the shareholders in 2025, is set out on pages 81 to 89.

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 employees. No Director is involved in determining their own remuneration outcome. See from page 78 for more information on the work of the Remuneration Committee.

R. Remuneration outcomes

Details of remuneration outcomes can be found on pages 80 and 81.

Report of the Audit Committee

I am pleased to present the Audit Committee Report for 2025, 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. Jane Lodge will take over as Committee Chair following the AGM in 2026.

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 57 and 58.

- 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 59.
- 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 (member until 8 May 2025)
Jane Lodge (member from 1 June 2025)

Professor Mary Ryan
CBE FREng (member from 1 November 2025)
Alison Wood
Clement Woon

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 divisional 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.

Further information on the matters considered by the Committee throughout the year can be found on page 70.

Deloitte completed their sixth full audit of the Group, which was James Hunter's first year as lead audit partner. 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.

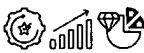
The Committee's performance was reviewed as part of this year's internal Board performance review. The outcomes from the Board performance review, including the Committee's review, can be found on page 66 and show that the Committee is continuing to work well, is fully discharging its responsibilities and contributing effectively to the Group's overall governance framework.

One of the Committee's areas of focus for 2026 will be continuing to monitor progress on our controls improvement activities and readiness for reporting against Provision 29 of the 2024 Code from the next financial year.

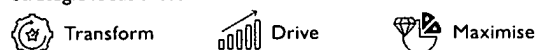
Jane Aikman
 Committee Chair

Report of the Audit Committee continued

Key activities in 2025

Financial reporting 	- Reviewed and discussed reports from the CFO on the financial statements, considered management's significant accounting judgements and the accounting 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. Further detail on the accounting policies can be found in note 1 to the consolidated financial statements from page 124. - Reviewed the 2025 Annual Report and Accounts and provided a recommendation to the Board that, as a whole, it complied with Provision 27 of the 2024 Code (see 'Fair, balanced and understandable reporting' on page 71). - Received updates on the 2024 Code requirements including in relation to Provision 29.
Risk management and internal controls 	- Reviewed the effectiveness of the Group's risk management and internal control framework and integration of the components of the framework into Board and Committee reporting, prior to making a recommendation to the Board. The Committee also reviewed reports from the Division 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 	- 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 2025 and the internal audit plan and approach for 2026. - Reviewed the quality and effectiveness of the internal audit function.
External audit 	- Approved the 2025 full-year audit plan. Oversaw the 2025 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 2025 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 2025 audit. - Reviewed and approved the non-audit services, and related fees, provided by Deloitte for 2025. - 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.

Strategic focus areas



Provision 29 readiness activities

A recurring item for the Board and the Committee has been the business's readiness activities to achieve compliance with Provision 29. This provision is applicable to the Group for the year ending 31 December 2026, requiring the Board to issue an annual formal declaration on the effectiveness of material internal controls. Management provided the Board and Committee with activity updates throughout the year:

1. Gap analysis – review of the business's current risk and control frameworks to determine where these can be leveraged or where enhancements are needed to meet the requirements of the 2024 Code.
2. Risk management workstream – to review principal risks, risk drivers and to develop the maturity of risk management processes in targeted areas and continue to embed the risk management framework.
3. Definition of 'materiality' for controls – proposed approach agreed by the Committee, to be kept under review.
4. Identification and scoping of material controls – proposed controls agreed by the Committee, to be kept under review.
5. Consolidated view of the designed material controls – confirm ownership and documentation requirements and implementation.

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, complies with Provision 27 of the 2024 Code and is fair, balanced and understandable and 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 108 and 109 of this Annual Report.

Significant matters

The Audit Committee gives attention to matters it considers to be important by virtue of their size, complexity, level of judgement required or potential impact on the financial statements and wider business model, and matters pertaining to governance.

The Committee considered the significant matters set out below. Papers were presented to the Committee by management, setting out the relevant facts, material accounting estimates and the judgements associated with each item. The external auditor provided papers setting out its views on each key area of judgement.

The Committee discussed the papers with management, challenged the underlying assumptions and sought the views of the external auditor on each matter. For each area of judgement considered, following review and challenge, the Committee concurred with the treatment adopted by management and the related disclosure presented in the Annual Report.

Report of the Audit Committee continued

Significant matters and judgements

Impairment of non-financial assets (excluding goodwill)

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 disclosures are included in note 6 to the consolidated financial statements.

Inventory valuation

At a number of our sites, local management used a manual process to calculate the inventory provision as at 31 December 2025 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 is designed to replicate the provision calculation that would have been automated within our other ERP systems.

How the Committee addressed the issues

The Committee reviewed and considered the reasonableness of the key assumptions that underpin the value-in-use calculations. They considered the consistency of the key assumption against other materials provided to the Board as part of routine performance updates and the Strategic review process.

How the Committee addressed the issues

The Committee reviewed the key assumptions underpinning the inventory valuation process and considered overall balance sheet prudence. They considered the views of Deloitte on the matter.

Risk management and internal control

The Group's framework 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 framework and did so again for the year under review. The review conducted in February 2026 comprised:

- a review of the relevant Principles and Provisions in 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, reporting and compliance controls, and risk management systems, including the improvements achieved in 2025 and identification of further areas for improvement.

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 framework 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 division and the Group leadership team.

The main features of the Group's framework 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 division 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 divisional 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. Divisional 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 divisional and Group perspective. The Executive Committee collectively reviews the risk management and internal control framework for all principal Group risks. The Group's risk management system, which is described in more detail on pages 41 to 45, supports the Directors' statements on going concern and viability on pages 53 and 54.

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 41 to 45.

Internal audit

The Group's internal audit function provides objective assurance of the adequacy and effectiveness of the risk management and internal control framework. It may also 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 2025, the Committee reviewed the effectiveness of the function by way of surveys completed by Committee members and key management personnel. This is the approach taken in those years that the review is not externally facilitated. The last externally facilitated review was in 2024, and an external review is recommended for 2029. 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. The outcome of the review was discussed at the Committee's meeting in December 2025. The Committee is 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. The Committee also monitored management's response to internal audits during the year. The Committee is 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.

Report of the Audit Committee continued

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 its own work, make any management decisions, create a mutuality of interest and/or put itself 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 Director of Finance. 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.
- > 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.
- > assessment of materiality and areas of audit focus, consideration of appropriate audit procedures, professional scepticism, appropriate management challenge, clarity and candour in reporting
- > the FRC's Audit Quality Review findings for Deloitte for the 2024–25 cycle of reviews and Deloitte's proposed actions to address these findings as a firm. The conclusion of the FRC's regulatory inspection of the 2024 audit file resulted in no key findings.

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 2025, the proportion of the auditor's fees for non-audit work relative to the audit fee was 0.3% (or £11,000), (2024: 1.2%). Audit and non-audit fees paid to Deloitte are set out in note 4 to the consolidated financial statements, on page 137.

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 2025.

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 2026. The Committee conducted a full review following the 2025 year end to gather feedback and look for continuous improvement opportunities. The Committee reviewed the effectiveness of the external audit process, using a questionnaire which took into consideration relevant professional and regulatory requirements, and was completed by each divisional 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

In addition to receiving written reports from the external auditor and from management, the Audit Committee also conducted private meetings with the external auditor and other meetings separately with management. These meetings provided the opportunity for open discussion and feedback on the audit process, the responsiveness of management and the effectiveness of both the internal and external audit teams.

Meetings with the external auditor included challenge from the Committee around the efficiency and effectiveness of the audit process, including use of data analytic techniques and opportunities to place more reliance on controls as part of the audit approach. Enhanced data analytic techniques were successfully implemented during the year, with the objective of enhancing audit quality alongside creating efficiencies in the audit process.

The Committee concluded that the external audit process in respect of the financial statements for the year ended 31 December 2025 was effective. The Committee confirmed Deloitte's independence before recommending its reappointment for approval by shareholders at the AGM on 7 May 2026.

External audit rotation

Deloitte was appointed by shareholders as the Group's statutory auditor in 2020 following a formal tender process. For 2025 Deloitte continued to provide external audit services to the Group. This year was James Hunter's first year as lead audit partner. James Hunter took over from Jane Makrakis 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 and the recommendation is free from third-party influence. 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. Following the Committee's annual assessment of the external auditor's independence, objectivity and effectiveness, no matters have been identified which would warrant an earlier tender.

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'. The activities taken to meet the requirements of the Minimum Standard are set out throughout this Report.

Report of the Nomination Committee

I am pleased to present the Nomination Committee Report for 2025, 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 57 and 58.

- > 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 59.

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

Committee members

Ian Marchant (Chair)

Jane Aikman

Helen Bunch (member until 8 May 2025)

Jane Lodge (member from 1 June 2025)

Professor Mary Ryan

CBE FREng (member from 1 November 2025)

Alison Wood

Clement Woon

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.

We continued our search for non-executive Directors, to replace Directors reaching the end of their nine-year tenure, and recommended to the Board that it appoint two Directors during the year – Jane Lodge (as Audit Committee Chair Designate) and Professor Mary Ryan CBE FREng. Further details on the selection, appointment and induction process can be found on pages 77. Jane and Mary's biographical details can be found on pages 58.

The Board and Committee oversaw the comprehensive induction of, and handover of responsibilities to Damien Caby following his appointment as CEO during the year. As President of the Thermal Products business, Damien already had strong knowledge and visibility of the Group and he took the opportunity to deepen his knowledge of the other businesses through meetings with the other divisional presidents and their teams, business reviews and visits to their manufacturing sites. His induction also covered his additional responsibilities as CEO. He also met with the Group's stakeholders including colleagues, major shareholders and advisors. Details of the CEO succession process can be found on page 82 of the 2024 Annual Report.

The Board also 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 76 and 77 and details of our succession planning activities can be found on pages 77.

The Committee's performance was reviewed as part of this year's internal Board performance review, which I led, with areas for development identified for the Committee and action plans agreed at our meeting in February 2026. 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.

In 2026, our main areas of focus will be on continuing to support Damien in his new role and ensuring that the new non-executive Directors settle into their respective roles.

Ian Marchant
Committee Chair

Report of the Nomination Committee continued

Key activities in 2025

Board and Committee composition	- Continued a global search for independent non-executive Directors and considered potential Board candidates. - Recommended the appointment of two new non-executive Directors – Jane Lodge and Professor Mary Ryan CBE FREng. - 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 progress in meeting the target for the number of women in senior management and the target for senior management positions to be occupied by ethnic minority executives by 2027. - Reviewed and endorsed updates to the Board's skills matrix.
Board performance reviews	- Monitored implementation of recommendations following the 2024 internal Board and Committee performance reviews. - Carried out the 2025 internal performance review of the Board and its Committees.
Corporate governance	- Monitored the fulfilment of the requirements, principles and provisions of the 2024 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 2026 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.

At 31 December 2025, the percentage of women on the Group's Executive Committee is 25%. 37% (2024: 33%) of senior management, defined in accordance with the 2024 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.

Inclusion and Diversity Policy

The Board has agreed objectives for achieving gender, ethnic and cultural diversity on the Board and its Committees.

The Board's Inclusion and Diversity Policy (which also applies to its committees) informs and steers 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
- review and challenge the goals and progress of senior management in improving inclusion and diversity.

Statement on compliance against regulatory Board diversity targets

The Board confirms that as at 31 December 2025, 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 6.6.6(9)(a) of the FCA's UK Listing Rules (UKLRs) sourcebook.

As at that date, 50% 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 2025. There have been no changes to the Board's diversity since 31 December 2025 and the date on which this Annual Report is approved.

Board and Executive Committee diversity as at 31 December 2025

	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	50	3	6	75
Women	4	50	1	2	25
Not specified/Prefer not to say	-	-	-	-	-
White British or other White (including minority-white groups)	7	87	4	8	100
Mixed/Multiple ethnic groups	-	-	-	-	-
Asian/Asian British	1	13	-	-	-
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.

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 deliver the revised strategy.

Non-executive Director appointments and induction

During the year, the Committee continued to manage a phased succession programme for non-executive Directors. 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. The Committee devised candidate specifications for both roles. The desired skills and experience included international experience, materials science experience, technology expertise and an individual with financial and/or auditing experience to take over the role of Audit Committee Chair. Korn Ferry produced a longlist of candidates for the roles. Shortlisted candidates were interviewed by Committee members and later by other Board members.

Following recommendations by the Committee, Jane Lodge and Professor Mary Ryan CBE FREng were appointed and received a thorough induction, which included:

- A comprehensive pack of documentation and materials relevant to Morgan Advanced Materials' business and each Director'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 division strategy updates.

- 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. As Jane will be taking on the role of Audit Committee Chair in 2026, her induction also included additional meetings on risk management and internal audit at Morgan Advanced Materials.
- Their inductions also included visits to several sites, touring the sites and participating in employee engagement sessions, to help build their understanding of Morgan Advanced Materials' business and to hear directly from employees about their experience of working at Morgan Advanced Materials.

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- 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 2025, my first as Committee Chair. As in previous years, this report is split into three sections: this Annual Statement, the Policy Report and the Annual Report on Remuneration.



The Group continues to focus on delivering its strategic objectives to ensure a strong platform for realising future growth opportunities. The Remuneration Committee seeks to ensure that reward is aligned with performance outcomes and supports the Group in attracting and retaining talent. We have been mindful of the stakeholder experience, including of our employees who we are focused on supporting fully, and we have also maintained our focus on the safety measures that protect our employees while they work. Our 'thinkSAFE' programme, Morgan Code and Respect at Morgan 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

Alison Wood
(Chair – from 8 May 2025)

Helen Bunch
(Chair – until 8 May 2025)

Jane Aikman
Ian Marchant

Clement Woon
Jane Lodge
(from 1 June 2025)
Professor Mary Ryan
CBE FREng
(from 1 November 2025)

The business delivered a resilient performance against a backdrop of challenging markets in 2025. The year was characterised by continued global economic and geopolitical uncertainty and a difficult end-market environment impacting our performance. Nonetheless, the Company continued its track record of self-help with our business simplification and efficiency initiatives. The focus is now on stability, growth and margin improvement. We are well placed to benefit from rapid margin expansion as markets recover.

2025 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 2024. During the year, the Committee met four times, with its responsibilities including determination of incentive outcomes, approving remuneration packages for the Company's Chair and Executive Directors, and reviewing the implementation of the Group's Remuneration Policy (which was approved by 97.9% of shareholders at the 2025 AGM). 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, no changes are proposed to our approach to implementing the policy in 2026. Further details regarding the activities of the Committee can be found in the 'Remuneration governance' section at the end of this Report on page 104.

2025 remuneration outcomes

Following a comprehensive review of performance in 2025 and the drivers of these outturns, the Committee approved payouts of 57% of the maximum bonus opportunity for the Executive Directors. For the new CEO, this payout is based on the performance of the Thermal Products division for the period 8 May to 30 June, and Group performance from 1 July to 31 December following his appointment as CEO. Bonuses for the CEO and CFO will be deferred in line with Policy, and the Committee welcomes the indication from the new CEO that a portion of the cash bonus payable to him will be used to progress further his shareholding in the Group. The former CEO will receive a pro-rated bonus payment based on the proportion of the year worked. Further details are set out on page 90.

As committed to in last year's Report, the Committee also reviewed the value at vesting (in May 2025) of the 2022 Long Term Incentive Plan (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. As the vesting price was below the original grant price, the Committee concluded that the value realised on vesting of the 2022 LTIP award did not represent a windfall gain.

The Committee also determined that the 2023 LTIP award will partially vest, at 15% of the maximum for the new CEO (whose 2023 LTIP award was based on the performance of the Thermal Products division). The 2023 LTIP awards for the CFO and former CEO (this award being pro-rated for time) will also partially vest at 15%, based on performance against the Group targets set at the time of their grant. The Committee will again review the value of the 2023 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 reviewed the formulaically derived incentive outcomes in the context of the Group's underlying performance. Following a rigorous discussion, the Committee concluded from this review that a bonus outturn around target levels and modest vesting under the 2023 LTIP appropriately reflects Morgan Advanced Materials' underlying performance over the relevant time horizons and is aligned with the stakeholder experience. As a result, the Committee determined that no discretion needed to be applied in respect of 2025 remuneration outcomes. In addition, the Committee determined there was no requirement to enact its Malus and Clawback Policy (as described in more detail in the Policy on page 84) in 2025.

Implementation of Policy in 2026

Salary increases have been determined by the Committee in the context of the continued performance of the Group in 2025, 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 4% for the CEO and 3% for the CFO (compared to the average budgeted increases of 3.5% for colleagues in the wider UK workforce with similar performance ratings to the CEO and CFO). The CEO increase reflects the discount applied on appointment and our previously disclosed intention to right-size his salary subject to performance and development in role. The Committee also approved a 3.5% increase to the Chairman's fee, and the Chairman and Executive Directors approved a similar 3.5% increase to the non-executive Directors' base fee for 2026.

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 2026 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, carbon intensity targets will be set at -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 (which will increase absolute emissions even as the Group becomes more efficient in its use of carbon). The EPS performance range for the 2026 LTIP will be set at 7% to 13% annualised growth over the three-year performance period. 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 Total Shareholder Return (TSR) benchmarks and relative TSR performance range (median-upper quartile). It is proposed to maintain the return on invested capital (ROIC)* range for that element of the Executive Directors' 2026 LTIP at 17% to 20%, to reflect our latest expectations for performance over the three-year performance period.

Maximum annual bonus opportunities for 2026 will be unchanged at 150% of salary. Following the one-off reduction to LTIP award opportunities to recognise the Group's cost-efficiency measures last year, LTIP awards in 2026 will revert to their normal levels of 175% of salary for the CEO (below the Policy limit, and the award level for the former CEO) and 150% of salary for the CFO. Details of the awards to be granted are set out on page 90.

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 approach we adopt in implementing the Remuneration Policy continues to drive the right behaviours and align closely with strategy, the delivery of which will underpin success for all stakeholders.

Alison Wood
Committee Chair

Remuneration at a glance

Components of remuneration

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

Key features of how our executive Remuneration Policy will be implemented in 2026

Fixed components

Base salary		Policy
Damien Caby (CEO)	€749,000	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.
Richard Armitage (CFO)	£487,680	

Pension and other benefits

Pension		Benefits (estimated values)	Policy
Damien Caby (CEO)	8% of salary	Damien Caby (CEO) €16,500 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.
Richard Armitage (CFO)	8% of salary	Richard Armitage (CFO) £14,023	

Variable components, annual bonuses

Maximum opportunities for 2026		Performance measures weighting		Policy
Damien Caby (CEO)	150% of salary	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. Up to 67% of any annual bonus paid is delivered in cash with the remainder deferred into shares and released after a further period of three years. 50% of the bonus opportunity is paid for on-target performance.
Richard Armitage (CFO)	150% of salary	Year-end working capital	40%	
		Strategic personal objectives	20%	

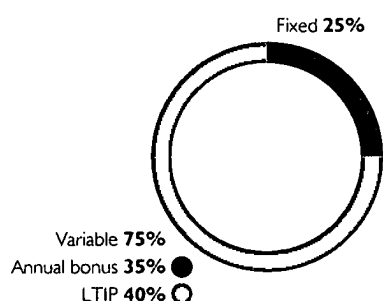
LTIP

Maximum opportunities for 2026		Performance measures weighting		Policy
Damien Caby (CEO)	175% of salary	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. 25% of an award vests for achievement of the threshold level of performance.
Richard Armitage (CFO)	150% of salary	TSR vs peer group	15%	
		EPS growth	27.5%	
		Group ROIC*	27.5%	
		ESG (carbon intensity)	15%	

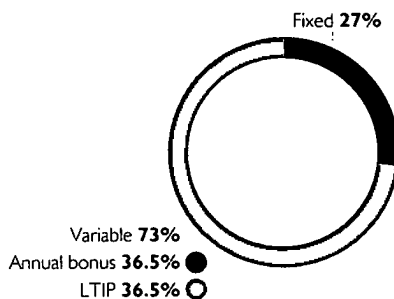
1. Excludes health insurance – payments are equivalent to employer national insurance contributions.

Pay at risk

Damien Caby (as CEO)¹



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 86.

Shareholding requirements

Damien Caby (CEO) 200% of salary
(current shareholding 23.5%)

Richard Armitage (CFO) 200% of salary
(current shareholding 102%)

1. Excludes health insurance – payments are equivalent to employer national insurance contributions.

This Report covers the period 1 January 2025 to 31 December 2025 and provides details of how the Remuneration Committee has operated and implemented the Remuneration Policy, approved by shareholders at the 2025 AGM, during the year under review. The proposed implementation of this Policy for the 2026 financial year is summarised on page 86.

I. 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.

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.

Summary of Morgan Advanced Materials plc's Remuneration Policy

This section of the Report sets out the current Remuneration Policy for Executive Directors and non-Executive Directors. This Policy remains unchanged (except for the minor updates outlined below) from that which was approved by shareholders at the Company's AGM on 8 May 2025, and which is effective for a period of up to three years from that date. The only updates to the Policy report published in the 2024 Annual Report are: (i) page numbers; (ii) the section on performance measure selection (which has been updated to relate to 2026 incentive cycles); (iii) the pay scenario charts (which have been updated to reflect the implementation of Policy for the 2026 financial year); and (iv) the inclusion of service contract and letter of appointment details for new Directors.

Remuneration Report continued

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 below. 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 89 to 104.
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 below. 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 89 to 104.

Remuneration Report continued

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 willful 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 (that is, 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 2026 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 77 constituents of the FTSE All-Share Industrials Index, as at the start of the performance period.

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 101.

External appointments

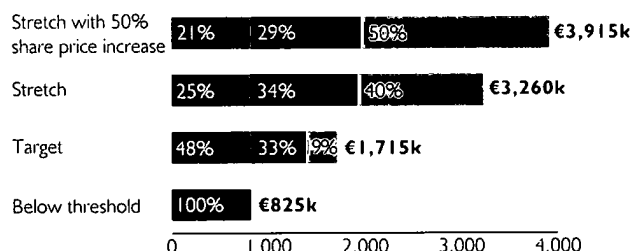
With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may accept external appointments as non-executive Directors of other companies and retain any fees received. Details of external directorships held by Executive Directors along with fees retained are provided in the Annual Report on Remuneration on pages 89 to 104.

Remuneration Report continued

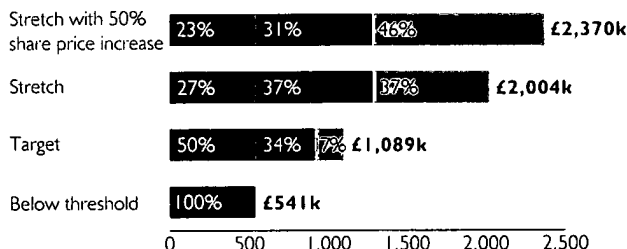
Pay for performance: scenario analysis

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 increase'. These have been updated to illustrate the potential opportunity under the 2026 packages approved for Executive Directors.

Damien Caby (CEO)



Richard Armitage (CFO)



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

The potential reward opportunities illustrated above are based on the Policy, applied to the annualised base salary in effect at 1 January 2026. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2026 (before mandatory deferral into shares). The LTIP is based on the face value of awards to be granted in 2026 (175% of salary for the CEO and 150% for the CFO). 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%.	
Stretch	Maximum annual bonus	Performance warrants full vesting (100% of the award).	Latest disclosed base salary, pension and benefits.
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	From employee
Damien Caby	CEO ¹	1 July 2025	15 January 2025	12 months	6 months
Richard Armitage	CFO	30 May 2022	16 September 2021	12 months	6 months
Pete Raby	Former CEO (stepped down from the Board 01.07.25)	1 August 2015	30 January 2015	12 months	6 months

1. Damien Caby was appointed as an Executive Director and CEO Designate on 8 May 2025 and became CEO on 1 July 2025.

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 their 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 their 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 (that is, 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 (that is, 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.

Remuneration Report continued

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	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.	Annual fees are applied in line with the outcome of each periodic review.	None.
To attract and retain high-calibre non-executive Directors.	Currently paid 100% in cash.		

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	8 May 2025
Helen Bunch	Non-executive Director (until 8 May 2025)	24 February 2016	19 January 2016	9 May 2024
Alison Wood	Senior Independent Director	1 November 2024	23 July 2024	8 May 2025
Jane Aikman	Non-Executive Director	31 July 2017	27 April 2017	8 May 2025
Clement Woon	Non-Executive Director	10 May 2019	7 May 2019	8 May 2025
Jane Lodge	Non-Executive Director	1 June 2025	27 February 2025	n/a
Professor Mary Ryan CBE FREng	Non-Executive Director	1 November 2025	3 October 2025	n/a

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 2025, 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 pages 64 and 65. 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.

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 2025, the Board received updates on matters concerning the global defined benefit pension schemes.

2. Annual Report on Remuneration

The following section provides details of how the Remuneration Policy was implemented during 2025 and will be implemented in 2026.

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 2025 and the prior year.

	Damien Caby ¹		Pete Raby ²		Richard Armitage	
	2025	2024	2025	2024	2025	2024
1. Salary	€428,102	n/a	£333,785	£645,000	£473,470	£459,680
2. Pension	€28,800	n/a	£26,703	£51,600	£37,878	£36,774
3. Benefits	€10,690	n/a	£7,447	£14,642	£14,023	£13,579
Fixed pay subtotal	€467,592	n/a	£367,935	£711,242	£525,371	£510,033
4. Bonus	€366,027	n/a	£285,386	£580,500	£404,817	£393,026
5. LTIP	€32,518	n/a	£114,064	£238,117	£68,610	£118,259
6. Other	–	n/a	–	–	£1,825	–
Variable pay subtotal	€398,545	n/a	£399,450	£818,617	£475,252	£511,285
Total	€866,137	n/a	£767,385	£1,529,859	£1,000,623	£1,021,318

1. Damien Caby joined the Board on 8 May 2025 as an Executive Director and CEO Designate and was appointed as CEO on 1 July 2025. His remuneration for 2025 reflects the period 8 May to 31 December 2025, with the exception of LTIP which reflects the full value of the 2023 LTIP award (awarded prior to his appointment as an Executive Director, and based on his prior business unit results) that is expected to vest during 2026. His 2023 LTIP award value has been converted to EUR using the three-month average exchange rate to 31 December 2025.
2. Pete Raby stepped down from the Board on 1 July 2025 and retired from the Group on 31 August 2025. His remuneration for 2025 in the table above reflects the period 1 January to 1 July 2025, with the exception of the LTIP which reflects the full value of the pro-rated 2023 LTIP award that is expected to vest during 2026.

Remuneration Report continued

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). For the period 8 May to 30 June, Damien Caby received statutory social security contributions in line with the wider workforce in Germany.
3. Benefits: the taxable value of benefits received in the year. Includes private medical insurance, company car (or car allowance) and commuting.
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. Pete Raby was eligible for a pro-rata bonus in relation to the 2025 financial year – his payment will be made wholly in cash in line with the Remuneration Policy and past practice, and recognising the meaningful level of ongoing share ownership that he built up in the Group's shares. Damien Caby's 2025 bonus payment is based on the performance of the Thermal Products division for the period up to 30 June, and on Group performance (on the same basis as applied to the other Executive Directors) from 1 July to 31 December.

5. LTIP: the estimated value on 31 December 2025 of 2023 LTIP shares vesting in 2026, subject to performance over the three-year period ended 31 December 2025. Figures are based on the average share price for the three months to 31 December 2025 of 207.25 pence. Damien Caby's 2023 LTIP was granted in respect of his previous role and vests based on the results of the Thermal Products division; his 2023 LTIP value has been converted to EUR using the three-month average exchange rate to 31 December 2025. Pete Raby's award has been pro-rated for time based on the proportion of the performance period worked. The figures for 2024 have been trued up from that disclosed in last year's Remuneration Report to reflect the share price on the vesting date (13 May 2025 for Pete Raby and 30 May 2025 for Richard Armitage) of 213.57 pence and 211.70 pence for Pete Raby and Richard Armitage respectively (414,320 shares x 26.91% x 213.57 pence = £238,117 and 207,587 shares x 26.91% x 211.70 pence = £118,259). The impact of share price movement on the vesting value of the Executive Directors' 2023 LTIP awards is as follows (Pete Raby's figures have been pro-rated):

	Damien Caby	Pete Raby	Richard Armitage
Value of awards vesting using share price at award (300.40p)	€47,134 (91,544 shares x 15% x 300.40p) x 1.1427 FX rate	£165,331 (366,917 shares x 15% x 300.40p)	£99,447 (220,705 shares x 15% x 300.40p)
Value of awards vesting using three-month average share price at 31 December 2025 (207.25p)	€32,518 (91,544 shares x 15% x 207.25p) x 1.1427 FX rate	£114,064 (366,917 shares x 15% x 207.25p)	£68,610 (220,705 shares x 15% x 207.25p)
Impact of share price movements on vesting values	-€14,616	-£51,267	-£30,837

6. Other: for Richard Armitage, 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 2025

Annual bonus in respect of 2025 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.

The bonus targets for Pete Raby, Richard Armitage and (from 1 July) Damien Caby 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 2025 bonus targets for the Executive Directors. Actual bonus payments are shown in the Single total figure of remuneration table on page 89. 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		Actual performance outcome	% payout of element	% salary earned
		Threshold (0% payout)	Maximum (100% payout)			
Adjusted operating profit* ¹	40%	£124.6m	£135.3m	£95.3m	0%	0%
Year-end working capital* ¹	40%	£163.1m	£151.4m	£98.2m	100%	60%
Personal objectives						
Damien Caby	20%	Please see narrative below for further details on objectives and performance against these			85%	25.5%
Pete Raby ³	20%				85%	25.5%
Richard Armitage	20%				85%	25.5%

Overall outcome	Maximum bonus (% salary)	% of salary earned				Total outcome	Total payable
		Adjusted operating profit* ¹	Year-end working capital* ¹	Personal objectives			
Damien Caby ² (1 July–31 December)	150%	0%	60%	25.5%	85.5%	€307,800	
Pete Raby ³	150%	0%	60%	25.5%	85.5%	£285,386	
Richard Armitage	150%	0%	60%	25.5%	85.5%	£404,817	

- For the financial measures in the 2025 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 £132.6 million and on-target year-end working capital* was £155.6 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 2025 budgeted exchange rates.
- Damien Caby's annual bonus for the first half of the financial year was based 80% on the financial performance of the Thermal Products division and 20% on personal objectives. In addition to the amount shown in the table above, Damien earned an annual bonus of €58,227 in respect of the period 8 May to 30 June when he served as an Executive Director. Financial targets for the Thermal Products division are deemed by the Committee to be commercially sensitive and have not been disclosed. Details of the assessment of Damien's personal objectives are set out below.
- Pete Raby stepped down from the Board on 1 July 2025, and retired from the Group on 31 August 2025 – he was eligible for a pro-rated bonus payment based on the proportion of the year worked. The bonus payment value in the table above relates to the period 1 January to 1 July 2025, remuneration for the period 2 July to 31 August 2025 is covered in the 'Exit payments made in year' section on page 95.

Prior to approving the outcome of the financial element of the bonus, the Committee reviewed in detail the drivers of the working capital improvement. Given the outperformance of the stretch target, the Committee wished to reconfirm that the performance range was stretching when originally set and the outturn representative of a sustainable underlying performance improvement. In approving the formulaic outturn, the Committee noted that the business had delivered a significant underlying reduction in working capital of circa £20 million ahead of the approved targets, and that other budgeted actions were successfully and properly executed to further reduce working capital and support delivery of leverage targets.

For 2025, Executive Directors' personal objectives continued to be set to reinforce Morgan Advanced Materials' key execution priorities, and improving the Group's operational performance.

Collective goals for 2025 (which applied to each Executive Director) included:

- progressing the ESG roadmap: develop and embed a safety culture (to be evidenced by a continued reduction in the Group LTA rate, to below 0.12 by year end); drive a 3-point improvement in employee engagement over 2024 across the priority sites; improve the gender diversity of the senior leadership population by increasing the percentage of women in leadership to 35% by year end; and reduce scope 1 and 2 CO₂ intensity by 4% year-on-year
- progressing rationalisation projects to deliver planned savings in 2025
- ensuring readiness of candidate pipeline for all executive team roles and key roles on their leadership teams
- driving the successful first deployment of the Group ERP solution in the Martinsicuro site by the end of April 2025.

Remuneration Report continued

In addition to the collective goals identified above, Richard Armitage's individual objectives for 2025 were to:

1. further strengthen working capital management across the Group and deliver a £20 million improvement in working capital intensity by the end of 2025
2. conclude the MMS divestment project in the first half of 2025 to deliver at least £20 million of cash consideration by 30 June 2025
3. deliver a successful deployment of the Group's ERP solution in National Electrical Carbon Products Inc by the end of the year.

In view of the CEO transition during the year, no individual objectives were set for either Pete Raby or Damien Caby; the personal objectives element of their 2025 bonus opportunity was based only on the achievement of the collective goals outlined above.

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 0.12 by year end	Group LTA rate at year end of 0.18	Objective not met
3-point improvement in employee engagement across priority sites	Score of 75% (2024 survey 52%)	Objective met
4% reduction in scope 1 and 2 CO ₂ intensity	Scope 1 and 2 CO ₂ intensity reduced by 5% year-on-year	Objective met
Percentage of women in leadership increased to 35% by year end	Percentage of women in leadership 36% at year end	Objective met
Deliver planned savings in 2025 from rationalisation projects	£25 million achieved in line with target	Objective met
Candidate pipeline ready for all executive team/ key leadership team roles	During 2025, two presidents were appointed and a renewed focus was placed on talent pipelining	Objective met
Successful first deployment of ERP solution in Martinsicuro by the end of April 2025	Successfully deployed, but with a late deployment date	Objective partially met

The Committee assessed Damien Caby's individual objectives as being partially met, noting the following:

- > In relation to developing the Group's leadership capabilities, the strength of the talent pipeline and succession planning, two Global Business Division Presidents were appointed during 2025, supporting a smooth leadership transition for Damien Caby as Group CEO. A renewed focus was placed on talent management in the second half of 2025 to support the successful delivery of Morgan Advanced Materials' revised strategy.

- > A step change was achieved in overall employee engagement, increasing from 52% to 75%.
- > Damien played a key role in driving further year-on-year improvement in diversity within the leadership team; the percentage of women increased to 36% at the end of 2025, and women in the wider workforce increased to 39%, with the Group well on track to deliver against its 2030 intermediate goal in this area.

The Committee assessed, in the round, the extent to which the collective and individual objectives were achieved. The Committee took into account the successful first deployment of the ERP solution in Martinsicuro but noted that the deployment occurred later than planned. The Committee also noted that, although the safety objectives had not been met relative to a strong performance baseline in 2024, a rigorous plan of action was being implemented, including quarterly safety topics, reinforcing our 'thinkSAFE' commitments and the launch of a process safety risk management framework.

The Committee also reflected on the Chairman's annual assessment of Damien's performance, including his transition into the role of Group CEO and the development of Morgan Advanced Materials' new strategy, designed to unlock the Group's full potential and drive growth regardless of the prevailing economic environment. In this context and taking into account Damien's achievement against his individual objectives, the Committee concluded that a payout of 85% of the personal performance element of Damien's bonus for 2025 would be appropriate.

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, including the strong year-end working capital position (as reported elsewhere in this Annual Report)
- > the successful first deployment of Highlander (ERP), albeit slightly later than planned, which will provide a strengthened control environment for the Group going forward.

Reflecting these considerations, alongside Richard Armitage's valued contributions towards achieving the collective goals identified above, 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, when considering any payouts to be made, the Committee took into account the quality of the Group's overall performance despite the challenging operating environment that persisted in 2025. This included the full achievement of planned savings from rationalisation projects and significant improvement in working capital (which the Committee examined in depth to ensure its sustainability going forward).

The Committee concluded from this review that, in the round, an around target bonus outturn (together with a 15% of maximum vesting outcome under the 2023 LTIP reported below) appropriately balances the range of perspectives required for remuneration decision-making and reflects the experience of stakeholders over the periods concerned. As a result, the Committee determined that no discretion needed to be applied in respect of the 2025 bonus outcome.

2022 Deferred Bonus Plan vesting

In 2022, 33% of the annual bonus earned by the incumbent Executive Directors at the time (for performance in the 2021 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 2025 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	21 March 2022	89,853	12,452	102,305	3.137	2.037	21 March 2025

2023 LTIP award vesting

Awards granted to Executive Directors in 2023 were subject to relative TSR performance, EPS growth. Group ROIC* and ESG (CO₂ reduction) over a three-year period ended 31 December 2025.

The EPS target (applying to 27.5% of each award) required three-year EPS growth of 4% per annum for 25% of that element to vest, rising to full vesting for EPS growth of 11% per annum or higher. Over the period Morgan Advanced Materials plc's actual EPS growth was below threshold, 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 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 below threshold, and accordingly the ROIC element of the award will not vest.

The ESG target (applying to the remaining 15% of each award) required scope 1 and 2 CO₂ 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 CO₂ emissions reduced by 31%, and accordingly this results in a 15% vesting for the ESG element of the award.

This combined performance will result in a partial vesting of the 2023 awards, equivalent to 15% of maximum. The vesting outcome is considered by the Committee to appropriately reflect business performance and the significant progress made on our ESG roadmap.

Damien Caby's 2023 LTIP award was granted prior to his appointment as an Executive Director and was based on stretching targets for the Thermal Products division. Taking into account performance over the three-year period, Damien's 2023 LTIP will vest as to 15% of maximum. As with the annual bonus, the Committee considers that divisional targets applying to this award are commercially sensitive and has elected not to disclose them as these relate to an award granted in respect of Damien Caby's former role. Vested shares under Damien's 2023 LTIP are not subject to an additional two-year holding period.

Details of the awards held by Executive Directors 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 ²	366,917	–	55,037	–	–	10 May 2026
Richard Armitage	220,705	–	33,105	–	–	10 May 2026
Damien Caby	91,544	–	13,731	–	–	23 March 2026

1. CSOP refers to the Company Share Option Plan – further information is included in the 'Details of plans' section later on in this Report.

2. In line with the provisions of the Policy for retirements, Pete Raby was treated as a good leaver in respect of outstanding LTIP awards. Pete Raby's award therefore has been pro-rated for the proportion of the performance period worked. Figures in the table reflect pro-rata to his retirement from the Group on 31 August 2025.

Remuneration Report continued

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 2026. Further information regarding the EBT can be found on pages 108, 130, 183 and 196.

Pension (audited)

In 2025, Damien Caby (as CEO), 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. The value included in the Single figure table for Damien Caby reflects a pro-rated amount from appointment as CEO on 1 July. For Pete Raby, the reported value reflects a pro-rated amount for the period from 1 January to 1 July, when he stepped down from the Board. Pete Raby's remuneration for the period 2 July to 31 August 2025 is covered in the 'Exit payments made in year' section on page 95.

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 2025 and the prior year.

Ian Marchant		Helen Bunch (until 8 May 2025) ²		Alison Wood		Jane Aikman		Clement Woon		Jane Lodge (from 1 June 2025) ³		Professor Mary Ryan CBE FREng (from 1 November 2025) ³	
2025 ¹	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
£224,952	£218,400	£24,494	£67,013	£75,210	£11,169	£68,723	£67,013	£58,723	£57,013	£34,255	–	£9,787	–

1. Ian Marchant also received an £18,000 annual contribution towards the cost of administrative support in 2025.

2. Fees for Helen Bunch, who resigned on 8 May 2025, have been pro-rated to reflect the period Helen served on the Board.

3. Fees for Jane Lodge (from 1 June 2025) and Professor Mary Ryan CBE FREng (from 1 November 2025) have been pro-rated to reflect the period they were appointed from.

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 Alison Wood as Senior Independent Director and to Helen Bunch (until 8 May 2025). Alison Wood (from 8 May 2025) and Jane Aikman as Committee Chairs. Additional fees have been pro-rated for Helen and Alison, to reflect the part of the year served in those roles.

Scheme interests awarded in 2025

2025 LTIP awards

In 2025, Damien Caby and Richard Armitage were granted awards under the LTIP as shown in the table below. As disclosed in last year's report, award levels were reduced for 2025 on a one-off basis, from 175% to 122.5% of salary for Damien Caby and from 150% to 105% for Richard Armitage. Pete Raby did not receive a 2025 LTIP award. The performance period for the 2025 LTIP awards is 1 January 2025 to 31 December 2027. 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 award	As % of 2025 salary	Date of vesting
Damien Caby ²	356,166	€882,000	122.5%	26 March 2028
Richard Armitage	239,934	£497,145	105%	26 March 2028

1. Calculated using the award price of £2.072, being the average share price for the five dealing days prior to the award date (26 March 2025).

2. Damien Caby's award was converted from EUR to GBP using the average exchange rate (1.19516) for the five days preceding the award date (26 March 2025).

The Committee discusses and reviews the performance criteria for new three-year LTIP awards before they are granted. For the awards granted in 2025, 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 ESG metric being amended from carbon reduction to carbon intensity, as disclosed in last year's report 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). The TSR element continues 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 group of 15 industry comparators.

The table below sets out the targets attaching to the 2025 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 intensity)	% of award that vests
Upper quartile	15%	Upper quartile	15%	11% pa	27.5%	20%	27.5%	-7%	15%
Median	3.75%	Median	3.75%	4% pa	6.9%	17%	6.9%	-3%	3.75%
Below median	Nil	Below median	Nil	<4% pa	Nil	<17%	Nil	<-3%	Nil

For Executive Directors, a two-year holding period applies to any shares that vest in relation to the 2025 LTIP. Dividends accrue over this holding period and will be paid on any shares that vest.

2025 Deferred Bonus Plan awards

In 2025, 33% of the total annual bonus earned by Pete Raby and Richard Armitage (for performance in the 2024 financial year) was deferred into shares under the DBP, in line with Morgan Advanced Materials' Remuneration Policy. The following DBP awards were granted:

Executive Director	Value of awards at grant		
	Number of DBP shares granted ¹	Value of award £	Date of vesting
Pete Raby	93,388	193,500	26 March 2028
Richard Armitage	63,228	131,009	26 March 2028
Damien Caby ²	2,101	4,353	26 March 2028

1. Calculated using the award price of £2.072, being the average share price for the five dealing days prior to the award date (26 March 2025).

2. Damien Caby's DBP was granted before his appointment as CEO.

Exit payments made in year (audited)

Payments made to Pete Raby from 1 January to 1 July 2025 (when he stepped down from the Board) are captured in the Single total figure of remuneration for Executive Directors' table on page 89, and include the full estimated value of his pro-rated 2023 LTIP award which is due to vest in May 2026. In relation to the period between 2 July 2025 and when he retired from the Group on 31 August 2025, Pete Raby received a total of £213,115 in remuneration, comprising salary, pension allowance, benefits and bonus pro-rated for this period. No other exit payments were made to Pete Raby or other Executive Directors during the 2025 financial year.

Payments to past Directors (audited)

As mentioned in the 2022, 2023 and 2024 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 share awards. Vesting of previously granted awards during the 2025 financial year included 75,017 shares (inclusive of dividend) granted under the 2022 DBP on 21 March 2025. No other payments (other than those captured in the Single total figure of remuneration for Executive Directors' table and above in relation to Pete Raby) were made to past Directors during the 2025 financial year.

External appointments

Details of external appointments held by Executive Directors and the fees retained in 2025 are provided in the table below:

Executive Director	Company	Role	Date of appointment	Fees paid and retained
Pete Raby	Hill & Smith PLC	Non-executive Director	2 December 2019	£60,000
Richard Armitage	NWF Group PLC	Senior Independent Director and Chair of the Audit Committee	5 July 2020	£53,027

Remuneration Report continued

Implementation of Remuneration Policy for 2026

Base salary

In line with the Remuneration Policy, Executive Directors' salaries were reviewed by the Remuneration Committee and increased for 2026 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 2025; 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. The increases awarded to Damien Caby and Richard Armitage in 2026 were broadly in line with the average increases awarded to employees in the wider workforce who received similar performance ratings (3.5% in the UK). The table below shows the base salaries in 2025, and those that took effect from 1 January 2026.

Executive Director	Base salary at:		Increase
	1 January 2026	1 January 2025 (or on appointment in 2025)	
Damien Caby ¹	€749,000	€720,000	4%
Richard Armitage	£487,680	£473,470	3%

1. Damien Caby was appointed to the Board as an Executive Director and CEO Designate on 8 May 2025 and to the role of CEO on 1 July 2025. The above figure for 2025 is an annualised amount based on his CEO salary for the year.

The rationale for any future increases will continue to be disclosed in the relevant Annual Report on Remuneration.

Pension

Damien Caby and Richard Armitage will continue to receive a cash allowance in lieu of pension in 2026. These are aligned to the pension contribution levels available to the wider workforce (8% of salary, based on our UK population).

Annual bonus in respect of 2026 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).

Of any bonus result 33% will ordinarily be deferred into shares for a further three-year period. The performance measures attached to the annual bonus remain unchanged from 2025, 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.

2026 LTIP awards

In March 2026, Damien Caby and Richard Armitage will be granted awards under the 2026 LTIP with face values of 175% and 150% of their 2026 base salaries, respectively. 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 2026 and will end on 31 December 2028. 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 7% to 13% per annum.
- The ROIC* range will remain unchanged at 17% to 20%.
- The ESG measure (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.
- Executive Directors will be required to hold any vested 2026 LTIP awards for an additional two-year period. Vested awards 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 2025. Increases are based on salary market movements and are in line with the average increases awarded to the wider workforce (3.5% in the UK). The table below shows the fees in 2025, and those that were agreed for 2026.

Role	2026 fee pa	2025 fee pa
Chairman ¹	£232,825	£224,952
Non-executive Director	£60,778	£58,723
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 2025, 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 regulations. Note that individuals who were Directors during the period under review, but not at any point during 2025, 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.

	2024–25 change ⁹	2023–24 change	2022–23 change	2021–22 change	2020–21 change ^{5,8}
Salary or fees					
Damien Caby ¹¹	n/a	n/a	n/a	n/a	n/a
Pete Raby	3.0% ¹	4.0%	4.0%	2.6%	32.3% (2.5%)
Richard Armitage	3.0%	4.0%	4.0% ²	n/a	n/a
Ian Marchant	3.0%	4.0% ³	n/a	n/a	n/a
Helen Bunch	2.6% ⁴	6.7% ¹⁰	2.6%	2.2%	26.3% (1.7%)
Jane Aikman	2.6%	6.7% ¹⁰	2.6%	2.2%	26.3% (1.7%)
Jane Lodge	n/a	n/a	n/a	n/a	n/a
Alison Wood	17.5% ⁴	n/a	n/a	n/a	n/a
Clement Woon	3.0%	4.0%	3.0%	2.5%	31.6% (2.0%)
Professor Mary Ryan CBE FREng	n/a	n/a	n/a	n/a	n/a
Average per employee	5.7%	5.2%	6.7%	3.4%	3.6% (2.6%)

Benefits (excluding pension)^{6,7}

Damien Caby	n/a	n/a	n/a	n/a	n/a
Pete Raby	1.2% ¹	4.4%	2.9%	-0.1%	-0.5%
Richard Armitage	3.3%	1.9%	2.8% ²	n/a	n/a
Average per employee	3.3%	4.4%	2.6%	-1.2%	0.9%

Annual bonus⁷

Damien Caby	n/a	n/a	n/a	n/a	n/a
Pete Raby	-2.2% ¹	45.4%	61.8%	-70.8%	1,029.3%
Richard Armitage	3%	35.0%	65.5% ²	n/a	n/a
Average per employee	24.3%	13.9%	-2.73%	-44.1%	53.6%

1. Pete Raby stepped down from the Board on 1 July 2025 and retired from the Group on 31 August 2025. The percentages above are based on annualised figures.
2. Richard Armitage joined the Board on 30 May 2022. The percentages above are based on annualised figures for 2022 remuneration.
3. Ian Marchant joined the Board on 1 February 2023 and, as disclosed in prior reports, 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 2025.
4. Alison Wood joined the Board on 1 November 2024. The percentage change from 2024 to 2025 reflects Alison's annualised fee for 2024 and, from 8 May 2025, the additional fee payable following her appointment to Remuneration Committee Chair. Helen Bunch (the prior Remuneration Committee Chair) stepped down from the Board on 8 May 2025. The percentage change from 2024 to 2025 for Helen is based on annualised figures.
5. Figures in brackets reflect the percentage increase from the original 2020 salary/fee prior to reductions implemented in response to the COVID-19 pandemic.
6. Benefits figures include private medical insurance and car allowance. Decreases in benefits reflect a reduction in private medical premium in certain years.
7. Non-executive Directors do not receive any additional benefits or bonus payments.
8. 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.
9. Employee average bonus based on an estimate of 2025 bonus paid in 2026 (final bonus award data was not available at the time of publication). The percentage change in 2025 bonus for the Executive Directors differs from that for other employees, based on their differing bonus structures.
10. Percentage fee increase for Helen Bunch and Jane Aikman includes both a 4% increase to the non-executive Director fee and an increase to the additional committee Chair/Senior Independent Director fee to align more closely with market rates, as disclosed in the 2023 report.
11. Damien Caby joined the Board on 8 May 2025 and was appointed to CEO on 1 July 2025 – as such no percentage change in his remuneration is reportable in this year's Report.

Remuneration Report continued

CEO pay ratio

Year	Method	25th percentile pay ratio	Median (50th percentile) pay ratio	75th percentile pay ratio
2025¹	Option B	52:1	35:1	34:1
2025 (excluding variable) ¹	Option B	26:1	19:1	17:1
2024²	Option B	56:1	51:1	29:1
2024 (excluding variable)	Option B	26:1	26:1	14:1
2023	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. The CEO pay ratio reflects a combination of the single figure of remuneration received by Pete Raby (the outgoing CEO) for the period 1 January to 1 July 2025, and Damien Caby (the new CEO) for the period 2 July – 31 December 2025. Prior to calculation of the CEO pay ratio, Damien Caby's remuneration was converted from EUR to GBP using the three-month average exchange rate to 31 December 2025.

2. 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:

Year	Salary				Total pay and benefits			
	CEO	25th percentile	Median (50th percentile)	75th percentile	CEO	25th percentile	Median (50th percentile)	75th percentile
2025	£633,785¹	£23,589	£31,102	£32,617	£1,395,441¹	£26,992	£39,325	£40,914
2024	£645,000	£25,507	£24,425	£44,799	£1,529,859	£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

1. Figures reflect a combination of the single figure of remuneration received by Pete Raby (the outgoing CEO) for the period 1 January to 1 July 2025, and Damien Caby (the new CEO) for the period 2 July – 31 December 2025. Damien Caby's remuneration has been converted from EUR to GBP using the three-month average exchange rate to 31 December 2025.

In line with the CEO pay ratio regulations, the table above shows for 2025 the ratio of the CEO's single total figure of remuneration to that of UK employees at the 25th, 50th (median) and 75th percentiles. This year's figures reflect a combination of the single figure of remuneration received by the incoming CEO (Damien Caby) and outgoing CEO (Pete Raby) for their respective service periods in the CEO role during 2025. 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 2025) 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 representative employees who fall 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 2025 performance, in order to be consistent with the methodology used for the CEO's total remuneration figure.

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.

Retirement of the outgoing CEO

As disclosed earlier in this Report, Pete Raby stepped down from the Board on 1 July 2025 and retired from the Group on 31 August 2025. As he retired, Pete did not receive any severance payment when he left the Company; however, he was treated as a 'good leaver' for variable pay purposes. Salary, bonus and outstanding incentive awards were treated in accordance with the shareholder-approved Remuneration Policy and consistent with past practice.

Remuneration element	Summary of treatment
Annual Bonus	2025 bonus paid wholly in cash at normal payment date, pro-rated for time, and subject to Group and personal performance.
LTIP (2023 and 2024 cycles)	Awards will be pro-rated for time and will vest based on performance over the original performance periods, vesting on the normal vesting dates. The post-vesting holding periods will continue to apply. No LTIP award was granted in 2025.
DBP	Awards will vest in full at the normal vesting dates.

Executive Directors are required to maintain a shareholding equal to the lower of the share ownership requirement (200%) or the actual shareholding on departure for a period of one year from departure. Pete Raby will be required to maintain a 200% shareholding for the defined period.

Remuneration arrangements for incoming CEO

Damien Caby joined the Board on 8 May 2025 and succeeded Pete Raby as CEO on 1 July 2025. A summary of his remuneration as CEO is set out below:

Remuneration element	Details	Notes
Base salary	€720,000 per annum	Positioned below median to reflect Damien's experience in the role, with the intent to increase to market median over time, subject to performance.
Pension	Cash allowance in lieu of pension – 8% of base salary	Aligned with pension contributions for the Morgan Advanced Materials UK workforce, reflecting Damien now being on a UK service agreement.
Benefits	Company Vehicle Lease – €16,500	
Annual Bonus	150% of base salary	
LTIP	175% of base salary	This will be kept under review and, subject to performance, may increase within Policy limits over time.

Remuneration Report continued

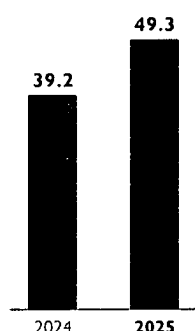
The treatment of Damien Caby's in-flight annual bonus and LTIP awards is summarised in the table below:

Remuneration element	Summary of treatment
Annual Bonus	2025 bonus – From 1 January to 30 June 2025 – calculated based on the terms of Damien's previous role. From appointment to CEO (1 July 2025) to 31 December 2025 – calculated on CEO terms and performance metrics. Any bonus earned in respect of Damien's tenure in 2025 as an Executive Director is subject to the requirement for one-third to be deferred into shares for three years.
LTIP	2023 LTIP – will vest based on the performance of the Thermal Products division. 2024 and 2025 LTIP – will vest based on the same Group metrics as the current Executive Director LTIP awards. Damien's 2025 LTIP (and any subsequent awards) will be subject to the post-vesting holding period and shareholding requirements set out in the Remuneration Policy.
Restricted Stock Unit (RSU)	Damien also retains an unvested interest in an RSU award made to offset LTIP awards forfeited on his joining the Company. The award comprised RSUs with an award face value of €400,000, vesting 25% annually over four years. At the time of appointment to CEO, only the final tranche (which vests in May 2026) remained unvested. This will vest on the usual vesting date.

Relative importance of spend on pay

The graphs below show shareholder distributions (that is, dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 December 2024 and 31 December 2025.

Shareholder distributions (£m)



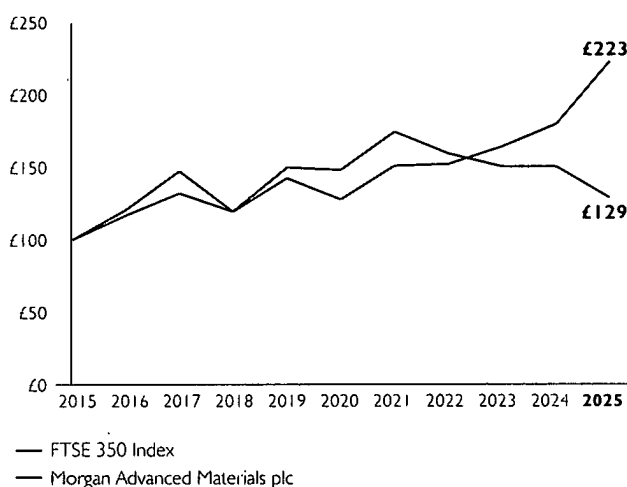
Total employee pay expenditure (£m)



Shareholder distributions increased by 25.8% during 2025 to £49.3 million (2024: £39.2 million). Total employee pay across the Group has decreased by 2.6% to £375.4 million (2024: £385.5 million).

Comparison of Company performance

The graph below shows the value, at 31 December 2025, of £100 invested in Morgan Advanced Materials plc's shares on 31 December 2015 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 2025.

CEO	Pete Raby										Damien Caby	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ¹	2025 ¹	2025 ¹
CEO single figure	£787,492	£1,210,856	£1,479,738	£1,618,605	£791,238	£2,041,667	£1,551,838	£1,199,689	£1,529,859	£767,385	£737,367	£737,367
Annual bonus (% of maximum)	29.5%	71.3%	67.4%	84.3%	9%	97%	27.6%	42.9%	60%	57%	57%	57%
LTIP vesting (% of maximum)	n/a	15.4%	42.9%	61.3%	21.8%	52.2%	67.9%	14.8%	26.9%	15%	15%	15%

1. Values shown for 2025 reflect the period 1 January – 1 July for Pete Raby and 1 July – 31 December for Damien Caby. Damien's 2025 LTIP vesting outcome reflects his 2023 LTIP which was granted prior to his appointment to the Board and which was based on divisional performance targets.

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 2025 (or date of leaving in the case of Pete Raby).

	Shareholding guideline (% 2025 salary)	Shares owned outright		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 2025 salary) ⁶	Guideline met
		As at 1 January 2025 or date of joining	As at 31 December 2025 or date of leaving							
Damien Caby	200%	48,644	62,965	451,321	13,731	5,746	–	–	23.5%	Building
Richard Armitage	200%	136,215	165,728	478,522	33,105	57,346	29,606	9,849	102%	Building
Pete Raby	200%	696,099	827,525	247,981	55,037	88,405	80,808	4,285	287.2%	Yes

1. 2024 and 2025 LTIP awards.

2. The expected number of shares due to vest under the 2023 LTIP.

3. Estimated number of shares, net of tax (47%/49%), 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 2025 salary and the average share price for the three months to 31 December 2025 of 207.25 pence, comprising shares owned outright and shares subject to deferral. Shares underlying Sharesave scheme options are also included in the calculation.

As at 19 February 2026, 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 101 to 103 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 2025.

	As at 1 January 2025	As at 31 December 2025 or date of leaving
Jane Aikman	1,000	1,000
Clement Woon	70,000	70,000
Ian Marchant	45,000	45,000
Alison Wood	–	–
Jane Lodge	–	25,000
Professor Mary Ryan CBE FREng	–	–
Helen Bunch	2,028	2,028

As at 19 February 2026, 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 awards 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. This arrangement applies to Pete Raby.

Remuneration Report continued

Executive Directors' share plans (audited)

Damien Caby

LTIP

	Plan	As at 1 January 2025	Allocations during the year	Vested during the year	Lapsed during the year	As at 31 December 2025	Market price at date of allocation	Market price at date of vesting	Performance period
No further performance conditions, not yet vested	2023	91,544		–	–	91,544	300.40p	–	01.01.23 – 31.12.25
Subject to performance conditions	2024	95,155		–	–	95,155	289.00p	–	01.01.24 – 31.12.26
	2025	–	356,166	–	–	356,166	207.20p	–	01.01.25 – 31.12.27

Recruitment award

	Plan	As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2025	Market price at date of allocation	Market price at date of vesting	Vesting period
Subject to continued service ³	2022	58,676	–	29,337	–	29,339	296.40p	211.70p	30.05.23 – 30.05.26

Total interests in share plans

As at 1 January 2025	As at 31 December 2025
255,003 ¹	583,933 ^{1,2}

1. Includes 2024 deferred bonus award.

2. Includes 2024 and 2025 deferred bonus award.

3. In 2022, Damien was granted an award in the form of restricted shares to compensate for forfeited long-term incentive awards on leaving his previous employer. There are no performance conditions attached. The award vests in four tranches, with the final tranche due to vest in May 2026.

Pete Raby

LTIP

	Plan	As at 1 January 2025	Allocations during the year	Vested during the year	Lapsed during the year	As at date of leaving	Market price at date of allocation	Market price at date of vesting	Performance period
No further performance conditions, vested (subject to two year post-vesting holding)	2022	414,320	–	111,493	302,827	–	287.70p	213.57p	01.01.22 – 31.12.24
No further performance conditions, not yet vested	2023	412,782	–	–	45,865	366,917	300.40p	–	01.01.23 – 31.12.25
Subject to performance conditions	2024	446,366	–	–	198,385	247,981	289.00p	–	01.01.24 – 31.12.26

Share options

	Plan	As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at date of leaving	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 2025	As at date of leaving
1,441,024 ^{1,2}	785,989 ^{2,3}

1. Includes 2022 deferred bonus award.

2. Includes 2023 and 2024 deferred bonus awards.

3. Includes 2025 deferred bonus award.

Richard Armitage**LTIP**

	Plan	As at 1 January 2025	Allocations during the year	Vested during the year	Lapsed during the year	As at 31 December 2025	Market price at date of allocation	Market price at date of vesting	Performance period
No further performance conditions, vested (subject to two year post-vesting holding)	2022	207,587	–	55,861	151,726	–	307.10p	211.7p	01.01.22 – 31.12.24
No further performance conditions, not yet vested	2023	220,705	–	–	–	220,705	300.40p	–	01.01.23 – 31.12.25
Subject to performance conditions	2024	238,588	–	–	–	238,588	289.00p	–	01.01.24 – 31.12.26
	2025	–	239,934	–	–	239,934	207.20p	–	01.01.25 – 31.12.27

Share options

	Plan	As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2025	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
	Sharesave	–	5,564	–	–	5,564	164.00p	–	01.12.28 – 31.05.29

Total interests in share plans

As at 1 January 2025	As at 31 December 2025
716,140 ¹	817,279 ^{1,2}

1. Includes 2023 and 2024 deferred bonus award.

2. Includes 2024 and 2025 deferred bonus award.

Details of plans**LTIP**

	Details
LTIP	The performance conditions attached to the 2023 awards are set out on page 90. The performance conditions attached to the 2024 awards are on the same basis as the 2023 awards, except that the EPS range was amended to 9%–16%. The performance conditions attached to the 2025 awards are set out on page 91.
LTIP-CSOP	LTIP 2023, 2024 and 2025: 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, unless deemed to be a good leaver. The award is also subject to malus and clawback provisions.

Other transactions involving Directors are set out in note 27 (Related parties) to the consolidated financial statements. This Report was approved by the Board on 2 March 2026.

Remuneration Report continued

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, 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 their own remuneration is being discussed.

Remuneration Committee membership

The Remuneration Committee is currently composed of five 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 59.

Key activities during 2025

During 2025, the key areas of focus for the Committee were:

- > determining whether targets for the 2024 bonus and 2022 LTIP were achieved, and, if so, to what extent (plus assessment of any windfall gains associated with the 2022 LTIP).
- > having reviewed the remuneration of the wider workforce, determining remuneration for Executive Directors and other senior executives, applying consistent guiding principles.
- > approving the remuneration of the Company's incoming CEO, and reviewing the terms of the retiring CEO's retirement.
- > 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 2026.
- > receiving reports on share awards to employees, and employee participation in the Sharesave scheme.
- > reviewing feedback from institutional investors ahead of the Company's 2025 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 2026 fees.
- > determining performance targets for the 2025 bonus.
- > determining performance targets for the 2025 share incentive schemes.
- > reviewing the Committee's terms of reference.

Committee performance evaluation

The Committee's performance was reviewed as part of the Board performance review (see page 66 for details). It was concluded that the Committee had operated effectively during the period under review.

Committee advisor

Ellason was appointed as the Committee's executive remuneration advisor from 1 January 2021. Ellason specialises in executive remuneration advice and during 2025 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	£39,120

Summary of shareholder voting

The following table shows the results of the binding vote on the 2025 Remuneration Policy (at the 2025 AGM) and the advisory vote on the 2024 Annual Report on Remuneration at the 2025 AGM:

Resolution	For	Against	Withheld
Remuneration Policy	97.88%	2.12%	667,527
Annual Report on Remuneration	99.74%	0.26%	672,358

Compliance statement

During the year under review, the Company has complied with the provisions relating to Directors' remuneration in the UK Corporate Governance Code 2024. 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 7 May 2026.

Signed on behalf of the Board


Alison Wood
Committee Chair

Other disclosures

The Directors' Report is required to be produced by law. The Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules (DTRs) and UK Listing Rules (UKLRs) also require the Company to make certain disclosures.

Pages 55 to 109 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 7 May 2026, commencing at 10.30am at Slaughter and May's offices, One Bunhill Row, London EC1Y 8YY. A circular incorporating the 2026 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 a Director if they have 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 57 and 58.

Results and dividends

Revenue was £996.6 million (2024: £1,060.1 million) on a continuing basis and operating profit was £45.2 million (2024: £99.2 million).

Total profit (attributable to owners of the parent and non-controlling interests) for the year ended 31 December 2025 was £28.8 million (2024: £58.8 million). Profit before taxation for the same period was £23.0 million (2024: £80.2 million).

Basic earnings per share from continuing operations was (1.0) pence (2024: 16.5 pence). Capital and reserves at the end of the year were £348.9 million (2024: £389.3 million). The total profit of £28.8 million (2024: £58.8 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 12 May 2026 to shareholders on the register at the close of business on 10 April 2026. Together with the interim dividend of 5.4 pence per share paid on 17 November 2025, this final dividend, if approved by shareholders, brings the total distribution for the year to 12.2 pence per share (2024: 12.2 pence).

Directors

All those who served as Directors at any time during the year under review are set out on pages 57 and 58. Helen Bunch also served as a Director up until 8 May 2025 and Pete Raby served as CEO until 1 July 2025.

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.

Other disclosures continued

Directors' interests

Details of Directors' interests (and their connected persons' beneficial interests) in the share capital of the Company are listed on page 101.

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 24 of the Strategic Report and on page 65 of the Corporate Governance Report.

Information required by UKLR 6.6.1

The information required to be disclosed by UK Listing Rule 6.6.1 can be found in the following locations:

Publication of unaudited financial information	On 14 October 2025, the Company published its trading update stating that adjusted operating profit margin* for the year was expected to be circa 10%. Actual AOP margin was 9.4%.
Details of any long-term incentive schemes	Remuneration Report.
Shareholder waiver of dividends	Financial Statements, note 20.
Shareholder waiver of future dividends	Financial Statements, note 20.

The remaining disclosures required by UKLR 6.6.1 are not applicable to the Company.

Overseas branches

As at 31 December 2025, the Company had branches as follows:

- > Morgan AM&T BV (Sweden)
- > Carbo San Luis SA (Chile)
- > Morgan Advanced Materials Industries Ltd (UAE)
- > Morganite Luxembourg SA (Belgium)
- > Morganite Brasil Ltda (Brazil).

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 regard 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 24, 30 to 31 and 63 to 65.

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 £28.9 million in operating costs in respect of research and development (R&D) (2024: £29.7 million) on a continuing basis. The Group did not capitalise any development costs in 2025 (2024: £nil). The Group has established four Centres of Excellence (CoEs), 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 CoEs focus on the strategic execution priorities for the divisions and the Group.

GHG emissions, energy consumption and energy efficiency

Details of the Group's annual greenhouse gas (GHG) emissions, energy consumption and energy efficiency are shown in the Strategic Report on page 40.

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 £93,252 (2024: £162,180) to local charities and community activities in various countries.

Future developments

An indication of likely future developments of the Group is included in the 'Our strategy' and 'Market environment' 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 22 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 2025 is set out in note 20 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 (2024: 437,281) cumulative Preference shares classified as borrowings totalling £0.4 million (2024: £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 20 to the consolidated financial statements.

Share allotment and repurchase authorities

The Directors were granted authority at the 2025 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 £23,449,742 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 £46,899,484 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 2025 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 £7,034,922. This 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 2025 AGM to repurchase shares in the capital of the Company up to a maximum aggregate number of 28,139,688 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 6,751,497 Ordinary shares (representing 2.4% of the issued share capital of the Company as at 31 December 2025). The aggregate nominal value of the shares purchased was £1.7 million and the total aggregate amount paid was £15.2 million (excluding expenses). Of the total purchased, 6,698,073 shares were cancelled in 2025 and the remaining 53,424 were cancelled in early 2026.

These share capital authorities and powers are due to lapse at the 2026 AGM at which time the Board will seek fresh authorities and powers.

Other disclosures continued

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 24 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 ('the 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 USD\$147 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 2025	
	Voting rights notified	Percentage of voting rights
FIL Ltd ¹	33,610,700	12.14%
Ameriprise Financial Inc	24,186,489	8.74%
GLG Partners LP ¹	18,207,124	6.58%
Black Creek Investment Management Inc	16,922,235	6.11%
Janus Henderson Group plc	14,540,443	5.25%
Aberforth Partners LLP	14,338,459	5.18%
M&G plc ¹	14,251,115	5.15%
AXA Investment Managers	14,039,985	5.07%
Perpetual Limited ¹	14,006,979	5.06%
BlackRock Inc ¹	Below 5%	Below 5%

1. Includes financial instruments

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 2 March 2026, the latest practicable date prior to the date of this Report, are set out below.

	Voting rights notified	Percentage of voting rights
Black Creek Investment Management	16,558,058	5.98%
Ameriprise Financial Inc	13,024,192	4.71%

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 UK-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 UK-adopted international accounting standards
- assess the Group's 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. The Directors 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.

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 2024 Code.

The Directors as at the date of this Report, whose names and functions are set out on pages 57 and 58, confirm that, to the best of their knowledge:

- the Group's consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- 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
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

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 2025.

For the purposes of DTR 4.1.5R(2) and DTR 4.1.8, the Directors' Report on pages 55 to 109 and the Strategic Report on pages 2 to 54 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 2 March 2026.

For and on behalf of the Board



Winifred Chime
Company Secretary

2 March 2026

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 2025 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;
- > the related consolidated notes 1 to 29; and
- > the related Company notes 1 to 16.

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. The non-audit services provided to the Group and Company for the year are disclosed in note 4 to the consolidated financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

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.
Materiality	The materiality that we used for the Group financial statements was £4.0m which was determined on the basis of 5.7% of continuing profit before tax and specific adjusting items.
Scoping	We performed audit procedures across 28 reporting components which represent 77% of revenue, 77% of continuing profit before tax and specific adjusting items and 71% of net assets.

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 relevant 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 ability for the Company to repay debt due for repayment within the going concern period;
- 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 £146.5 million as at 31 December 2025 (2024: £165.9 million) and a provision of £8.0 million (2024: £6.9 million) calculated with reference to the inventory ageing report. 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 using past data and forecast demand data 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 16 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 2025 is appropriate.

Independent Auditor's Report continued

5.2. Revenue recognition cut-off

Key audit matter description	The Group recognised £996.6 million of revenue in the year ended 31 December 2025 (2024 restated: £1,060.1 million). The Group's approach to revenue recognition varies within each division 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 pinpointed to those sites indicating increased risk from trading and performance patterns when compared to earlier in the financial year. This takes into consideration the current challenging market conditions. 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 the revenue has been recognised appropriately for the financial year ended 31 December 2025.

6. Our application of materiality

6.1. Materiality

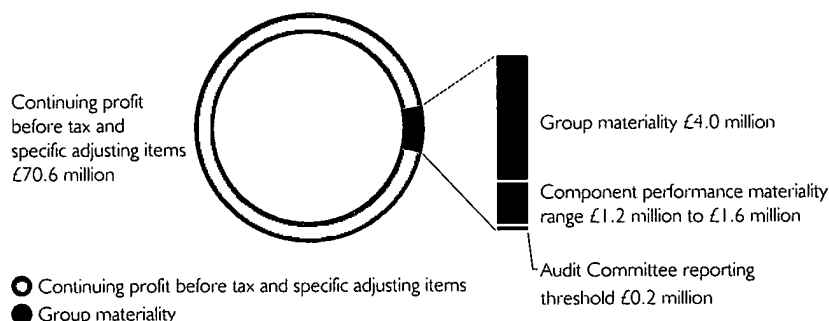
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our 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	£4.0 million (2024: £5.6 million)	£2.4 million (2024: £3.4 million)
Basis for determining materiality	Materiality represents 5.7% (2024: 5.2%) of continuing profit before tax and specific adjusting items described in note 6.	Materiality represents 3% (2024: 3%) of net assets. This was then capped at 60% (2024: 60%) of Group materiality.
Rationale for the benchmark applied	Continuing 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 statements.	The Company is non-trading and contains investments in the Group's trading components. As a result, we have determined net assets 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% (2024: 65%) of Group materiality	65% (2024: 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 £0.2 million (2024: £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 56 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 divisions: Performance Carbon, Technical Ceramics and Thermal Products.

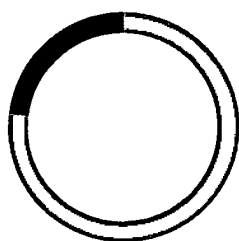
These divisions are composed of many individual reporting components, which are the lowest level at which management prepares financial information that is included in the consolidation financial statements. The Company is located in the UK and is audited directly by the UK Group audit team.

With the disposal of its Molten Metal Systems ("MMS") business (detail included in note 2) reflected in our scoping, a total of 28 (2024: 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 £1.2 million and £1.6 million (2024: £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 77% of revenue (2024: 74%), 77% of continuing profit before tax and specific adjusting items (2024: 74%) and 71% of net assets (2024: 75%).

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.

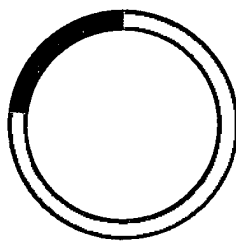
Independent Auditor's Report continued

Revenue



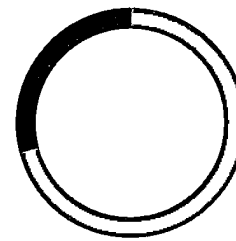
○ Subject to audit procedures **77%**
● Review at group level **23%**

Profit before tax



○ Subject to audit procedures **77%**
● Review at group level **23%**

Net assets



○ Subject to audit procedures **71%**
● Review at group level **29%**

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. Management is 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 IT systems, impairment reviews 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 consideration 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 consolidated 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 consolidated financial statements as at 31 December 2025 as explained in note 1 on page 132.

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 consolidated 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 directors' responsibilities statement, 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.

Independent Auditor's Report continued

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. 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 page 53;
- > 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 page 53;
- > the Directors' statement on fair, balanced and understandable set out on page 109;
- > the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 43-45;
- > the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 43-45; and
- > the section describing the work of the Audit Committee set out on page 69.

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 six years, covering the years ending 31 December 2020 to 31 December 2025.

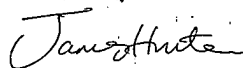
15.2. Consistency of the audit report with the additional report to the Audit Committee

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.

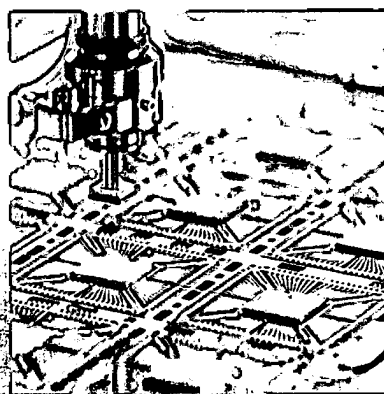


James Hunter, FCA
(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor

Reading, United Kingdom

2 March 2026



Financial statements

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Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2025

31 December 2025				31 December 2024			
	Note	Results before specific adjusting items £m	Specific adjusting items ¹ £m	Total £m	Restated results before specific adjusting items ¹ £m	Restated specific adjusting items ^{1,3} £m	Restated total ¹ £m
Revenue	3	996.6	—	996.6	1,060.1	—	1,060.1
Operating costs before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets	4	(902.8)	(32.0)	(934.8)	(936.8)	(18.2)	(955.0)
Profit from operations before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets	3	93.8	(32.0)	61.8	123.3	(18.2)	105.1
Amortisation of intangible assets	13	(1.0)	—	(1.0)	(1.7)	—	(1.7)
Impairment of non-financial assets	6	—	(15.6)	(15.6)	—	(4.2)	(4.2)
Reversal of impairment of non-financial assets	6	—	—	—	—	—	—
Operating profit	3	92.8	(47.6)	45.2	121.6	(22.4)	99.2
Finance income		2.9	—	2.9	2.6	—	2.6
Finance expense		(25.1)	—	(25.1)	(21.6)	—	(21.6)
Net financing costs	7	(22.2)	—	(22.2)	(19.0)	—	(19.0)
Profit before taxation		70.6	(47.6)	23.0	102.6	(22.4)	80.2
Income tax expense	8	(19.4)	1.5	(17.9)	(27.0)	2.3	(24.7)
Profit from continuing operations		51.2	(46.1)	5.1	75.6	(20.1)	55.5
Profit from discontinued operations	9	3.8	19.9	23.7	3.7	(0.4)	3.3
Profit for the year		55.0	(26.2)	28.8	79.3	(20.5)	58.8
Profit for the year attributable to:							
Shareholders of the Company		47.3	(26.2)	21.1	70.8	(20.5)	50.3
Non-controlling interests		7.7	—	7.7	8.5	—	8.5
		55.0	(26.2)	28.8	79.3	(20.5)	58.8
Earnings per share	10						
Continuing and discontinued operations							
Basic earnings per share				7.5p			17.7p
Diluted earnings per share				7.5p			17.5p
Continuing operations							
Basic earnings per share				(1.0)p			16.5p
Diluted earnings per share				(0.9)p			16.4p
Dividends ²							
Interim dividend							
— pence				5.4p			5.4p
— £m				15.0			15.4
Proposed final dividend							
— pence				6.8p			6.8p
— £m				18.8			19.3

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

2. The proposed final dividend is based upon the number of Ordinary shares outstanding at the balance sheet date.

3. Details of specific adjusting items are given in note 6 to the consolidated financial statements.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025 £m	Restated 31 December 2024 ¹ £m
Profit for the year		28.8	58.8
Other comprehensive expense:			
Items that will not be reclassified subsequently to income statement:			
Remeasurement (loss)/gain on defined benefit plans	23	(0.1)	1.3
Tax effect of components of other comprehensive income not reclassified	8	(0.1)	(0.6)
		(0.2)	0.7
Items that may be reclassified subsequently to income statement:			
Foreign exchange translation differences		(23.2)	(11.0)
Cash flow hedges:			
Change in fair value		0.4	(0.3)
Transferred to income statement		0.4	(1.0)
Net investment hedges:			
Change in fair value		2.9	1.7
		(19.5)	(10.6)
Total other comprehensive expense		(19.7)	(9.9)
Total comprehensive income		9.1	48.9
Attributable to:			
Shareholders of the Company		3.5	41.4
Non-controlling interests		5.6	7.5
		9.1	48.9
Total comprehensive income attributable to shareholders of the Company arising from:			
Continuing operations		(19.7)	38.5
Discontinued operations		23.2	2.9
		3.5	41.4

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Consolidated balance sheet

AS AT 31 DECEMBER 2025

	Note	2025 £m	2024 £m
Assets			
Property, plant and equipment	11	326.0	344.9
Right-of-use assets	12	36.4	32.5
Intangible assets: goodwill	13	163.7	176.9
Intangible assets: other	13	3.2	3.0
Investments	14	0.5	2.0
Trade and other receivables	17	3.1	3.6
Employee benefits: pensions	23	12.4	13.0
Deferred tax assets	15	23.2	21.4
Total non-current assets		568.5	597.3
Inventories	16	146.5	165.9
Derivative financial assets		2.0	1.2
Trade and other receivables	17	139.1	189.6
Investments	14	47.2	—
Current tax receivable		2.2	2.3
Cash and cash equivalents	18	79.3	120.8
Total current assets		416.3	479.8
Total assets		984.8	1,077.1
Liabilities			
Borrowings	21	212.1	337.7
Lease liabilities	21	38.1	36.1
Employee benefits: pensions	23	34.4	34.5
Provisions	25	9.9	10.9
Non-trade payables	19	2.7	2.8
Deferred tax liabilities	15	1.0	2.7
Total non-current liabilities		298.2	424.7
Borrowings and bank overdrafts	21	99.4	9.3
Lease liabilities	21	11.1	11.0
Trade and other payables	19	194.6	204.1
Current tax payable		24.0	26.6
Provisions	25	8.1	9.5
Derivative financial liabilities		0.5	2.6
Total current liabilities		337.7	263.1
Total liabilities		635.9	687.8
Total net assets		348.9	389.3
Equity			
Share capital	20	69.2	70.9
Share premium		111.7	111.7
Reserves		(13.7)	(8.2)
Retained earnings		149.4	179.3
Total equity attributable to shareholders of the Company		316.6	353.7
Non-controlling interests		32.3	35.6
Total equity		348.9	389.3

The financial statements were approved by the Board of Directors on 2 March 2026 and were signed on its behalf by:

Damien Caby
Chief Executive Officer

Richard Armitage
Chief Financial Officer

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	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 2024	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 income and 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
Profit for the year	-	-	-	-	-	-	-	21.1	21.1	7.7	28.8
Other comprehensive income and expense:											
Remeasurement loss on defined benefit plans and related taxes	-	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Foreign exchange differences and related taxes	-	-	(21.1)	-	-	-	-	-	(21.1)	(2.1)	(23.2)
Cash flow hedging fair value changes and transfers	-	-	-	0.8	-	-	-	-	0.8	-	0.8
Net investment hedging fair value changes and transfers	-	-	2.9	-	-	-	-	-	2.9	-	2.9
Total other comprehensive income/(expense)	-	-	(18.2)	0.8	-	-	-	(0.2)	(17.6)	(2.1)	(19.7)
Total comprehensive income/(expense)	-	-	(18.2)	0.8	-	-	-	20.9	3.5	5.6	9.1
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(34.1)	(34.1)	(6.0)	(40.1)
Equity-settled share-based payments	-	-	-	-	-	-	-	1.9	1.9	-	1.9
Own shares acquired for share incentive schemes (net)	-	-	-	-	-	-	-	(3.5)	(3.5)	-	(3.5)
Purchase of own shares for share buyback programme	-	-	-	-	-	-	(10.0)	-	(10.0)	-	(10.0)
Cancellation of own shares under share buyback programme	(1.7)	-	-	-	-	1.7	15.1	(15.1)	-	-	-
Reclassified to income statement on disposal of businesses	-	-	5.1	-	-	-	-	-	5.1	(2.9)	2.2
At 31 December 2025	69.2	111.7	(51.3)	0.6	(1.0)	37.8	0.2	149.4	316.6	32.3	348.9

Details of the reserves are provided in note 20.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025 £m	Restated 31 December 2024 ¹ £m
Operating activities			
Profit for the year from continuing operations		5.1	55.5
Profit for the year from discontinued operations	9	23.7	3.3
Adjustments for:			
Depreciation – property, plant and equipment	11	33.6	34.1
Depreciation – right-of-use assets	12	8.4	8.6
Amortisation	13	1.0	1.7
Net financing costs	7	22.2	19.0
Profit on disposal of business	2	(28.5)	–
Non-cash specific adjusting items included in operating profit		18.4	4.5
Fair value loss/(gain) on equity instruments held at FVTPL		7.3	(1.9)
Loss/(profit) on sale of property, plant and equipment		0.5	(3.0)
Income tax expense	8,9	27.1	25.9
Equity-settled share-based payment expense	24	2.0	2.8
Cash generated from operations before changes in working capital and provisions		120.8	150.5
Decrease/(increase) in trade and other receivables		34.2	(0.5)
Decrease in inventories		6.0	6.7
Increase in trade and other payables		10.2	8.4
Decrease in provisions		(2.0)	(1.0)
Payments to defined benefit pension plans (net of IAS 19 pension charges)	23	(0.6)	(1.1)
Cash generated from operations		168.6	163.0
Interest paid – borrowings and overdrafts		(21.6)	(17.9)
Interest paid – lease liabilities		(2.8)	(2.6)
Income tax paid		(26.4)	(29.2)
Net cash from operating activities		117.8	113.3
Investing activities			
Purchase of property, plant and equipment, and software		(67.1)	(96.1)
Purchase of investments		(0.4)	(0.1)
Proceeds from sale of property, plant and equipment		1.0	5.4
Grants received for purchase of equipment		0.2	0.5
Interest received		2.8	2.6
Disposal of investments		1.3	1.7
Disposal of business		17.4	–
Tax paid on disposal of business		(7.4)	–
Net cash from investing activities		(52.2)	(86.0)
Financing activities			
Purchase of own shares for share incentive schemes	20	(3.6)	(3.5)
Proceeds from exercise of share options	20	–	0.2
Purchase of own shares for share buyback programme		(15.2)	(4.7)
Purchase of non-controlling interest		–	(5.1)
Increase in borrowings	18	38.8	121.3
Repayment of borrowings	18	(70.1)	(88.0)
Payment of lease liabilities	18	(9.3)	(10.6)
Dividends paid to shareholders of the Company		(34.1)	(34.5)
Dividends paid to non-controlling interests		(6.0)	(8.1)
Net cash from financing activities		(99.5)	(33.0)
Net decrease in cash and cash equivalents, and overdrafts		(33.9)	(5.7)
Cash and cash equivalents at the start of the year		111.5	124.5
Effect of exchange rate fluctuations on cash held		(3.4)	(7.3)
Net cash and cash equivalents at the end of the year		74.2	111.5

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Notes to the consolidated financial statements

I. 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 205. 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 Company financial statements present information about the Company as a separate entity and not about the Group. These consolidated financial statements have been drawn up to 31 December 2025. 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 financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; these are presented on pages 178 to 197.

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 financial assets and financial liabilities (including derivatives) designated as fair value through profit and loss ('FVTPL') or 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.

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.

(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 – Business Combinations'.

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.

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.

I. Material accounting policies, estimates and judgements (continued)

(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 goods or services to a customer. The Group's principal performance obligation is the provision of products and components which is satisfied at a point in time and is subject to payment terms typical to the geography in which the business operates. Revenue is recognised when control of the goods or services provided passes to the customer.

Substantially, all of the Group's revenue is derived from short-term contracts for the provision of products and components. Where goods are collected by the customer, revenue is recognised at the point the customer takes physical possession of the items. Where a contract includes delivery of goods, the delivery element is a distinct performance obligation and therefore revenue is only recognised once the goods have been delivered to the customer as both performance obligations are satisfied simultaneously.

A small portion of the Group's revenue relates to project-based business, principally within the Thermal Products division. 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 division, 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. Expenses relating to the research phase are 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. Expenses relating to development are 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. Expenses which do not meet the capitalisation criteria are 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,' interest on supplier finance arrangements and net interest on 'IAS 19 – Employee benefit' pension assets and obligations. Interest income is recognised in the income statement as it accrues, using the effective interest method.

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.

Notes to the consolidated financial statements continued

1. Material accounting policies, estimates and judgements (continued)

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 and the gain or loss on disposal 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.
- 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 22 sets out details of the fair values of the derivative instruments used for hedging purposes.

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 the 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.

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.

I. Material accounting policies, estimates and judgements (continued)

Cash flow hedges (continued)

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. Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to the income statement on the disposal or partial disposal of the foreign operation.

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.

(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.

Notes to the consolidated financial statements continued

1. Material accounting policies, estimates and judgements (continued)

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 – Provisions, Contingent Liabilities and Contingent Assets'. 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 acquisition 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.

Investments

The Group holds equity investments which are traded in active markets and held for short-term trading. These investments are therefore classified as financial assets and measured at FVTPL. Fair value at the balance sheet date is determined with reference to quoted market prices. Dividends received from investments are recognised in the income statement when the right to receive the dividend is established.

Impairment of non-financial assets, excluding goodwill

At each balance sheet date non-financial assets and cash-generating units are reviewed for indicators of impairment, the recoverable amount of the assets or cash-generating units are determined where such indicators exist.

The recoverable amount is the higher of the value in use and fair value less costs to sell. The value in use represents the future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is recognised in the income statement to the extent that the carrying value exceeds its recoverable amount.

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.

I. Material accounting policies, estimates and judgements (continued)

Trade and other receivables

The Group's trade receivables are held for collection under 'IFRS 9 – Financial Instruments' 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.

The Group enters into non-recourse factoring arrangements whereby certain trade receivables are sold to a third-party factoring provider. Under these arrangements, the factoring provider bears the risk of loss if the customer fails to pay and therefore the Group transfers substantially all risks and rewards of ownership at the point of sale.

Under IFRS 9, receivables subject to factoring are derecognised when the balance is transferred to the factoring provider, with the Group no longer retaining control of the asset. The costs associated with the arrangement are recognised in the income statement within operating costs and cash received from the factoring provider is presented within operating cash flows in the consolidated statement of cash flows.

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.

The Group uses supplier finance arrangements whereby a third-party provider settles certain accounts payable balances on behalf of the Group on the invoice due date. The Group settles the liability to the third-party provider at an agreed later date.

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.

Notes to the consolidated financial statements continued

I. 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.

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:

I. Material accounting policies, estimates and judgements (continued)

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;
- Expenses related to the design, configuration, customisation and implementation of a Global ERP system; and
- Changes in the fair value and associated foreign exchange on shares in Foseco India Limited ('FIL').

Determining whether an item is part of specific adjusting items requires judgement to determine the nature and the intention of the transaction.

Note 25: 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 recognises 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 in 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 23: Pensions and other post-retirement employee benefits: key actuarial assumptions

The principal actuarial assumptions applied to pensions are shown in note 23, 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.

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 15: 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.

Notes to the consolidated financial statements continued

1. Material accounting policies, estimates and judgements (continued)

Note 22: Credit risk

Note 22 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 32 to 40. 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 Group Financial Review on pages 46 to 52. In addition, note 22 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 at June and December. The Group had both significant available liquidity and headroom on its covenants.

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 53 to 54. 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 of this Annual Report and Accounts. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

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 199 to 204.

Newly adopted standards

In the current year, the Group has applied the following amendment to IFRS Accounting Standards as adopted by the UK that are mandatorily effective for an accounting period that begins on or after 1 January 2025. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

➤ Amendments to 'IAS 21 – The Effects of Changes in Foreign Exchange Rates': Lack of Exchangeability.

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.

- Amendment to 'IFRS 9 – Financial Instruments' and 'IFRS 7 – Financial Instruments: Disclosures'.
- Amendment to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'.
- 'IFRS 18 – Presentation and Disclosure in Financial Statements'.

1. Material accounting policies, estimates and judgements (continued)

The adoption of amendments to IAS 21 is effective for the period beginning 1 January 2025, the adoption has not led to any material changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group. For amendments to 'IFRS 9 – Financial Instruments' and 'IFRS 7 – Financial Instruments: Disclosures' that are in issue, but not yet effective, the Group does not anticipate that their adoption will have a material impact on the consolidated financial statements. 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 the standard on these consolidated financial statements.

There are no other upcoming accounting standards or amendments that are applicable to the Group.

2. Acquisitions and disposals

On 22 August 2025, the Group announced it had reached an agreement to sell its MMS business to Vesuvius plc for total consideration of £76.2 million.

The transaction was structured as an acquisition of Morgan Advanced Materials' 75% shareholding in its Indian listed subsidiary, Morganite Crucible (India) Ltd, by Vesuvius' Indian listed subsidiary, Foseco India Ltd ('FIL'), with consideration for the acquisition being the issuance of new FIL shares to Morgan Advanced Materials (the 'Indian Transaction'), plus a cash acquisition of the remainder of the MMS business by Vesuvius (the 'Rest of World Transaction'). The transaction completed on 12 November 2025.

As consideration for the Indian Transaction, the Group received 1.2 million shares in FIL, which represents a circa 15% shareholding in FIL valued at approximately £55.7 million. Morgan Advanced Materials' FIL shares are subject to a six-month lock-up period post listing, in accordance with applicable Indian regulations. In addition, the Group received £20.5 million in cash as gross consideration for the Rest of World Transaction, which was subject to customary post-completion cash, debt and working capital adjustments and prior to any taxes, fees and other expenses related to the overall MMS transaction.

The MMS business disposed of formed part of the Thermal Products reporting segment and represented a major line of business and therefore, in accordance with 'IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations', the Group's results have been restated to reflect MMS as a discontinued operation. Refer to note 9 for further information.

The calculation of the gain on disposal of MMS is presented in the table below. The gain on disposal has been included in discontinued operations in the consolidated income statement.

	£m
Share consideration	55.7
Cash consideration	20.5
Total consideration	76.2
Goodwill and other intangibles	(8.8)
Other non-current assets	(21.6)
Current assets	(18.7)
Liabilities	10.6
Net assets disposed	(38.5)
Transaction costs	(7.0)
Cumulative foreign exchange	(5.1)
Non-controlling interest	2.9
Pre-tax gain on disposal	28.5

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. The change in ownership is reflected in the non-controlling interest included in the consolidated statement of changes in equity.

Notes to the consolidated financial statements continued

3. Segmental reporting

The Group is managed through three distinct reporting segments, Thermal Products, Performance Carbon and Technical Ceramics. Internal management information on the reporting segments is regularly reviewed by the Group's Board of Directors (the Chief Operating Decision Maker) in order to allocate resources and assess performance.

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.

	Thermal Products		Performance Carbon		Technical Ceramics	
	2025 £m	Restated 2024 ¹ £m	2025 £m	2024 £m	2025 £m	2024 £m
Continuing operations						
Revenue from external customers	348.2	377.6	306.8	345.2	341.6	337.3
Segment adjusted operating profit¹	23.5	37.5	41.2	55.1	39.4	39.2
Corporate costs ²						
Group adjusted operating profit¹						
Amortisation of intangible assets	(0.3)	(0.8)	(0.2)	(0.3)	(0.5)	(0.6)
Operating profit before specific adjusting items	23.2	36.7	41.0	54.8	38.9	38.6
Specific adjusting items included in operating profit ³	(5.9)	(7.4)	(20.4)	(7.6)	(1.0)	(0.7)
Operating profit/(loss)	17.3	29.3	20.6	47.2	37.9	37.9
Finance income						
Finance expense						
Profit before taxation						
Segment assets	304.9	373.4	300.9	316.3	201.8	222.7
Segment liabilities	96.5	103.9	50.1	54.0	88.5	85.0
Segment capital expenditure	15.9	22.8	31.3	52.3	17.1	21.0
Segment depreciation – property, plant and equipment	11.3	12.7	11.7	10.9	8.8	8.6
Segment depreciation – right-of-use assets	3.3	3.5	1.7	1.5	3.3	3.3
Segment impairment reversals of non-financial assets	–	–	–	–	–	–
Segment impairment of non-financial assets	–	4.2	15.6	–	–	–

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 199 to 204.

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.

4. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

3. Segmental reporting (continued)

	Segment totals		Corporate costs		Group	
	2025 £m	Restated 2024 ¹ £m	2025 £m	Restated 2024 ¹ £m	2025 £m	Restated 2024 ¹ £m
Continuing operations						
Revenue from external customers	996.6	1,060.1	–	–	996.6	1,060.1
Segment adjusted operating profit¹	104.1	131.8	–	–	104.1	131.8
Corporate costs ²			(10.3)	(8.5)	(10.3)	(8.5)
Group adjusted operating profit¹					93.8	123.3
Amortisation of intangible assets	(1.0)	(1.7)	–	–	(1.0)	(1.7)
Operating profit before specific adjusting items	103.1	130.1	(10.3)	(8.5)	92.8	121.6
Specific adjusting items included in operating profit/(loss) ³	(27.3)	(15.7)	(20.3)	(6.7)	(47.6)	(22.4)
Operating profit/(loss)	75.8	114.4	(30.6)	(15.2)	45.2	99.2
Finance income					2.9	2.6
Finance expense					(25.1)	(21.6)
Profit before taxation					23.0	80.2
Segment assets	807.6	912.4	177.2	164.7	984.8	1,077.1
Segment liabilities	235.1	242.9	400.8	444.9	635.9	687.8
Segment capital expenditure	64.3	96.1	–	–	64.3	96.1
Segment depreciation – property, plant and equipment	31.8	32.2	–	–	31.8	32.2
Segment depreciation – right-of-use assets	8.3	8.3	–	–	8.3	8.3
Segment impairment reversals of non-financial assets	–	–	–	–	–	–
Segment impairment of non-financial assets	15.6	4.2	–	–	15.6	4.2

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 199 to 204.

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.

4. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Revenue from external customers and non-current assets by geography

	Revenue from external customers		Non-current assets (excluding pension and deferred tax assets)	
	2025 £m	Restated 2024 ¹ £m	2025 £m	2024 £m
Continuing operations				
USA	421.4	447.5	262.2	263.9
China	84.8	95.5	35.5	44.6
Germany	67.2	79.8	42.4	42.3
UK (the Group's country of domicile)	42.7	42.7	97.9	110.1
Other Asia, Australasia, Middle East and Africa	171.0	175.3	44.3	55.5
Other Europe	156.7	157.3	35.3	33.1
Other North America	33.5	35.3	1.8	1.9
South America	19.3	26.7	13.5	11.5
	996.6	1,060.1	532.9	562.9

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

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.

Notes to the consolidated financial statements continued

3. Segmental reporting (continued)

Revenue from external customers by end-market

	2025 £m	Restated 2024 ¹ £m
Continuing operations		
Industrial	394.5	419.1
Aerospace & Defence	213.5	200.4
Oil & Petrochemicals	100.3	102.7
Healthcare	72.2	84.1
Energy	70.9	69.5
Semiconductors	69.8	105.7
Rail	41.0	39.7
Other	34.4	38.9
	996.6	1,060.1

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Intercompany sales to other segments

	Thermal Products		Performance Carbon		Technical Ceramics		Segment totals	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Intercompany sales to other segments	1.7	1.7	0.5	0.5	0.3	0.5	2.5	2.7

4. Operating costs before specific adjusting items

	Note	2025 £m	Restated 2024 ¹ £m
Continuing operations			
Change in stocks of finished goods and work in progress		21.5	3.7
Raw materials and consumables		274.5	271.8
Other operating costs		114.7	151.4
		410.7	426.9
Employee costs:			
Wages and salaries		294.8	303.6
Equity-settled share-based payment expense	24	2.0	2.8
Social security costs and other benefits		62.0	63.1
Pension costs	23	16.6	16.0
		375.4	385.5
Depreciation – property, plant and equipment		31.8	32.2
Depreciation – right-of-use assets		8.3	8.3
		40.1	40.5
Short-term leases and leasing of low-value assets:			
Plant and equipment		0.1	0.1
Other leases		0.3	0.4
		0.4	0.5
Other operating charges and income:			
Net foreign exchange (gains)/losses		0.6	(2.8)
Net other operating charges		75.6	86.2
		76.2	83.4
Total operating costs before specific adjusting items and amortisation of intangible assets		902.8	936.8
Amortisation of intangible assets	13	1.0	1.7
Total operating costs before specific adjusting items		903.8	938.5

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

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 £28.9 million (2024: £29.7 million) in expense in respect of research and development. These costs are included in employee costs and other operating costs within results from continuing operations. 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. Fees in relation to non-audit services were £11,000 (2024: £41,000).

	2025 £m	2024 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
in respect of the current year	1.1	1.0
Fees payable to the Company's auditor and its associates for other services:		
the auditing of accounts of any subsidiaries of the Company	2.1	2.3
	3.2	3.3

5. Staff numbers

The monthly average number of persons employed by the Group (including Directors) during the year, analysed by division, was as follows:

	Number of employees	
	2025	Restated 2024 ¹
Reportable operating segments		
Thermal Products	2,260	2,440
Performance Carbon	2,450	2,570
Technical Ceramics	3,310	3,160
Segment total	8,020	8,170
Corporate	50	50
Group continuing	8,070	8,220
Discontinued operations	290	370
	8,360	8,590

Average employee numbers have been rounded to the nearest 10.

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Notes to the consolidated financial statements continued

6. 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. 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.

	Continuing operations 2025 £m	Discontinued operations 2025 £m	Total 2025 £m	Continuing operations Restated 2024 ¹ £m	Discontinued operations Restated 2024 ¹ £m	Total Restated 2024 ¹ £m
Restructuring charge	(13.4)	(0.9)	(14.3)	(12.4)	(0.7)	(13.1)
Design, configuration, customisation and implementation of a Global ERP system	(13.3)	–	(13.3)	(5.2)	–	(5.2)
Credit in relation to the impact of Argentina's currency devaluation	1.9	–	1.9	0.5	–	0.5
Impairment of non-financial assets	(15.6)	–	(15.6)	(4.2)	–	(4.2)
Gain on disposal of MMS	–	28.5	28.5	–	–	–
Movement in fair value of consideration shares held at FVTPL	(7.2)	–	(7.2)	–	–	–
Costs associated with the cyber security incident	–	–	–	(1.1)	–	(1.1)
Discontinued operations associated with the disposal of Composites and Defence Systems	–	–	–	–	0.1	0.1
Total specific adjusting items before income tax	(47.6)	27.6	(20.0)	(22.4)	(0.6)	(23.0)
Income tax	1.5	(7.7)	(6.2)	2.3	0.2	2.5
Total specific adjusting items after income tax	(46.1)	19.9	(26.2)	(20.1)	(0.4)	(20.5)

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Restructuring charge

During the year the business continued its previously announced simplification and restructuring programmes. A total charge of £14.3 million (2024: £13.1 million) was recognised in relation to these programmes.

Design, configuration, customisation and implementation of a Global ERP system

During the year the Group continued development of its Global ERP system and started the implementation phase. The programme will create opportunities to align business processes, and strengthen information security and the control environment. The costs of £13.3 million (2024: £5.2 million) associated with the design, configuration, customisation and implementation of the system are classified as specific adjusting items due to their nature and size.

Credit 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 the business was able to sell inventories which were previously impaired and as a result reversed impairment of £0.5m. In the year ended 31 December 2025 the business continued to perform well and economic changes in the country allowed the business to remit a dividend. As a result of the strong performance and dividend payment an impairment charge of £1.9 million which related to property, plant and equipment used in the manufacturing process was reversed in the year ended 31 December 2025.

6. Specific adjusting items (continued)

Impairment of non-financial assets

Performance Carbon

During 2025, the Group has recognised an impairment charge of £15.6 million related to certain assets at a UK site which are dedicated to the Semiconductor market. Our current view of future demand indicates that these assets will not be commissioned. Since this specialist machinery cannot be redeployed to fulfil other demand in the near-term without further investment, we have fully impaired the asset, in-line with the requirements of 'IAS 36 – Impairment of assets'.

Thermal Products

In the prior year, in light of challenging trading conditions, the Group 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.

Review of cumulative impairment of non-financial assets

Impairment charges of £28.6 million (2024: £18.9 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.

Gain on disposal of MMS

During the year the Group disposed of its MMS business, recognising a gain on disposal of £28.5 million, which was classified as a specific adjusting item due to its nature and size. Refer to note 2 for further information.

Movement in fair value of consideration shares held at FVTPL

Consideration for the disposal of MMS comprised cash and shares in FIL, a business publicly listed in India. The shares are held for trading and recognised at FVTPL and revalued at the balance sheet date. Changes in the value of the shares and associated foreign exchange movements are recognised in specific adjusting items due to their nature and size. Refer to note 14 for further information.

Costs associated with the cyber security incident

During the prior year the Group incurred a residual £1.1 million of exceptional costs and charges in relation to the cyber security incident which took place in January 2023.

7. Finance income and expense

	2025 £m	2024 £m
Continuing operations		
Interest on bank balances and cash deposits	2.9	2.6
Finance income	2.9	2.6
Interest expense on borrowings and overdrafts	(20.7)	(18.4)
Interest expense on lease liabilities	(2.8)	(2.6)
Interest on supplier finance arrangements	(1.2)	–
Net interest on IAS 19 defined benefit pension obligations	(0.4)	(0.6)
Finance expense	(25.1)	(21.6)
Net financing costs	(22.2)	(19.0)

Notes to the consolidated financial statements continued

8. Taxation – income tax expense

	2025 £m	Restated 2024' £m
Continuing operations		
Current tax		
Current year	22.2	28.5
Current tax associated with Pillar Two income taxes	0.1	0.2
Adjustments for prior years	(0.4)	–
	21.9	28.7
Deferred tax		
Current year	(2.6)	(2.4)
Adjustments for prior years	(1.4)	(1.6)
	(4.0)	(4.0)
Total income tax expense recognised in the income statement	17.9	24.7
Recognised in other comprehensive income		
Tax effect on components of other comprehensive income:		
Deferred tax associated with defined benefit schemes	0.1	0.6
Total tax recognised in other comprehensive income	0.1	0.6

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

There was no deferred tax associated with share schemes recognised in other comprehensive income (2024: none).

Reconciliation of effective tax rate

	2025 £m	2025 %	Restated 2024' £m	2024 %
Profit before tax from continuing operations	23.0		80.2	
Income tax charge using the domestic corporation tax rate	5.8	25.0	20.0	25.0
Effect of different tax rates in other jurisdictions	(0.4)	(1.7)	0.3	0.4
Local taxes including withholding tax suffered	4.2	18.3	3.7	4.6
Permanent differences	2.4	10.4	(0.2)	(0.2)
Movements related to unrecognised temporary differences	7.7	33.5	2.5	3.1
Adjustments in respect of prior years	(1.8)	(7.8)	(1.6)	(2.0)
Statutory effective rate of tax	17.9	77.7	24.7	30.9

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

The effective rate of tax before specific adjusting items is 27.5% (2024: 26.3%).

The Group operates in many jurisdictions around the world and is subject to factors that may impact future tax charges, including the implementation of the Organisation for Economic Co-operation and Development (OECD) BEPS actions, changes in tax rates and legislation, the expiry of statutes of limitation, and the resolution of tax audits and disputes.

For the year ended 31 December 2025, the Group has continued to assess the impact of the OECD Pillar Two Global Anti-Base Erosion (GloBE) Model Rules, which introduce a 15% global minimum tax. In accordance with the IAS 12 amendments issued in 2023, the Group has applied the mandatory temporary exception from recognising deferred tax assets and liabilities arising from the potential future application of Pillar Two top-up tax. As a result, no deferred taxes have been recognised in respect of GloBE-related temporary differences.

The IAS 12 amendments require groups to disclose separately their current tax expense related to Pillar Two taxes. A Pillar Two top-up tax charge of £0.1 million has been recognised for the current year, reflecting the application of enacted or substantively enacted legislation in the jurisdictions in which the Group operates. Germany, Singapore, France, Mexico and the United Arab Emirates have been identified as jurisdictions falling outside the Transitional Country-by-Country Reporting (CbCR) Safe Harbour for this period.

The Group will continue to monitor legislative developments, the expiry of transitional safe harbour reliefs, and the evolving geographic mix of profits, and will maintain the temporary exception until it is withdrawn by the IASB.

9. Discontinued operations

During the year the Group announced the disposal of its Molten Metal Systems business, an operating segment included in the Thermal Products reporting segment. The business represents a major line of business and therefore meets the criteria of a disposal group under IFRS 5. The results of MMS for the year ended 31 December 2024 and the period up to the completion of the transaction on 12 November 2025 have been presented as discontinued operations.

The Group received £0.3 million (2024: £0.1 million) cash related to the final payment under a contract associated with a historical disposal in 2018 of its Composites and Defence Systems business. The balance had been fully recognised as receivables in prior periods and therefore no amounts were recognised in the income statement in the year.

The results from discontinued operations, which have been disclosed in the consolidated income statement, are set out below:

	Note	31 December 2025			31 December 2024		
		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		33.7	–	33.7	40.6	0.1	40.7
Operating costs		(28.4)	27.6	(0.8)	(35.5)	(0.7)	(36.2)
Profit before taxation		5.3	27.6	32.9	5.1	(0.6)	4.5
Income tax expense		(1.5)	(7.7)	(9.2)	(1.4)	0.2	(1.2)
Profit from discontinued operations		3.8	19.9	23.7	3.7	(0.4)	3.3
Basic earnings per share from discontinued operations	10			8.5p			1.2p
Diluted earnings per share from discontinued operations	10			8.4p			1.1p

Cash flows from discontinued operations are set out below:

	31 December 2025 £m	31 December 2024 £m
Net cash generated from operating activities	5.7	7.8
Net cash generated from investing activities	(2.5)	(6.1)
Net cash used in financing activities	(0.1)	(0.4)
	3.1	1.3

Notes to the consolidated financial statements continued

10. Earnings per share

	31 December 2025			31 December 2024		
	Earnings £m	Basic earnings per share pence	Diluted earnings per share pence	Restated earnings ¹ £m	Restated basic earnings per share pence	Restated diluted earnings per share pence
Profit for the year attributable to shareholders of the Company	21.1	7.5p	7.5p	50.3	17.7p	17.5p
Profit from discontinued operations	(23.7)	(8.5)p	(8.4)p	(3.3)	(1.2)p	(1.1)p
Profit from continuing operations	(2.6)	(1.0)p	(0.9)p	47.0	16.5p	16.4p
Specific adjusting items	47.6	17.0p	16.9p	22.4	7.9p	7.8p
Amortisation of intangible assets	1.0	0.4p	0.4p	1.7	0.6p	0.6p
Tax effect of the above ²	(1.5)	(0.5)p	(0.5)p	(2.3)	(0.8)p	(0.8)p
Non-controlling interests' share of the above adjustments	-	-	-	-	-	-
Adjusted profit for the year from continuing operations as used in adjusted earnings per share	44.5	15.9p	15.9p	68.8	24.2p	24.0p

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

2. The tax effect of the amortisation of intangible assets was £nil (2024: £nil).

Number of shares (millions)	2025	2024
Weighted average number of Ordinary shares for the purposes of basic earnings per share¹	279.6	284.5
Effect of dilutive potential Ordinary shares:		
Share options	1.3	2.8
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	280.9	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.

II. Property, plant and equipment

	Land and buildings £m	Plant, equipment and fixtures £m	Total £m
Cost			
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
Balance at 1 January 2025	216.6	817.9	1,034.5
Additions	3.5	61.6	65.1
Disposals	(0.4)	(19.5)	(19.9)
Disposal of business	(11.7)	(36.4)	(48.1)
Transfers between categories	7.2	(7.2)	–
Effect of movement in foreign exchange	(8.3)	(31.3)	(39.6)
Balance at 31 December 2025	206.9	785.1	992.0
Depreciation and impairment losses			
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
Balance at 1 January 2025	113.2	576.4	689.6
Depreciation charge for the year	5.3	28.3	33.6
Impairment losses	1.0	15.8	16.8
Impairment reversals	(0.6)	(1.6)	(2.2)
Disposals	(0.4)	(18.0)	(18.4)
Disposal of business	(3.5)	(24.0)	(27.5)
Transfers between categories	1.0	(1.0)	–
Effect of movement in foreign exchange	(5.0)	(20.9)	(25.9)
Balance at 31 December 2025	111.0	555.0	666.0
Carrying amounts			
At 1 January 2024	97.1	196.7	293.8
At 31 December 2024	103.4	241.5	344.9
At 31 December 2025	95.9	230.1	326.0

No assets were pledged as security for liabilities in the current or prior year. The net book value includes assets under construction of £43.8 million (2024: £51.0 million) comprising £2.8 million of land and buildings (2024: £2.8 million) and £41.0 million of plant, equipment and fixtures (2024: £48.2 million).

Notes to the consolidated financial statements continued

12. Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
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
Balance at 1 January 2025	82.2	11.6	93.8
Additions	11.6	2.3	13.9
Disposals	(2.5)	(1.9)	(4.4)
Disposal of business	(0.1)	(1.0)	(1.1)
Remeasurements	0.2	(0.2)	–
Effect of movement in foreign exchange	(2.5)	(0.1)	(2.6)
Balance at 31 December 2025	88.9	10.7	99.6
Depreciation and impairment losses			
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
Balance at 1 January 2025	54.7	6.6	61.3
Depreciation charge for the year	5.8	2.6	8.4
Disposals	(2.0)	(1.9)	(3.9)
Disposal of business	–	(0.4)	(0.4)
Effect of movement in foreign exchange	(1.9)	(0.3)	(2.2)
Balance at 31 December 2025	56.6	6.6	63.2
Carrying amounts			
At 1 January 2024	25.2	6.4	31.6
At 31 December 2024	27.5	5.0	32.5
At 31 December 2025	32.3	4.1	36.4

The weighted average lease term is 10.1 years (2024: 10.2 years) for land and buildings and 3.7 years (2024: 1.9 years) for plant and equipment. The maturity analysis of lease liabilities is presented in note 21.

The Group recognised expense relating to short-term leases and leasing of low-value assets of £0.4 million (2024: £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 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
Balance at 1 January 2025	176.9	61.8	4.0	0.8	35.9	279.4
Additions (externally purchased)	–	–	–	–	0.5	0.5
Disposals	–	–	–	–	(2.0)	(2.0)
Disposal of business	(8.8)	(0.7)	–	–	(1.1)	(10.6)
Effect of movement in foreign exchange	(4.4)	(3.9)	0.5	(0.1)	(1.1)	(9.0)
Balance at 31 December 2025	163.7	57.2	4.5	0.7	32.2	258.3
Amortisation and impairment losses						
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
Balance at 1 January 2025	–	61.0	3.3	0.8	34.4	99.5
Amortisation charge for the year	–	0.2	0.2	–	0.6	1.0
Impairment reversal	–	–	–	–	(0.3)	(0.3)
Disposals	–	–	–	–	(2.0)	(2.0)
Disposal of business	–	(0.7)	–	–	(1.1)	(1.8)
Effects of movement in foreign exchange	–	(4.0)	0.5	(0.1)	(1.4)	(5.0)
Balance at 31 December 2025	–	56.5	4.0	0.7	30.2	91.4
Carrying amounts						
At 1 January 2024	177.5	1.1	1.0	–	2.6	182.2
At 31 December 2024	176.9	0.8	0.7	–	1.5	179.9
At 31 December 2025	163.7	0.7	0.5	–	2.0	166.9

Notes to the consolidated financial statements continued

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. Each operating segment is assessed for impairment annually and whenever there is an indication of impairment.

Goodwill is attributed to each operating segment as follows:

	2025 £m	2024 £m
Thermal Products	84.5	95.6
Performance Carbon	44.9	46.1
Technical Ceramics	34.3	35.2
	163.7	176.9

During the year the Group disposed of its MMS business which was previously reported within Thermal Products. As a result the Group disposed of £8.8 million of goodwill. Refer to note 2 for further information.

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-term 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 2025.

A growth rate of 2.8% (2024: 2.1%) has been used for years beyond 2030 and to calculate a terminal value. Management has assessed these growth rates, including the terminal growth rate, as reasonable for each operating segment.

The Group has used the following pre-tax discount rates for calculating the value in use of each of the operating segments: Thermal Products: 13.7% (2024: 15.1%), Performance Carbon: 13.8% (2024: 14.1%) and Technical Ceramics 13.4% (2024: 13.6%).

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.

	Long-term growth rates %	Decrease in recoverable value			Impairment arising £m
		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	
Thermal Products	3.1	56.8	36.8	31.8	None
Performance Carbon	2.7	72.6	53.7	48.2	None
Technical Ceramics	2.5	88.0	61.8	54.5	None

14. Investments

The Group holds equity investments which are held for trading in the short term and therefore classified as FVTPL in accordance with IFRS 9. The investments are revalued at the balance sheet date with changes in value recognised in the income statement.

During the year the Group received £55.7 million of shares in FIL in consideration for the disposal of its MMS business. FIL is listed on the Indian Stock Exchange and operates in foundry consumables and solutions. The shares received represented a 15% holding in the business, at completion. The shares are measured at FVTPL, with reference to quoted market prices. The Group recognised a fair value loss of £7.1 million and associated foreign exchange, from the period of acquisition of the shares up to 31 December 2025, which has been included in specific adjusting items. Refer to note 6 for more information.

During the year the Group held an equity investment in Argentina designated in Argentine Pesos. A fair value loss of £0.2 million (2024: fair value gain of £1.9 million) and foreign exchange loss of £0.2 million (2024: loss of £0.4 million) was recognised with the investment disposed of during the year.

	2025 £m	2024 £m
Balance at 1 January	2.0	2.2
Additions	56.1	–
Changes in fair value	(7.3)	1.9
Disposal	(1.3)	(1.7)
Exchange differences	(1.8)	(0.4)
Balance at 31 December	47.7	2.0

15. Deferred tax assets and liabilities

Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets 2025 £m	Assets 2024 £m	Liabilities 2025 £m	Liabilities 2024 £m	Net 2025 £m	Net 2024 £m
Property, plant and equipment	–	–	(8.4)	(9.3)	(8.4)	(9.3)
Right-of-use assets and lease liabilities	2.0	2.2	–	–	2.0	2.2
Intangible assets	–	–	(1.1)	(0.4)	(1.1)	(0.4)
Employee benefits	8.0	7.6	–	–	8.0	7.6
Provisions	8.8	8.6	–	–	8.8	8.6
Tax value of loss carried forward recognised	12.6	9.3	–	–	12.6	9.3
Other items	0.3	0.7	–	–	0.3	0.7
Offset	(8.5)	(7.0)	8.5	7.0	–	–
	23.2	21.4	(1.0)	(2.7)	22.2	18.7

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.

Notes to the consolidated financial statements continued

15. Deferred tax assets and liabilities (continued)

Movements in temporary differences during the year

	Recognised in the income statement £m	Recognised directly in equity £m	31 December 2024 £m	Recognised in the income statement £m	Recognised directly in equity £m	31 December 2025 £m
Property, plant and equipment	1.3	–	(9.3)	0.9	–	(8.4)
Right-of-use assets and lease liabilities	(0.5)	–	2.2	(0.2)	–	2.0
Intangible assets	–	–	(0.4)	(0.7)	–	(1.1)
Employee benefits	(0.1)	(0.6)	7.6	0.5	(0.1)	8.0
Provisions	(0.3)	–	8.6	0.2	–	8.8
Tax value of loss carried forward recognised	3.3	–	9.3	3.3	–	12.6
Others	0.3	(0.5)	0.7	–	(0.4)	0.3
	4.0	(1.1)	18.7	4.0	(0.5)	22.2
Recognised in:						
Continuing operations	4.0	(1.1)	18.7	4.0	(0.5)	22.2
Discontinued operations	–	–	–	–	–	–

Deferred income tax of £4.1 million (2024: £4.1 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.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2025 £m	2024 £m
Tax losses	205.8	169.5
Capital losses	52.2	46.4
Other deductible temporary differences	98.8	103.1
	356.8	319.0

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.

16. Inventories

	2025 £m	2024 £m
Raw materials and consumables	42.8	50.4
Work in progress	48.8	55.2
Finished goods	54.9	60.3
	146.5	165.9

Inventories include a provision of £8.0 million (2024: £6.9 million) recognised in operating costs.

17. Trade and other receivables

	2025 £m	2024 £m
Non-current		
Trade receivables	0.7	0.6
Prepayments	0.5	0.6
Other receivables	1.9	2.4
	3.1	3.6
Current		
Gross trade receivables	109.8	165.1
Expected credit losses	(4.5)	(8.3)
Net trade receivables	105.3	156.8
Contract assets	1.7	0.5
Prepayments	15.1	17.5
VAT, goods and sales taxes receivable	7.9	7.3
Other non-trade receivables	9.1	7.5
	139.1	189.6

The Group's exposure to credit and currency risks related to trade and other receivables is disclosed in note 22.

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.

18. Cash and cash equivalents

	2025 £m	2024 £m
Bank balances	68.6	110.8
Cash deposits	10.7	10.0
Cash and cash equivalents	79.3	120.8

In 2025, the Group had restricted cash of £2.3 million (2024: £2.2 million) as a result of exchange controls in Argentina.

Reconciliation of net cash and cash equivalents to net debt*

	2025 £m	2024 £m
Opening borrowings	(337.7)	(309.7)
Increase in borrowings	(38.8)	(121.3)
Repayment of borrowings	70.1	88.0
Effect of movements in foreign exchange	–	5.3
Closing borrowings	(306.4)	(337.7)
Net cash ¹ and cash equivalents	74.2	111.5
Closing net debt¹	(232.2)	(226.2)
Opening lease liabilities	(47.1)	(47.1)
Payment of lease liabilities	9.3	10.6
New leases and lease remeasurement	(13.9)	(10.9)
Disposal of business	0.7	–
Effect of movements in foreign exchange	1.8	0.3
Closing lease liabilities	(49.2)	(47.1)
Closing net debt¹ and lease liabilities	(281.4)	(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 199 to 204.

Notes to the consolidated financial statements continued

18. Cash and cash equivalents (continued)

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 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)
At 1 January 2025	(337.7)	111.5	(226.2)	(47.1)	(273.3)
Cash outflow	–	(8.1)	(8.1)	–	(8.1)
Borrowings and lease liability cash outflow	31.3	–	31.3	9.3	40.6
Net interest paid	–	(24.4)	(24.4)	–	(24.4)
Net cash inflow/(outflow)	31.3	(32.5)	(1.2)	9.3	8.1
Share purchases	–	(18.8)	(18.8)	–	(18.8)
Business disposal	–	17.4	17.4	0.7	18.1
New leases and lease remeasurement	–	–	–	(13.9)	(13.9)
Exchange and other movements	–	(3.4)	(3.4)	1.8	(1.6)
At 31 December 2025	(306.4)	74.2	(232.2)	(49.2)	(281.4)

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 199 to 204.

19. Trade and other payables

	2025 £m	2024 £m
Non-current		
Accruals	0.3	0.7
Other payables	2.4	2.1
	2.7	2.8
Current		
Trade payables	84.3	87.4
Contract liabilities	5.0	6.7
Accruals	69.3	72.6
Other tax and social security	11.5	13.0
Creditors in relation to capital expenditure	3.1	10.1
Other payables	21.4	14.3
	194.6	204.1

The Directors consider that the carrying amount of trade payables approximates to their fair value.

19. Trade and other payables (continued)

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 £6.7 million as revenue and the Group expects to recognise £5.0 million of contract liabilities in 2026.

During the year the Company concluded the first tranche of its share buyback programme and entered into a non-discretionary agreement with Investec for the second tranche of the programme. Investec acts as riskless principal, to enable the Company to purchase up to £10.0 million of the Company's Ordinary shares, excluding expenses. During the year 6,751,497 shares (2024: 1,825,090 shares) with a nominal value of £1.7 million (2024: £0.5 million) were purchased for consideration of £15.2 million (2024: £4.7 million). The Group recognised a liability in other payables for the remaining £0.1 million (2024: £5.3 million) of shares which will be purchased on completion of the second tranche.

The Group has a supplier finance programme which allows the Group to achieve standardised payment terms equivalent to comparable businesses in the geographies where it operates. Under this arrangement the trade payable is derecognised at the point it is settled by the supplier finance provider and a liability due to the supplier finance provider is recognised in other payables. The arrangement allows the Group to achieve payment days similar to comparable businesses operating in similar markets.

The Group does not face a significant liquidity risk as a result of its supplier finance arrangements.

	2025 £m
Supplier finance liability	
Presented within trade and other payables	12.8
Of which amounts suppliers have received payment from finance provider	12.8
Range of payment due dates	
Liabilities part of the supplier finance arrangement	0 to 95 days after invoice date
Liabilities not part of the arrangement	60 to 95 days after invoice date

20. Capital and reserves

Called-up share capital

	Number of shares	Nominal value £m
Issued and fully paid Ordinary shares of 25 pence each		
At 1 January 2024	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
Shares purchased and cancelled under share buyback scheme	(6,777,740)	(1.7)
At 31 December 2025	276,846,825	69.2

As at the date of this Report 276,676,409 Ordinary shares were in issue (2024: 282,148,476).

Details of options outstanding in respect of Ordinary shares are given in note 24.

The Company has 437,281 (2024: 437,281) of authorised, issued and fully paid Preference shares of £1 each. The Preference shares consist of 125,327 5.5% Cumulative First Preference shares and 311,954 5.0% Cumulative Second Preference shares. Dividends on the cumulative Preference shares are presented within finance costs in the Group's consolidated income statement. The voting rights of these shares are set out below.

Notes to the consolidated financial statements continued

20. Capital and reserves (continued)

Voting rights of shareholders

Ordinary shares

The holders of Ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company.

Preference shares

The Cumulative First Preference and Cumulative Second Preference shareholders are entitled to a cumulative preferential dividend at the rate of 5.5% and 5.0% respectively, calculated up to 30 June and 31 December each year. The Preference shareholders are not entitled 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.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations and foreign exchange differences deferred into the net investment hedge.

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).

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of FVOCI investments until the investment is derecognised.

Capital redemption reserve

The capital redemption reserve represents the cumulative nominal value of share capital purchased and subsequently cancelled. During the year 6,777,740 (2024: 1,745,423) shares were cancelled with a nominal value of £1.7 million (2024: £0.4 million).

20. Capital and reserves (continued)

Retained earnings

The Company has acquired its own shares to satisfy the requirements of the various share option incentive schemes. At 31 December 2025, 261,617 shares (2024: 464,405) were held by the Trust and are treated as a deduction from equity. No treasury shares were held by the Company (2024: 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:

	2025		2024	
	Shares	Cost £m	Shares	Cost £m
At 1 January	464,405	1.2	807,911	2.1
New shares purchased	1,379,110	3.6	1,285,000	3.5
Exercise of share options	(1,581,898)	(4.1)	(1,628,506)	(4.4)
At 31 December	261,617	0.7	464,405	1.2

Consideration received in respect of shares transferred to participants of employee share schemes was £nil (2024: £0.2 million).

The market value of shares held by the Trust at 31 December 2025 was £0.6 million (2024: £1.3 million).

Dividends

The following Ordinary dividends were declared and paid by the Company:

	Per share		Total	
	2025 pence	2024 pence	2025 £m	2024 £m
2023 final	—	6.8	—	19.3
2024 interim	—	5.4	—	15.4
2024 final	6.8	—	19.1	—
2025 interim	5.4	—	15.0	—
	12.2	12.2	34.1	34.7

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 7 May 2026 and has not been recognised as a liability in these financial statements. The final dividend is 6.8 pence per qualifying share, which totals £18.8 million.

21. 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 2025, the Group is committed to future payments of £0.4 million (2024: £0.4 million) for short-term leases and leasing of low-value assets.

At 31 December 2025, future cash flows in respect of leases which the Group had entered into but which had not yet commenced was £0.4 million (2024: £7.9 million).

The total of future minimum lease income under non-cancellable leases, where the Group is a lessor is £nil (2024: £nil).

For more information about the Group's exposure to interest rate, foreign currency risk, and the Group's covenants, see note 22.

Notes to the consolidated financial statements continued

21. Borrowings and lease liabilities (continued)

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.

	2025 £m	2024 £m
Non-current liabilities		
Senior Notes	67.9	188.2
Bank and other borrowings	143.8	149.1
Cumulative Preference shares	0.4	0.4
Lease liabilities	38.1	36.1
	250.2	373.8
Current liabilities		
Senior Notes	94.3	–
Bank and other borrowings	5.1	9.3
Lease liabilities	11.1	11.0
	110.5	20.3

During the prior year the Group entered into a €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 and 31 December 2025.

As at 31 December 2025 the Group had available headroom on its borrowing facilities of £295.3 million (2024: £279.3 million).

The Group did not have any borrowings secured against its assets (2024: £nil).

22. 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.

22. 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	
	2025 £m	2024 £m
Investments	47.7	2.0
Trade receivables	106.0	157.4
Cash and cash equivalents	79.3	120.8
Derivatives	2.0	1.2
	235.0	281.4

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:

	2025 £m	2024 £m
Balance at 1 January	(8.3)	(9.0)
Net remeasurement of loss allowance	2.5	0.3
Amounts written off	1.1	0.3
Effect of movement in foreign exchange	0.2	0.1
Balance at 31 December	(4.5)	(8.3)

Notes to the consolidated financial statements continued

22. 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:

	2025				2024			
	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%	90.6	(0.1)	90.5	0.1%	134.5	(0.1)	134.4
Past due								
0–30 days	0.9%	11.7	(0.1)	11.6	1.2%	17.2	(0.2)	17.0
Past due								
31–60 days	5.0%	2.0	(0.1)	1.9	0.0%	3.5	–	3.5
Past due								
61–90 days	0.0%	0.8	–	0.8	4.3%	2.3	(0.1)	2.2
Past due more than 90 days	77.8%	5.4	(4.2)	1.2	96.3%	8.2	(7.9)	0.3
		110.5	(4.5)	106.0		165.7	(8.3)	157.4

Cash, cash equivalents and derivatives

Cash balances held by companies representing over 79% 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 set up 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
2025					
Derivative financial assets	2.0	–	2.0	–	2.0
Derivative financial liabilities	(0.5)	–	(0.5)	–	(0.5)
Cash and cash equivalents	79.3	–	79.3	(5.1)	74.2
Bank and other borrowings	(5.1)	–	(5.1)	5.1	–
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	–

22. 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 2025								
	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	72.4	74.4	74.4	–	–	–
Euro Senior Notes 2026	1.55%	2026	21.9	22.1	22.1	–	–	–
Euro Senior Notes 2028	1.74%	2028	8.7	9.3	0.2	0.2	8.9	–
Euro Senior Notes 2030	2.89%	2030	21.8	24.9	0.6	0.6	23.7	–
US Dollar Senior Notes 2031	5.47%	2031	7.5	9.6	0.4	0.4	1.2	7.6
US Dollar Senior Notes 2033	5.53%	2033	7.5	10.4	0.4	0.4	1.2	8.4
US Dollar Senior Notes 2035	5.61%	2035	22.4	34.0	1.2	1.2	3.7	27.9
Bank and other borrowings		Up to 2029	148.9	151.1	5.4	–	145.7	–
Cumulative First Preference shares	5.50%		0.1	–	–	–	–	–
Cumulative Second Preference shares	5.00%		0.3	–	–	–	–	–
Lease liabilities	6.11%	Up to 2044	49.2	61.0	11.1	9.3	19.7	20.9
Trade payables			84.3	84.3	84.3	–	–	–
Creditors in relation to capital expenditure			3.1	3.1	3.1	–	–	–
Other payables			23.8	23.8	21.4	2.4	–	–
			471.9	508.0	224.6	14.5	204.1	64.8

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.

Notes to the consolidated financial statements continued

22. Financial risk management (continued)

Cash flows associated with non-derivative financial liabilities (continued)

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

22. 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
2025						
Cash flow hedges						
Forward exchange contracts – liabilities inflow		11.3	11.3	–	–	–
Forward exchange contracts – liabilities outflow		(11.4)	(11.4)	–	–	–
Forward exchange contracts – liabilities	(0.1)	(0.1)	(0.1)	–	–	–
Forward exchange contracts – assets	0.4	1.1	1.1	–	–	–
Total cash flow hedges	0.3	1.0	1.0	–	–	–
Fair value flow hedges						
Forward exchange contracts – liabilities inflow		102.5	102.5	–	–	–
Forward exchange contracts – liabilities outflow		(102.9)	(102.9)	–	–	–
Forward exchange contracts – liabilities	(0.4)	(0.4)	(0.4)	–	–	–
Forward exchange contracts – assets	1.6	1.0	1.0	–	–	–
Total fair value flow hedges	1.2	0.6	0.6	–	–	–
Total fair value and cash flow hedges	1.5	1.6	1.6	–	–	–
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)	–	–	–

Notes to the consolidated financial statements continued

22. 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	
	2025 £m	2024 £m	2025 £m	2024 £m
Financial assets	–	–	79.3 ¹	120.8
Financial liabilities	(211.8)	(235.7)	(148.9)	(158.4)
	(211.8)	(235.7)	(69.6)	(37.6)

The fixed-rate financial liabilities comprise the currency equivalent of £162.2 million (2024: £188.2 million) of Senior Notes, £0.4 million (2024: £0.4 million) of cumulative Preference shares and lease liabilities of £49.2 million (2024: £47.1 million). The average cost of the Group's fixed-rate instruments is 4.09% (2024: 4.11%) including lease liabilities and 3.48% (2024: 3.67%) excluding lease liabilities.

The variable rate financial assets include the bank balances and cash deposits detailed in note 18 and the variable rate financial liabilities include bank borrowings detailed in note 21. 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 3.66% (2024: 4.32%).

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 decreased profit by £0.8 million (2024: £0.3 million). A decrease of 100 basis points would have increased profit by £0.8 million (2024: £0.4 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.

Functional currency of Group operations	2025			2024		
	GBP £m	USD £m	Euro £m	GBP £m	USD £m	Euro £m
Trade receivables	13.5	(6.0)	0.3	11.7	0.4	1.7
Trade payables	(15.9)	3.7	(2.2)	(10.3)	(0.9)	(1.4)
Net debt ¹	2.2	1.4	0.3	(2.9)	0.9	0.4
Net balance sheet exposure	(0.2)	(0.9)	(1.6)	(1.5)	0.4	0.7

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 199 to 204.

22. Financial risk management (continued)

The amounts shown in the table take into account the effect of the forward contracts entered into to manage these currency exposures.

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 2025 was an asset of £0.3 million (2024: liability of £0.5 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:

	2025 £m	2024 £m
GBP	4.3	7.8
USD	109.8	151.2
Euro	197.4	188.0
	311.5	347.0

The Group's sensitivity to changes in foreign exchange rates on financial assets and liabilities as at 31 December 2025 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 £23.4 million (2024: £23.3 million). Conversely, if GBP had weakened by 10%, reported net financial liabilities would have increased by £32.2 million (2024: £32.9 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)	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Cash flow hedges								
Highly probable forecast sales	to Dec 2026	to Dec 2025	28.3	32.3	(0.4)	0.7	(0.2)	0.2
Highly probable forecast purchases	to Dec 2026	to Dec 2025	41.3	17.9	0.4	0.2	—	(0.4)

Weighted average hedge rates for the year were as follows:

	Weighted average exchange rates	
	2025	2024
EUR/GBP	1.13	1.18
AUD/GBP	2.09	1.97
USD/GBP	1.34	1.30

Notes to the consolidated financial statements continued

22. 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	
	2025 £m	2024 £m	2025 £m	2024 £m
Cash flow hedges				
Forecast sales	0.4	(0.7)	0.2	(0.2)
Forecast purchases	(0.4)	(0.2)	–	0.4

As at 31 December 2025 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 the 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:

	2025		2024	
	Closing rate	Average rate	Closing rate	Average rate
GBP to:				
USD	1.35	1.32	1.25	1.28
Euro	1.15	1.17	1.21	1.18

For illustrative purposes, the table below provides details of the impact on 2025 revenue, Group adjusted operating profit* and profit before tax if the actual reported results, calculated using 2025 average exchange rates, were restated for GBP weakening by 10 cents against USD in isolation and 10 cents against the Euro in isolation, on a continuing basis:

	2025			Restated 2024		
	Revenue £m	Group adjusted operating profit ¹ £m	Profit before tax £m	Revenue ² £m	Group adjusted operating profit ^{1,2} £m	Profit before tax ² £m
Increase in revenue/Group adjusted operating profit¹/profit before tax if:						
GBP weakens by 10c against USD in isolation	39.0	3.8	2.7	41.8	4.4	3.6
GBP weakens by 10c against the Euro in isolation	17.8	2.5	1.7	18.6	3.1	0.5

- 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 199 to 204.
- The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the years ended 31 December 2024 and 2025 have been presented as discontinued operations throughout this Report.

22. Financial risk management (continued)

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.

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. In the year ended 31 December 2025 the results of MMS for the period up to disposal are presented in discontinued operations in the consolidated income statement. Prior year figures have been restated to present results for MMS in discontinued operations. In order to provide meaningful comparison to prior years the net debt* to EBITDA* and interest cover are presented on an IFRS basis and a 'Headline' basis to include the result of MMS up to the date of disposal.

Debt to adjusted capital

	2025			2024		
	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	311.5	–	311.5	347.0	–	347.0
Lease liabilities	–	49.2	49.2	–	47.1	47.1
Less: cash and cash equivalents	(79.3)	–	(79.3)	(120.8)	–	(120.8)
Net debt ¹	232.2	49.2	281.4	226.2	47.1	273.3
Total equity	348.9	–	348.9	389.3	–	389.3
Less: amounts accumulated in equity relating to cash flow hedges	(0.6)	–	(0.6)	0.2	–	0.2
Adjusted capital	348.3	–	348.3	389.5	–	389.5
Net debt ¹ to adjusted capital ratio	0.7x	n/a	0.8x	0.6x	n/a	0.7x

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 199 to 204.

Notes to the consolidated financial statements continued

22. Financial risk management (continued)

Net debt* to EBITDA*

	2025			Restated 2024 ¹		
	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	232.2	49.2	281.4	226.2	47.1	273.3
Operating profit before specific adjusting items	89.1	3.7	92.8	117.1	4.5	121.6
Depreciation and amortisation	32.8	8.3	41.1	33.9	8.3	42.2
EBITDA ¹	121.9	12.0	133.9	151.0	12.8	163.8
Net debt ¹ to EBITDA ¹ ratio	1.9x	n/a	2.1x	1.5x	n/a	1.7x

- 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 199 to 204.
- The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

	2025 Headline ¹			2024 Headline ¹		
	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	232.2	49.2	281.4	226.2	47.1	273.3
Operating profit before specific adjusting items	94.4	3.7	98.1	122.1	4.6	126.7
Depreciation and amortisation	34.6	8.4	43.0	35.8	8.6	44.4
EBITDA ¹	129.0	12.1	141.1	157.9	13.2	171.1
Net debt ¹ to EBITDA ¹ ratio	1.8x	n/a	2.0x	1.4x	n/a	1.6x

- 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 199 to 204.

Interest cover

	2025			Restated 2024 ¹		
	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m
EBITDA ¹	121.9	12.0	133.9	151.0	12.8	163.8
Net finance costs (excluding IAS 19 pension charge)	19.0	2.8	21.8	15.8	2.6	18.4
Interest cover	6.4x	n/a	6.1x	9.6x	n/a	8.9x

- 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 199 to 204.
- The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

	2025 Headline ¹			2024 Headline ¹		
	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m	Excluding IFRS 16 £m	IFRS 16 impact £m	As stated £m
EBITDA ¹	129.0	12.1	141.1	157.9	13.2	171.1
Net finance costs (excluding IAS 19 pension charge)	19.0	2.8	21.8	15.8	2.6	18.4
Interest cover	6.8x	n/a	6.5x	10.0x	n/a	9.3x

- 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 199 to 204.

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.

22. Financial risk management (continued)

Fair values

	Effective interest rate	31 December 2025				31 December 2024			
		Carrying amount £m	Fair value			Carrying amount £m	Fair value		
			Level 1 £m	Level 2 £m	Total £m		Level 1 £m	Level 2 £m	Total £m
Financial assets and liabilities held at amortised cost									
US Dollar Senior Notes 2026	3.37%	(72.4)	–	(71.2)	(71.2)	(77.9)	–	(74.2)	(74.2)
Euro Senior Notes 2026	1.55%	(21.9)	–	(21.5)	(21.5)	(20.8)	–	(19.9)	(19.9)
US Dollar Senior Notes 2026	4.87%	–	–	–	–	(20.4)	–	(20.1)	(20.1)
Euro Senior Notes 2028	1.74%	(8.7)	–	(8.2)	(8.2)	(8.3)	–	(7.7)	(7.7)
Euro Senior Notes 2030	2.89%	(21.8)	–	(19.8)	(19.8)	(20.7)	–	(18.8)	(18.8)
US Dollar Senior Notes 2031	5.47%	(7.5)	–	(7.3)	(7.3)	(8.0)	–	(7.6)	(7.6)
US Dollar Senior Notes 2033	5.53%	(7.5)	–	(7.2)	(7.2)	(8.0)	–	(7.4)	(7.4)
US Dollar Senior Notes 2035	5.61%	(22.4)	–	(21.3)	(21.3)	(24.1)	–	(22.0)	(22.0)
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)
		(162.6)	–	(156.9)	(156.9)	(188.6)	–	(178.1)	(178.1)
Financial assets held at FVTPL		47.2	47.2	–	47.2	2.0	2.0	–	2.0
Derivative financial assets held at fair value		2.0	–	2.0	2.0	1.2	–	1.2	1.2
		49.2	47.2	2.0	49.2	3.2	2.0	1.2	3.2
Derivative financial liabilities held at fair value		(0.5)	–	(0.5)	(0.5)	(2.6)	–	(2.6)	(2.6)

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 2025 and 2024 and there were no Level 3 financial instruments in either 2025 or 2024.

Notes to the consolidated financial statements continued

22. 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%–6.0% (2024: 3.7–6.6%).

23. 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

	2025 £m	2024 £m
Present value of unfunded defined benefit obligations	(31.9)	(32.8)
Present value of funded defined benefit obligations	(418.8)	(429.5)
Fair value of plan assets	428.7	440.8
	(22.0)	(21.5)

Amounts recognised in income statement

	Note	2025 £m	Restated 2024 ¹ £m
Continuing operations			
Current service cost		(2.8)	(2.1)
Administrative expenses recognised outside of the pension liability		(1.0)	(0.7)
Curtailments and settlements		0.1	0.1
Total expense within operating costs relating to defined benefit plans		(3.7)	(2.7)
Defined contribution plans		(12.9)	(13.3)
Total expense within operating costs	4	(16.6)	(16.0)
Net interest on net defined benefit liability	7	(0.4)	(0.6)
Total expense recognised in income statement		(17.0)	(16.6)

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Amounts recognised in other comprehensive income

	2025 £m	2024 £m
Experience gain on plan obligations	(5.3)	2.0
Changes in financial assumptions underlying the present value of plan obligations – gain	4.5	39.1
Changes in demographic assumptions underlying the present value of plan obligations – (loss)/gain	(2.8)	1.4
Actual return on plan assets (excluding amounts included in net interest expense)	3.5	(41.2)
Remeasurements recognised in other comprehensive income	(0.1)	1.3
Deferred tax associated with the above	(0.1)	(0.6)
Total amount recognised in other comprehensive income	(0.2)	0.7

23. 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 £12.9 million (2024: £13.3 million) on a continuing basis. The Group expects to contribute £13.1 million to ongoing defined contribution arrangements in 2026.

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, pensioners 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 11 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 is composed of representatives of the Company, plan participants and independent trustee directors, in accordance with the UK Schemes' 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 have an effective date of 31 March 2025 and resulted in combined assessed surpluses of £7.8 million. These are the first to be undertaken under the new statutory funding regime introduced by the Pension Schemes Act 2021. The next valuations are due as at 31 March 2028.

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 Pension (GMP) equalisation, an initiative to remove inequalities in Morgan Pension 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.

Notes to the consolidated financial statements continued

23. 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 level of benefits remains the same, 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 15 years.

The most recent full actuarial valuation of the MUSE DB Scheme was undertaken as at 1 January 2025 and the Scheme was 100% funded on this basis.

On the Defined Benefit Obligation (DBO) basis used for IAS 19 purposes, the Scheme was 99% funded with a shortfall as at 31 December 2025 of £1.0 million (2024: £0.2 million surplus).

No further significant contributions to the MUSE DB Scheme are anticipated in the medium term.

European schemes

In Europe (excluding the 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.

23. Pensions and other post-retirement employee benefits (continued)

	31 December 2025				
	UK £m	USA £m	Europe £m	Rest of the World £m	Total £m
Summary of net surplus/(obligations)					
Present value of unfunded defined benefit obligations	–	(3.5)	(23.9)	(4.5)	(31.9)
Present value of funded defined benefit obligations	(315.6)	(94.2)	(0.7)	(8.3)	(418.8)
Fair value of plan assets	327.1	93.2	–	8.4	428.7
Net surplus/(obligations)	11.5	(4.5)	(24.6)	(4.4)	(22.0)
Represented by:					
Surpluses	11.5	–	–	0.9	12.4
Obligations	–	(4.5)	(24.6)	(5.3)	(34.4)
Movements in present value of defined benefit obligation					
At 1 January 2025	(318.1)	(105.3)	(26.1)	(12.8)	(462.3)
Current service cost	–	–	(0.8)	(2.0)	(2.8)
Interest cost	(16.7)	(5.3)	(0.9)	(0.2)	(23.1)
Actuarial gain/(loss)					
Experience gain/(loss) on plan obligations	(4.3)	(0.9)	0.2	(0.3)	(5.3)
Changes in financial assumptions – gain/(loss)	4.6	(2.3)	2.0	0.2	4.5
Changes in demographic assumptions – loss	(2.8)	–	–	–	(2.8)
Benefits paid	21.7	8.6	1.7	1.2	33.2
Curtailments and settlements	–	–	–	0.1	0.1
Business disposal	–	–	0.5	0.6	1.1
Exchange adjustments	–	7.5	(1.2)	0.4	6.7
At 31 December 2025	(315.6)	(97.7)	(24.6)	(12.8)	(450.7)
Movements in fair value of plan assets					
At 1 January 2025	330.4	101.5	0.2	8.7	440.8
Interest on plan assets	17.4	5.0	–	0.3	22.7
Remeasurement gain	1.3	2.0	–	0.2	3.5
Contributions by employer	–	0.5	1.6	1.4	3.5
Benefits paid	(21.7)	(8.6)	(1.7)	(1.2)	(33.2)
Administrative cost	(0.3)	–	–	–	(0.3)
Business disposal	–	–	(0.2)	(0.4)	(0.6)
Exchange adjustments	–	(7.2)	0.1	(0.6)	(7.7)
At 31 December 2025	327.1	93.2	–	8.4	428.7
Actual return on assets	18.7	7.0	–	0.5	26.2
Fair value of plan assets by category					
Equities	–	4.6	–	–	4.6
Growth assets ¹	29.3	–	–	–	29.3
Bonds	44.4	85.5	–	–	129.9
Liability-driven investments (LDI) ²	164.0	–	–	–	164.0
Matching insurance policies	88.2	1.3	–	6.4	95.9
Other	1.2	1.8	–	2.0	5.0
	327.1	93.2	–	8.4	428.7

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 (Gilt +50 bps) (excluding matching insurance policies).

Notes to the consolidated financial statements continued

23. Pensions and other post-retirement employee benefits (continued)

	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 2026	–	0.5	1.8	1.3	3.6
31 December 2024					
	UK £m	USA £m	Europe £m	Rest of the World £m	Total £m
Summary of net surplus/(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 surplus/(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 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.

23. 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 %
2025				
Discount rate	5.47	5.17	4.20	5.22
Salary increase	n/a	n/a	2.00	4.30
Inflation (UK: RPI/CPI)	2.79/2.22	n/a	2.00	n/a
Pensions increase ¹	3.00/2.73/3.53	n/a	2.00	n/a
Mortality – post-retirement:				
Life expectancy of a male aged 60 in accounting year (years)	25.56	25.10	25.62	n/a
Life expectancy of a male aged 60 in accounting year +20 (years)	27.08	26.00	28.38	n/a
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

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 – Employee Benefits'. Changes in these assumptions have no impact on the Group's cash payments to its 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.

Notes to the consolidated financial statements continued

23. 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.

		2025		2024	
		Increase in defined benefit obligation £m	Increase in net deficit £m	Increase in defined benefit obligation £m	Increase in net deficit £m
	Change in assumption				
Discount rate	Decrease by 0.1%	4.3	3.7	4.6	4.1
Discount rate ¹	Decrease by 0.5%	22.2	19.3	23.9	21.0
Inflation	Increase by 0.1%	1.4	1.3	1.5	1.5
Inflation ¹	Increase by 0.5%	7.0	6.6	7.8	7.3
Mortality – post-retirement ¹	Pensioners live 1 year longer	16.5	11.0	18.1	11.6
Exchange rates	GBP weakens against USD by 10%	10.9	0.5	11.7	0.4
	GBP weakens against EUR by 10%	2.7	2.7	2.9	2.9

1. Sensitivities included as reasonably possible changes under IAS 1.

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 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 Schemes have invested and long-term interest rates which are used to discount future liabilities. The funding of the Schemes 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 a significant proportion 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.

24. Share-based payments

The Group operates various share option programmes that allow Group employees to acquire shares in the Company. During 2025, 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 78 to 104.

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 2025 was £2.0 million (2024: £2.8 million).

The following options and awards were outstanding at 31 December 2025 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	–	6,919,293	22 March 2026	25 March 2028
Sharesave	All UK employees	Continued employment	164.00p–247.00p	1,360,827	1 December 2025	1 June 2028
DBP	Senior employees	Continued employment	–	296,460	10 May 2026	26 March 2028
RSU	Select employees	Continued employment	–	571,205	26 March 2026	26 March 2028

The numbers and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	26.06p	9,222,121	27.63p	8,785,347
Granted during the period	33.12p	3,825,992	15.00p	3,153,808
Forfeited during the period	81.28p	(1,179,314)	23.54p	(459,351)
Exercised during the period	0.18p	(1,581,898)	21.63p	(1,623,698)
Lapsed during the period	14.49p	(1,139,116)	5.96p	(633,985)
Outstanding at the end of the period	27.81p	9,147,785	26.06p	9,222,121
Exercisable at the end of the period	202.69p	229,537	139.21p	120,602

The weighted average share price at the date of exercise during the period was 187.16 pence (2024: 283.16 pence).

Notes to the consolidated financial statements continued

24. 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 2025			
	LTIP	Sharesave	DBP	RSU
Share price at award date	207.89p–211.59p	216.75p	207.89p	207.89p–211.59p
Exercise price	n/a	164.00p	n/a	n/a
Fair value at measurement date	55.00p–171.00p	43.00p	207.89p	207.89p–211.59p
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	6.00%	5.60%		
Risk-free interest rate	4.10%	3.90%		

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 2025 was 127.81 pence (2024: 202.98 pence).

25. Provisions and contingent liabilities

	Closure and restructuring provisions £m	Legal and other provisions £m	Environmental provisions £m	Total £m
Balance at 1 January 2025	7.4	6.3	6.7	20.4
Provisions made during the year	3.6	0.7	0.8	5.1
Provisions used during the year	(3.1)	(0.3)	(0.6)	(4.0)
Provisions reversed during the year	(1.6)	(0.8)	(0.5)	(2.9)
Business disposal	–	(0.2)	–	(0.2)
Effect of movements in foreign exchange	(0.3)	(0.2)	0.1	(0.4)
Balance at 31 December 2025	6.0	5.5	6.5	18.0
Current	4.4	1.3	2.4	8.1
Non-current	1.6	4.2	4.1	9.9
	6.0	5.5	6.5	18.0

25. Provisions and contingent liabilities (continued)

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. Of the total, £4.5 million of 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 15 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 £16.3 million (2024: £9.5 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.

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 15.

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.

26. Capital commitments

In 2025, commitments for property, plant and equipment and computer software expenditure for which no provision has been made in these accounts amount to £1.8 million (2024: £13.8 million) for the Group.

Notes to the consolidated financial statements continued

27. 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 6 to the Company financial statements), 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:

	2025 £m	2024 £m
Short-term employee benefits	6.0	6.2
Employer national insurance contributions	0.6	0.5
Pension and other post-employment costs	0.3	0.3
Share-based payment expense	0.6	1.1
Non-executive Directors' fees and benefits	0.6	0.5
Total compensation of key management personnel	8.1	8.6

Other related party transactions

During the year the Group incurred an annual fee of £18,000 (2024: £18,000) to Dunelm Energy for administrative support, a company in which Ian Marchant, the Group Chairman, has an interest.

28. 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 2025 is £7.7 million (2024: £8.5 million), £7.3 million (2024: £7.5 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 (Shanghai) Co., Ltd	4250 Long Wu Road, Shanghai, 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-II Pandav Nagar, Mayur Vihar Phase I, Delhi, 110091, India	30%
Shin-Nippon Thermal Ceramics Corporation	Portus Center Building 12F, 4-45-1 Ebisuujimacho, 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%

28. Non-controlling interests (continued)

The summarised financial information of the material non-controlling interests is shown below.

	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
2025						
Profit after tax	5.7	3.4	1.6	1.9	2.6	3.7
Profit for the year attributable to non-controlling interest	1.7	1.7	0.5	1.0	1.3	1.1
Dividends paid to non-controlling interest	1.8	0.6	0.4	1.3	0.6	1.0
Non-current assets	5.0	9.8	0.1	0.7	7.3	11.7
Current assets	33.7	10.6	5.0	8.7	7.7	8.0
Current liabilities	(13.4)	(3.8)	(1.4)	(3.0)	(3.0)	(4.9)
Total net assets	25.3	16.6	3.7	6.4	12.0	14.8
	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
2024						
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

29. Subsequent events

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

Company balance sheet

AS AT 31 DECEMBER 2025

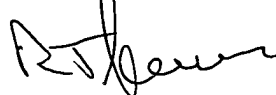
	Note	2025 £m	2024 £m
Non-current assets			
Intangible assets	3	–	–
Property, plant and equipment	4	3.2	3.3
Right-of-use assets	5	0.3	0.3
Investments in subsidiary undertakings	6	588.5	605.2
Other receivables – amounts due after more than one year	7	479.8	489.1
Employee benefits: pensions	11	2.0	3.1
		1,073.8	1,101.0
Current assets			
Other receivables – amounts due within one year	7	98.5	65.6
Cash and cash equivalents		2.8	22.1
		101.3	87.7
Total assets		1,175.1	1,188.7
Current liabilities			
Trade and other payables – amounts falling due within one year	8	328.9	178.5
Provisions	12	0.9	0.9
		329.8	179.4
Net current liabilities		(228.5)	(91.7)
Total assets less current liabilities		845.3	1,099.3
Non-current liabilities			
Other payables – amounts falling due after more than one year	9	281.8	429.5
Provisions	12	1.6	2.0
		283.4	431.5
Net assets		561.9	577.8
Capital and reserves			
Equity shareholders' funds			
Share capital	13	69.2	70.9
Share premium		111.7	111.7
Merger reserve		17.0	17.0
Capital redemption reserve		37.8	36.1
Other reserves		(0.4)	(5.5)
Retained earnings		326.6	347.6
Shareholders' funds		561.9	577.8

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 2025 was £30.9 million (2024: profit of £21.5 million).

The financial statements were approved by the Board of Directors on 2 March 2026 and were signed on its behalf by:

Damien Caby
Chief Executive Officer

Richard Armitage
Chief Financial Officer

Company statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	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 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
Balance at 1 January 2025	70.9	111.7	17.0	36.1	(5.5)	347.6	577.8
Total comprehensive income for the year:							
Profit for the year	–	–	–	–	–	30.9	30.9
Other comprehensive income	–	–	–	–	–	(1.1)	(1.1)
Transactions with owners:							
Dividends	–	–	–	–	–	(34.1)	(34.1)
Equity-settled share-based payment transactions	–	–	–	–	–	1.9	1.9
Own shares acquired for share incentive schemes (net)	–	–	–	–	–	(3.5)	(3.5)
Purchase of own shares for shares buyback programme	–	–	–	–	(10.0)	–	(10.0)
Cancellation of own shares under share buyback programme	(1.7)	–	–	1.7	15.1	(15.1)	–
Balance at 31 December 2025	69.2	111.7	17.0	37.8	(0.4)	326.6	561.9

Notes to the Company financial statements

I. Material 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.
- > 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.
- > Certain disclosures required by 'IFRS 13 – Fair Value Measurement' relating to the fair value of assets and liabilities.

In the current year, the Company has applied the following amendment to IFRS Accounting Standards as adopted by the UK that are mandatorily effective for an accounting period that begins on or after 1 January 2025. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- > Amendments to 'IAS 21 – The Effects of Changes in Foreign Exchange Rates': Lack of Exchangeability.

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.

I. Material 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.

Notes to the Company financial statements continued

I. Material 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. Lifetime 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 16.

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 22. 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.

I. Material 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 11.

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 24 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.

Notes to the Company financial statements continued

1. Material 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.

Critical accounting judgements and key sources of estimation uncertainty

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 and EBITDA* multiple to determine the 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 6 for sensitivity analysis.

2. 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	2025	2024
Number of employees including Directors	79	76

Full details of the Directors' remuneration for the period can be found in the Remuneration Report on pages 78 to 104.

Aggregate employee-related costs were as follows:

	Note	2025 £m	2024 £m
Wages and salaries		11.8	10.6
Equity-settled share-based payments	24	2.0	2.8
Social security costs		1.3	1.5
Other pension costs		1.1	0.9
		16.2	15.8

In 2025, £1.4 million (2024: £2.6 million) of the equity-settled share-based payments amount was recharged to other Group companies.

3. Intangible assets

	Software £m
Cost	
Balance at 1 January 2025 and 31 December 2025	10.0
Amortisation	
Balance at 1 January 2025 and 31 December 2025	10.0
Carrying amounts	
At 31 December 2024	–
At 31 December 2025	–

4. Property, plant and equipment

	Land and buildings £m	Plant, equipment and fixtures £m	Total £m
Cost			
Balance at 1 January 2025	6.5	2.4	8.9
Additions	–	0.1	0.1
Balance at 31 December 2025	6.5	2.5	9.0
Depreciation and impairment losses			
Balance at 1 January 2025	3.8	1.8	5.6
Depreciation charge for the year	–	0.2	0.2
Balance at 31 December 2025	3.8	2.0	5.8
Carrying amounts			
At 31 December 2024	2.7	0.6	3.3
At 31 December 2025	2.7	0.5	3.2

Notes to the Company financial statements continued

5. 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
Cost	
Balance at 1 January 2025	0.8
Additions	0.2
Disposals	(0.2)
Balance at 31 December 2025	0.8
Depreciation	
Balance at 1 January 2025	0.5
Charge for the year	0.2
Disposals	(0.2)
Balance at 31 December 2025	0.5
Carrying amounts	
At 31 December 2024	0.3
At 31 December 2025	0.3

The Company leases several assets including buildings and IT equipment. The average lease term at 31 December 2025 is 1.7 years (2024: 0.8 years).

At 31 December 2025, the Company has not applied any exemptions for short-term leases or leases of low-value assets.

6. Investment in subsidiary undertakings

	Shares in Group undertakings £m	Loans £m	Total £m
Cost			
Balance at 1 January 2025	454.3	298.1	752.4
Disposals	(3.0)	–	(3.0)
Effect of movement in foreign exchange	–	(13.5)	(13.5)
Balance at 31 December 2025	451.3	284.6	735.9
Provisions			
Balance at 1 January 2025	64.8	82.4	147.2
Effect of movement in foreign exchange	–	0.2	0.2
Balance at 31 December 2025	64.8	82.6	147.4
Carrying amounts			
At 31 December 2024	389.5	215.7	605.2
At 31 December 2025	386.5	202.0	588.5

In the year ended 31 December 2025, the Company disposed of its investment Morgan Molten Metal Systems (Suzhou) China Co. Ltd, which was a 100% owned subsidiary. The disposal forms part of the Group's disposal of the majority of its Molten Metal Systems business. Refer to note 2 in the consolidated financial statements for further information.

6. Investment in subsidiary undertakings (continued)

In December 2025, management conducted a review of the Company's investment in subsidiary undertakings and identified impairment losses of £nil (2024: £nil). In addition, management identified £nil (2024: £nil) impairment losses against loans.

The impairment assessment of shares in Group undertakings uses the 2025 results in an EBITDA* multiple valuation, which is sensitive to changes in the principal assumptions. A 2% increase in either EBITDA* or the multiple would increase the carrying value of the share in Group undertakings by £3.3 million at 31 December 2025. A 2% decrease would result in a decrease in the carrying value of the shares in Group undertakings by £3.3 million. Management considers these changes in assumptions to be reasonably possible.

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings as at 31 December 2025 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. ¹⁰	Argentina	Talcahuano 736, 4th Floor, Buenos Aires, C1013AAP, Argentina	100.00%
Morgan Technical Ceramics Australia Pty Ltd ¹⁴	Australia	4 Redwood Drive, Clayton, VIC 3168, Australia	100.00%
Morganite Australia Pty Ltd ¹³	Australia	Riverwood Business Park, Unit 4, 92-100 Belmore Rd, Riverwood NSW 2210, Australia	100.00%
Morgan Mechanical Carbon Australasia Pty Ltd ¹⁵	Australia	Riverwood Business Park, Unit 4, 92-100 Belmore Rd, Riverwood, NSW 2210, Australia	100.00%
Morgan Advanced Materials Belgium BV	Belgium	1210 Saint-Josse-Ten-Noode, Boulevard Saint-Lazare, 4-10, Brussels, Belgium	100.00%
Morganite Brasil Ltda ¹⁴	Brazil	Rua Jose Versolato, 111-Sala 3608, Torre B – Centro, Sao Bernardo do Campo, Sao Paulo, Brazil	100.00%
Morgan Advanced Materials Canada Inc. ¹⁰	Canada	1185 Walkers Line, Burlington, ON L7M 1L1, Canada	100.00%
Carbo Chile S.A. ¹⁴	Chile	Avenida San Eugenio 12462, Sitio 3, Loteo Estrella del Sur, Santiago, Chile	100.00%
Dalian Morgan Ceramics Company Ltd ¹⁷	China	Zhenxing Road, Pulandian Economic Development Zone, Dalian, Liaoning Province, 116200, China	100.00%
Morgan Haldenwanger Technical Ceramics (Wuxi) Co. Ltd ¹⁷	China	Hongwei New Village No. 92, Dingshu Town, Yixing City, Jiangsu Province, 214221, China	100.00%
Morgan Technical Ceramics (Suzhou) Co. Ltd ¹⁰	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 ¹⁷	China	18 Kang An Road, Kang Qiao Industrial Zone, Shanghai, Pudong New District, 201315, China	100.00%
Morgan International Trading (Shanghai) Co. Ltd ¹⁷	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 ¹¹	China	4250 Long Wu Road, Shanghai, 200241, China	100.00%
Morgan AM&T (Shanghai) Co. Ltd ¹¹⁰	China	4250 Long Wu Road, Shanghai, 200241, China	70.00%
Morgan Kailong (Jingmen) Thermal Ceramics Co. Ltd ¹⁷	China	20-1 Quankou Road, Jingmen City, Hubei Province, 448032, China	70.00%
Dalian Morgan Refractory Co. Ltd ^{17,19}	China	Zhenxing Road, Pulandian Economic Development Zone, Dalian, Liaoning Province, 116200, China	70.00%
Yixing Morgan Thermal Ceramics Co. Ltd ^{5,17}	China	2 Beidan Road, Taodu Industrial Park, Dingshu Town, Yixing City, Jiangsu Province, 214222, China	51.00%
Morgan Carbon France S.A. ¹⁴	France	6 Rue du Réservoir, 68420 Eguisheim, France	100.00%
Thermal Ceramics de France S.A. ¹⁴	France	Centre de Vie BP 75, 3 Rue du 18 Juin 1827, 42162 Andrézieux-Bouthéon, France	100.00%
Thermal Ceramics S.A. ^{8,14}	France	Centre de Vie BP 75, 3 Rue du 18 Juin 1827, 42162 Andrézieux-Bouthéon, France	100.00%
Morgan Advanced Materials Haldenwanger GmbH ¹⁵	Germany	Teplitzerstraße 27, 84478 Waldkraiburg, Germany	100.00%

Notes to the Company financial statements continued

6. Investment in subsidiary undertakings (continued)

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
Morgan Electrical Carbon Deutschland GmbH ¹⁴	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
Morgan Deutschland Holding GmbH ¹⁴	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
Morgan Thermal Ceramics Porextherm GmbH ¹⁴	Germany	Heisinger Straße 8/10, 87437 Kempten (Allgäu), Germany	100.00%
Morgan Holding GmbH ¹⁴	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
The Morgan Crucible Management GmbH ¹⁴	Germany	Zeppelinstraße 26, 53424 Remagen, Germany	100.00%
Wesgo Ceramics GmbH ¹⁴	Germany	Willi-Grasser-Straße 11, 91056 Erlangen, Germany	100.00%
Refractarios Nacionales S.A. ¹⁴	Guatemala	Km. 34.5. Carretera al Pacífico, Palín, Escuintla, Guatemala	100.00%
Morgan AM&T Hong Kong Company Ltd ¹⁴	Hong Kong	Flat/RM 1003, 10F, Boss Commercial Centre, 28 Ferry Street, Yaumatie, Kowloon, Hong Kong	100.00%
Morgan Materials Hungary Limited Liability Company ¹⁴	Hungary	Csillagvirág utca 7, Budapest, 1106, Hungary	100.00%
Morgan Advanced Materials India Private Ltd ¹⁴	India	P-11, Pandav Nagar, Mayur Vihar Phase I, Delhi, 110091, India	100.00%
Ciria India Limited ¹⁷	India	P-11, Pandav Nagar, Mayur Vihar Phase I, Delhi, 110091, India	70.00%
Murugappa Morgan Thermal Ceramics Ltd ^{5,11}	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. ¹⁶	Italy	Via Vittori Pisani 20, 20124, Milan, Italy	100.00%
Morgan Carbon Italia S.R.L. ¹⁴	Italy	Via Vittori Pisani 20, 20124, Milan, Italy	100.00%
Morganite Carbon Co. Ltd ¹⁴	Japan	5-10-23 Kamikoshien, Nishinomiy-city, Hyogo-pref. 663-8114., Japan	100.00%
Shin-Nippon Thermal Ceramics Corporation ^{6,14}	Japan	Portus Center Building 12F, 4-45-1 Ebisujimacho, Sakai-ku, Sakai-shi, Osaka 590-0985, Japan	50.00%
Morgan Co., Ltd ^{1,9}	Korea	27 Nongongjoongang-ro 46 gil, Nongong-eup, Dalseong-gun, Daegu-si, Korea	100.00%
Morganite Luxembourg S.A. ¹⁴	Luxembourg	BP 15, Capellen, L-8301, Luxembourg	100.00%
Grafitos y Maquinados S.A. de C.V. ^{2,18}	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. ^{2,18}	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. ¹⁸	Mexico	Av. Fulton 20, Fraccionamiento Industrial Valle de Oro, San Juan del Rio, Queretaro, CP. 76802, Mexico	100.00%
Morgan Holding Netherlands B.V. ¹⁴	Netherlands	Oude Veiling 3, Zwaag, 1689 AA, The Netherlands	100.00%
Morgan Terrassen B.V. ¹⁴	Netherlands	Oude Veiling 3, Zwaag, 1689 AA, The Netherlands	100.00%
Morgan AM&T B.V. ¹⁴	Netherlands	Oude Veiling 3, Zwaag, 1689 AA, The Netherlands	100.00%
Morgan Carbon Polska Spolka z ograniczona odpowiedzialnoscia ¹⁴	Poland	ul. Iskry 26, 01-472 Warszawa, Poland	100.00%
Thermal Ceramics Polska Sp.zoo ¹⁴	Poland	Ul. Aleja Walentego Rozdzienskiego nr 1, Lok. KTW I, P.2, Miejsce, KOD 40-202, Katowice, Poczta Katowice, Poland	100.00%
Morgan Ceramics Asia Pte Ltd ^{2,14}	Singapore	150 Kampong Ampat, #05-06A, KA Centre, 368324, Singapore	100.00%
Morganite Ujantshi (Pty) Ltd ¹⁴	South Africa	149 South Rand Road, Tulisa Park, Johannesburg 2197, South Africa	74.90%
Thermal Ceramics South Africa (Pty) Ltd ¹⁴	South Africa	149 South Rand Road, Tulisa Park, Johannesburg 2197, South Africa	100.00%
Morganite South Africa (Pty) Ltd ¹⁴	South Africa	149 South Rand Road, Tulisa Park, Johannesburg 2197, South Africa	100.00%
Thermal Ceramics España S.L. ¹⁴	Spain	Av. de Europa, 106, 12006, Castellón, Spain	100.00%
Morganite Española S.A. ¹⁴	Spain	Av. de Europa, 106, 12006, Castellón, Spain	100.00%
Morgan Matroc S.A. ^{14,19}	Spain	Roger de Lluria 104 5º-2ª, 08037 Barcelona, Spain	100.00%

6. Investment in subsidiary undertakings (continued)

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
Morgan Advanced Materials (Taiwan) Co. Ltd ¹⁴	Taiwan	25 Hsin-Yeh Street, Hsiao Kang, Kaohsiung 81208, Taiwan	100.00%
Morganite Thermal Ceramics (Taiwan) Ltd ¹⁴	Taiwan	c/o Baker & McKenzie, 15/f, 168 Tun Hwa North Road, Taipei 105, Taiwan	88.00%
Morgan Holdings (Thailand) Ltd ^{2,13}	Thailand	98 Sathorn Square Office Tower, 37th Floor, North Sathorn Road, Silom, Bangrak, Bangkok, 10500, Thailand	99.99%
MKGS Morgan Karbon Grafit Sanayi Anonim Sirketi ¹⁴	Turkey	Mahmutbey M. Tasocagi Yolu C. No. 3, Agaoglu MyOffice 212 Is Mrk. B-B1. K:1 D:7, Bagcilar, Istanbul, 34218, Turkey	100.00%
Morgan Advanced Materials Industries Ltd ¹⁴	United Arab Emirates	Plot No. KHIA4-07A, Khalifa Industrial Zone Abu Dhabi (KIZAD), Abu Dhabi, United Arab Emirates	100.00%
Certech International Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
MCCo Limited ^{6,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
MNA Finance Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Electro Ceramics Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Europe Holding Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan European Finance Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Finance Management Limited ¹⁴	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Holdings Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan International Holding Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan North America Holding Limited ¹⁴	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morgan Technical Ceramics Limited ¹⁴	United Kingdom	Morgan Advanced Materials – Technical Ceramics, Morgan Drive, Stourport-on-Severn, Worcestershire DY13 8DW, UK	100.00%
Morgan Trans Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morganite Carbon Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morganite Crucible Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Morganite Electrical Carbon Limited ¹⁴	United Kingdom	Upper Fforest Way, Morriston, Swansea, West Glamorgan, SA6 8PP, UK	100.00%
Morganite Special Carbons Limited ^{2,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Petty France Investment Nominees Limited ^{1,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
TCG Guardian 1 Limited ¹⁴	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	99.01%
TCG Guardian 2 Limited ¹⁴	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	99.01%
Terrassen Holdings Limited ^{2,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%

Notes to the Company financial statements continued

6. Investment in subsidiary undertakings (continued)

Name of undertaking	Country of incorporation	Registered office address	% shareholding owned by the Group
The Morgan Crucible Company Limited ¹⁴	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Thermal Ceramics Limited ^{6,14}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	100.00%
Thermal Ceramics UK Limited ¹⁴	United Kingdom	Tebay Road, Bromborough, Wirral, Merseyside, CH62 3PH, UK	100.00%
Clearpower Ltd ^{3,12}	United Kingdom	York House, Sheet Street, Windsor, Berkshire, SL4 1DD, UK	99.01%
Certech, Inc. ¹⁰	United States	550 Stewart Road, Hanover Township, PA 18706, USA	100.00%
Graphite Die Mold, Inc. ¹⁰	United States	18 Air Line Park, Durham, Connecticut 06422-1000, USA	100.00%
Morgan Advanced Ceramics, Inc. ¹⁰	United States	2425 Whipple Road, Hayward, California 94544, USA	100.00%
Morgan Advanced Materials and Technology Inc. ¹⁰	United States	441 Hall Avenue, St Marys, Pennsylvania 15857, USA	100.00%
Morganite Industries Inc. ¹⁰	United States	4000 West Chase Boulevard, Suite 170, Raleigh, North Carolina 27607, USA	100.00%
National Electrical Carbon Products, Inc. ¹⁰	United States	251 Forrester Drive, Greenville, SC 29607, USA	100.00%
Thermal Ceramics Inc. ¹⁰	United States	2102 Old Savannah Road, Augusta, GA 30906, United States	100.00%
Thermal Ceramics de Venezuela C.A. ¹⁴	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. Ownership held in Common and Preference shares.

10. Ownership held in Common stock/shares.

11. Ownership held in Equity shares.

12. Ownership held in Ordinary A, B and C and Preference A and B shares.

13. Ownership held in Ordinary and Preference shares.

14. Ownership held in Ordinary shares.

15. Ownership held in Partnership shares.

16. Ownership held in Quotas.

17. Ownership held in Registered Capital.

18. Ownership held in Series A and Series B shares.

19. In liquidation.

6. Investment in subsidiary 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 2025 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
Certech International Limited	01893781
Clearpower Limited	06247523
MCCO Limited	03246886
MNA Finance Limited	10423297
Morgan Electro Ceramics Limited	00112286
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
Morganite Special Ceramics Limited	01034654
Petty France Investments Nominees Limited	01296533
TCG Guardian 1 Limited	05564034
TCG Guardian 2 Limited	05564065
Terrassen Holdings Limited	01352995
The Morgan Crucible Company Limited	07328730
Thermal Ceramics Limited	01274806

7. Other receivables

	Note	2025 £m	2024 £m
Due within one year			
Amounts owed by Group undertakings		91.0	59.8
Other receivables		2.2	1.1
Derivative financial assets	16	0.8	1.4
Prepayments		4.5	3.3
		98.5	65.6
Due after more than one year			
Derivative financial assets	16	8.2	—
Amounts owed by Group undertakings		471.6	489.1
		479.8	489.1

Amounts owed by Group undertakings relate to subsidiary undertakings, are unsecured and accrue interest at rates up to 16.4% (2024: 18.3%). Amounts owed by Group undertakings in more than one year are due in up to three years.

Notes to the Company financial statements continued

8. Trade and other payables: amounts falling due within one year

	Note	2025 £m	2024 £m
Bank overdrafts		0.2	2.6
Borrowings		94.3	—
Lease liabilities		0.1	0.1
Trade payables		10.3	10.2
Amounts owed to Group undertakings		210.5	150.5
Other payables		2.4	3.8
Accruals		11.1	8.9
Derivative financial liabilities	16	—	2.4
		328.9	178.5

Amounts owed to Group undertakings relate to subsidiary undertakings and are unsecured, repayable on demand and accrue interest at rates up to 8.8% (2024: 12.0%).

The Company has a supplier finance programme which allows its suppliers to be paid to agreed terms whilst providing extended payment terms for the Company. Under this arrangement the trade payable is derecognised at the point it is settled by the supplier finance provider and a liability due to the supplier finance provider is recognised. The arrangement allows the Company to achieve payment days similar to comparable businesses.

The Company does not face a significant liquidity risk as a result of its supplier finance arrangements.

	2025 £m
Supplier finance liability	
Presented within trade and other payables	2.0
Of which amounts suppliers have received from finance provider	2.0
Range of payment due dates	
Liabilities part of the supplier finance arrangement	0 to 45 days after invoice date
Liabilities not part of the arrangement	60 days after invoice date

9. Other payables: amounts falling due after more than one year

	Note	2025 £m	2024 £m
Amounts owed to Group undertakings		68.7	85.8
Borrowings		212.1	337.7
Lease liabilities		0.1	—
Derivative financial liabilities	16	0.9	6.0
		281.8	429.5

Amounts owed to Group undertakings relate to subsidiary undertakings and are unsecured and accrue interest at rates up to 6.0% (2024: 8.0%). Amounts owed to Group undertakings in more than one year are due in up to four years.

10. Borrowings

Fair Values

	31 December 2025				31 December 2024			
	Carrying amount £m	Fair value		Total £m	Carrying amount £m	Fair value		Total £m
		Level 1 £m	Level 2 £m			Level 1 £m	Level 2 £m	
Financial assets and liabilities held at amortised cost								
3.37% US Dollar Senior Notes 2026	(72.4)	–	(71.2)	(71.2)	(77.9)	–	(74.2)	(74.2)
1.55% Euro Senior Notes 2026	(21.9)	–	(21.5)	(21.5)	(20.8)	–	(19.9)	(19.9)
4.87% US Dollar Senior Notes 2026	–	–	–	–	(20.4)	–	(20.1)	(20.1)
1.74% Euro Senior Notes 2028	(8.7)	–	(8.2)	(8.2)	(8.3)	–	(7.7)	(7.7)
2.89% Euro Senior Notes 2030	(21.8)	–	(19.8)	(19.8)	(20.7)	–	(18.8)	(18.8)
5.47% US Dollar Senior Notes 2031	(7.5)	–	(7.3)	(7.3)	(8.0)	–	(7.6)	(7.6)
5.53% US Dollar Senior Notes 2033	(7.5)	–	(7.2)	(7.2)	(8.0)	–	(7.4)	(7.4)
5.61% US Dollar Senior Notes 2035	(22.4)	–	(21.3)	(21.3)	(24.1)	–	(22.0)	(22.0)
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)
	(162.6)	–	(156.9)	(156.9)	(188.6)	–	(178.1)	(178.1)
Derivative financial assets held at fair value	9.0	–	9.0	9.0	1.4	–	1.4	1.4
Derivative financial liabilities held at fair value	(0.9)	–	(0.9)	(0.9)	(8.4)	–	(8.4)	(8.4)

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 2025, none of the borrowings were secured on the assets of the Company (2024: £nil).

Notes to the Company financial statements continued

II. 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.

	2025 £m	2024 £m
Pension plans and employee benefits		
Present value of funded defined benefit obligations	(104.8)	(104.1)
Fair value of plan assets	106.8	107.2
Net assets	2.0	3.1

Movements in present value of defined benefit obligation

At 1 January	(104.1)	(119.1)
Interest cost	(5.5)	(5.1)
Remeasurement gains/(losses):		
Changes in financial assumptions	1.1	10.3
Changes in demographic assumptions	(2.3)	0.4
Experience adjustments on benefit obligations	(1.7)	0.8
Benefits paid	7.7	8.6
At 31 December	(104.8)	(104.1)

Movements in fair value of plan assets

At 1 January	107.2	122.2
Interest on plan assets	5.6	5.3
Remeasurement gain/(loss)	1.8	(11.6)
Contributions by employer	-	-
Administrative expenses	(0.1)	(0.1)
Benefits paid	(7.7)	(8.6)
At 31 December	106.8	107.2
Actual return on assets	7.4	(6.3)

	2025 £m	2024 £m
Expense recognised in the income statement		
Administrative expenses (including administration expenses incurred by the Company directly)	(1.0)	(0.6)
Net interest on net defined benefit asset	0.1	0.2
Total expense recognised in the income statement	(0.9)	(0.4)

The fair values of the plan assets were as follows:

	2025 £m	2024 £m
Equities and growth assets	46.9	47.6
Bonds	12.8	8.3
Matching insurance policies	38.3	38.2
Other	8.8	13.1
Total	106.8	107.2

II. 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:	2025 %	2024 %
Inflation (RPI/CPI)	2.79/2.22	3.15/2.52
Discount rate	5.47	5.45
Pensions increase	3.00/2.73/3.53	3.00/3.02/3.66
Salary increase	n/a	n/a
Mortality – post-retirement:		
Life expectancy of a male aged 60 in accounting year (years)	25.6	25.5
Life expectancy of a male aged 60 in accounting year +20 (years)	27.1	27.0

Funding

The most recent full actuarial valuations of the UK Schemes have an effective date of 31 March 2025 and resulted in combined assessed surpluses of £7.8 million. These are the first to be undertaken under the new statutory funding regime introduced by the Pension Schemes Act 2021. The next valuations are due as at 31 March 2028.

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 Pension (GMP) equalisation, an initiative to remove inequalities in Morgan Pension 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.

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	2025 Decrease effect £m	2024 Decrease effect £m
Discount rate	Decrease by 0.1%	0.8 ¹	0.8
Inflation	Increase by 0.1%	0.3	0.3
Mortality – post-retirement	Pensioners live 1 year longer	2.0	2.1

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 2025 was £1.1 million (2024: £0.9 million).

Notes to the Company financial statements continued

12. Provisions and contingent liabilities

	Other provisions £m
Balance at 1 January 2025	2.9
Provisions reversed during the year	(0.4)
Balance at 31 December 2025	2.5
Current	0.9
Non-current	1.6
	2.5

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 2025.

13. Share capital

The details of the Company's share capital and the nature of the reserves are disclosed in note 20 of the consolidated financial statements.

14. 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 20 of the consolidated financial statements.

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 2025 was 261,617 (2024: 464,405) and at that date had a market value of £0.6 million (2024: £1.3 million).

In 2025, the amount of reserves of Morgan Advanced Materials plc that may be distributed under Section 831(4) of the Companies Act 2006 was £149.8 million (2024: £165.6 million). This comprises a portion of the profit and loss account.

The capital redemption reserve represents the cumulative nominal value of share capital purchased and subsequently cancelled. During the year, 6,777,740 (2024: 1,745,423) shares were cancelled with a nominal value of £1.7 million (2024: £0.4 million).

Where the Group has a contractual obligation under the share buyback, the present obligation to purchase the shares is recognised as a financial liability with the corresponding entry recorded in other reserves. When the shares are cancelled, the full cost of the cancelled shares is reversed from the other reserves. In 2025, £10.0 million (2024: £10.0 million) was recognised for the contractual obligation for the purchase of the shares, with £15.1 million (2024: £4.5 million) representing the full cost of the cancelled shares during the year.

15. 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:

	2025 £m	2024 £m
Transactions with subsidiaries		
Income from management services	0.8	1.7
Net interest income	4.3	3.7
Dividend income	9.1	11.1
Loans owed to related parties	2.0	10.9
Other amounts owed by related parties	2.3	2.7
Other amounts owed to related parties	0.9	1.3

16. Derivative financial assets and liabilities

	2025 £m	2024 £m
Derivative financial assets		
Forward foreign exchange contracts non-designated		
– amounts falling due within one year	0.8	1.4
– amounts falling due after more than one year	8.2	–
	9.0	1.4
Derivative financial liabilities		
Forward foreign exchange contracts non-designated		
– amounts falling due within one year	–	(2.4)
– amounts falling due after more than one year	(0.9)	(6.0)
	(0.9)	(8.4)

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

	2021 Results before specific adjusting items £m	2022 Results before specific adjusting items £m	2023 Results before specific adjusting items £m	Restated 2024 ¹ Results before specific adjusting items £m	2025 Results before specific adjusting items £m
Revenue	950.5	1,112.1	1,114.7	1,060.1	996.6
Profit from operations before amortisation of intangible assets	124.5	151.0	120.3	123.3	93.8
Amortisation of intangible assets	(6.0)	(4.7)	(3.3)	(1.7)	(1.0)
Operating profit	118.5	146.3	117.0	121.6	92.8
Net financing costs	(9.2)	(9.2)	(14.1)	(19.0)	(22.2)
Share of profit of associate (net of income tax)	0.4	—	—	—	—
Profit before taxation	109.7	137.1	102.9	102.6	70.6
Income tax expense	(29.7)	(37.1)	(26.0)	(27.0)	(19.4)
Profit after taxation before discontinued operations	80.0	100.0	76.9	75.6	51.2
Profit for the year for continuing operations	80.0	100.0	76.9	75.6	51.2
Assets employed					
Property, plant and equipment	248.1	283.2	293.8	344.9	326.0
Right-of-use assets	31.9	33.6	31.6	32.5	36.4
Intangible assets	183.1	189.0	182.2	179.9	166.9
Investments and other receivables	2.9	3.2	5.6	5.6	3.6
Employee benefits: pensions	—	—	13.5	13.0	12.4
Deferred tax assets	15.9	15.3	17.6	21.4	23.2
Net current assets	202.8	212.6	254.4	216.7	78.6
Total assets less current liabilities	684.7	736.9	798.7	814.0	647.1
Employee benefits: pensions	102.7	15.6	38.7	34.5	34.4
Non-current provisions and other items	231.2	289.7	359.6	387.5	262.8
Deferred tax liabilities	1.2	2.0	1.8	2.7	1.0
Total net assets	349.6	429.6	398.6	389.3	348.9
Equity					
Total equity attributable to equity holders of the Parent Company	310.6	389.0	360.3	353.7	316.6
Non-controlling interests	39.0	40.6	38.3	35.6	32.3
Total equity	349.6	429.6	398.6	389.3	348.9
Ordinary dividends per share	9.1p	12.0p	12.0p	12.2p	12.2p
Earnings per share					
Continuing and discontinued operations					
Basic earnings per share	25.9p	31.0p	16.6p	17.7p	7.5p
Diluted earnings per share	25.7p	30.7p	16.5p	17.5p	7.5p
Continuing operations					
Adjusted earnings per share	27.2p	33.8p	25.0p	24.2p	15.9p
Diluted adjusted earnings per share	27.0p	33.5p	24.8p	24.0p	15.9p

¹ The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the years ended 31 December 2024 and 2025 have been presented as discontinued operations throughout this Report.

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-currency¹

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 dividends¹

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 profit¹

Operating profit adjusted to exclude specific adjusting items and amortisation of intangible assets.

Group organic¹

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 debt¹

Borrowings, bank overdrafts less cash and cash equivalents.

Net cash and cash equivalents¹

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, investments, cash and cash equivalents, borrowings, bank overdrafts and lease liabilities).

Specific adjusting items Underlying

See note 6 and note 1 to the consolidated financial statements for further details. 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 200 to 204.

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.

In the year ended 31 December 2025 the results of MMS for the period up to disposal are presented in discontinued operations in the consolidated income statement. Prior year figures have been restated to present results for MMS in discontinued operations. The income statement metrics used to assess Group performance exclude the results of MMS but in order to provide meaningful comparison to prior years, certain metrics are presented on a 'Headline' basis, which includes the results of MMS for the period of ownership.

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
Organic constant-currency revenue growth				
2024 revenue ¹	377.6	345.2	337.3	1,060.1
Impact of foreign currency movements	(14.1)	(8.5)	(6.8)	(29.4)
Impact of acquisitions, disposals and business exits	—	—	—	—
Organic constant-currency change	(15.3)	(29.9)	11.1	(34.1)
Organic constant-currency change %	(4.2)%	(8.9)%	3.4%	(3.3)%
2025 revenue	348.2	306.8	341.6	996.6

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m	Corporate costs £m	Group £m
Adjusted operating profit constant-currency growth						
2024 adjusted operating profit ¹	37.5	55.1	39.2	131.8	(8.5)	123.3
Impact of foreign currency movements	(3.9)	(2.3)	(0.8)	(7.0)	—	(7.0)
Impact of acquisitions, disposals and business exits	—	—	—	—	—	—
Organic constant-currency change	(10.1)	(11.6)	1.0	(20.7)	(1.8)	(22.5)
Organic constant-currency change %	(30.1)%	(22.0)%	2.6%	(16.6)%	—	(19.3)%
2025 adjusted operating profit	23.5	41.2	39.4	104.1	(10.3)	93.8

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Headline organic growth

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m
Headline organic constant-currency revenue growth				
2024 revenue ¹	418.2	345.2	337.3	1,100.7
Impact of foreign currency movements	(15.3)	(8.5)	(6.8)	(30.6)
Impact of acquisitions, disposals and business exits	(5.1)	—	—	(5.1)
Organic constant-currency change	(15.9)	(29.9)	11.1	(34.7)
Organic constant-currency change %	(4.0)%	(8.9)%	3.4%	(3.3)%
2025 revenue	381.9	306.8	341.6	1,030.3

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m	Corporate costs £m	Group £m
Headline adjusted operating profit constant-currency growth						
2024 adjusted operating profit ¹	42.6	55.1	39.2	136.9	(8.5)	128.4
Impact of foreign currency movements	(4.2)	(2.3)	(0.8)	(7.3)	–	(7.3)
Impact of acquisitions, disposals and business exits	(0.8)	–	–	(0.8)	–	(0.8)
Organic constant-currency change	(8.8)	(11.6)	1.0	(19.4)	(1.8)	(21.2)
Organic constant-currency change %	(23.4)%	(22.0)%	2.6%	(15.1)%	–	(17.6)%
2025 adjusted operating profit	28.8	41.2	39.4	109.4	(10.3)	99.1

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;
- Expenses related to the design, configuration, customisation and implementation of a Global ERP system; and
- Changes in the fair value and associated foreign exchange on shares in Foseco India Limited ('FIL').

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:

	2025 £m	2025 Headline £m	Restated 2024 ¹ £m	2024 Headline £m
Operating profit	45.2	49.6¹	99.2	103.6
Add back: specific adjusting items included in operating profit	47.6	48.5	22.4	23.1
Add back: depreciation – property, plant and equipment	31.8	33.6	32.2	34.1
Add back: depreciation – right-of-use assets	8.3	8.4	8.3	8.6
Add back: amortisation of intangible assets	1.0	1.0	1.7	1.7
Group EBITDA	133.9	141.1	163.8	171.1

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Alternative performance measures continued

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 – Leases' 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 defunct IAS 17.

The following table reconciles Group EBITDA to Group EBITDA excluding IFRS 16 Leases impact:

	2025 £m	2025 Headline £m	Restated 2024 ¹ £m	2024 Headline £m
Group EBITDA	133.9	141.1	163.8	171.1
Interest expense on lease liabilities	(2.8)	(2.8)	(2.6)	(2.6)
Capital payments on lease liabilities	(9.2)	(9.3)	(10.2)	(10.6)
Group EBITDA excluding IFRS 16 Leases impact	121.9	129.0	151.0	157.9

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

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:

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m	Corporate costs £m	Group £m	Discontinued ¹ £m	Headline Group £m
2025								
Operating profit	17.3	20.6	37.9	75.8	(30.6)	45.2	4.4	49.6
Add back: specific adjusting items included in operating profit	5.9	20.4	1.0	27.3	20.3	47.6	0.9	48.5
Add back: amortisation of intangible assets	0.3	0.2	0.5	1.0	–	1.0	–	1.0
Adjusted operating profit	23.5	41.2	39.4	104.1	(10.3)	93.8	5.3	99.1
Adjusted operating profit margin	6.7%	13.4%	11.5%			9.4%		9.6%

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the years ended 31 December 2024 and 2025 have been presented as discontinued operations throughout this Report.

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	Segment total £m	Corporate costs £m	Group £m	Discontinued ¹ £m	Headline Group £m
Restated 2024								
Operating profit	29.3	47.2	37.9	114.4	(15.2)	99.2	4.4	103.6
Add back: specific adjusting items included in operating profit	7.4	7.6	0.7	15.7	6.7	22.4	0.7	23.1
Add back: amortisation of intangible assets	0.8	0.3	0.6	1.7	–	1.7	–	1.7
Adjusted operating profit	37.5	55.1	39.2	131.8	(8.5)	123.3	5.1	128.4
Adjusted operating profit margin	9.9%	16.0%	11.6%			11.6%		11.7%

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the years ended 31 December 2024 and 2025 have been presented as discontinued operations throughout this Report.

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, supplier finance arrangements, 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 operations to free cash flow before acquisitions, disposals and dividends:

	2025 £m	2025 Headline £m	Restated 2024 ¹ £m	2024 Headline £m
Cash generated from operations	162.0	168.6	154.8	163.0
Net capital expenditure	(63.4)	(65.9)	(84.1)	(90.2)
Net interest on cash borrowings	(18.8)	(18.8)	(15.3)	(15.3)
Tax paid	(25.5)	(26.4)	(28.8)	(29.2)
Lease payments and interest	(12.0)	(12.1)	(12.8)	(13.2)
Free cash flow before acquisitions, disposals and dividends	42.3	45.4	13.8	15.1

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

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, and manage debt and its capacity to invest in growth opportunities.

	2025 £m	2024 £m
Cash and cash equivalents	79.3	120.8
Non-current borrowings	(212.1)	(337.7)
Current borrowings and bank overdrafts	(99.4)	(9.3)
Closing net debt	(232.2)	(226.2)

Alternative performance measures continued

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.

	2025 £m	2024 £m
Cash and cash equivalents	79.3	120.8
Bank overdrafts	(5.1)	(9.3)
Net cash and cash equivalents	74.2	111.5

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.

	2025 £m	Restated 2024 ¹ £m
Operating profit	45.2	99.2
Add back: specific adjusting items	47.6	22.4
Add back: amortisation of intangible assets	1.0	1.7
Group adjusted operating profit	93.8	123.3
Third-party working capital	91.0	151.4
Property, plant and equipment	326.0	344.9
Right-of-use-assets	36.4	32.5
Goodwill	163.7	176.9
Other intangible assets	3.2	3.0
Capital employed	620.3	708.7
Average capital employed	664.5	695.5
ROIC	14.1%	17.7%

1. The Group disposed of the majority of its MMS business in 2025. The disposal group formed part of the Thermal Products segment and has been classified as a discontinued operation under IFRS 5. Financial results for the year ended 31 December 2024 have been restated to present the results of the disposal group as discontinued operations.

Shareholder information

Analysis of Ordinary shareholdings as at 31 December 2025

		Number of holdings	% of total holdings	Number of shares	% of share capital
Size of holding	1–2,000	3,114	76.19	1,581,805	0.57
	2,001–5,000	481	11.77	1,536,168	0.55
	5,001–10,000	155	3.79	1,074,500	0.39
	10,001–50,000	174	4.26	3,629,381	1.31
	50,001–100,000	37	0.91	2,624,612	0.95
	100,001 and above	126	3.08	266,400,359	96.23
		4,087	100.00	276,846,825	100.00
Holding classification	Individuals	3,697	90.46	5,790,297	2.09
	Nominee companies	273	6.68	211,392,204	76.36
	Trusts (pension funds etc)	2	0.05	1,782	0.00
	Others	115	2.81	59,662,542	21.55
		4,087	100.00	276,846,825	100.00

Key dates

7 May 2026 2026 Annual General Meeting (AGM), commencing at 10.30am.

2025 and 2026 dividend payment dates

1 October 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.
17 November 2025	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 24 October 2025.
1 April 2026	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.
12 May 2026	Subject to shareholders' approval at the 2026 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 10 April 2026.

Company details

Registered office and company registration number

York House, Sheet Street, Windsor, SL4 1DD

Telephone: +44 (0)1753 837000

ISIN Code

Registered in England and Wales No. 00286773

LEI

GB0006027295

Ticker symbol

I4KI4LL95N2PHDL7EG85

Website

MGAM

www.morganadvancedmaterials.com

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 'Invest in us' section is a key source of information for shareholders, containing details of financial results, and shareholder meetings and dividends. Current and past annual half-year and sustainability and responsibility/EHS reports are also available to view and download from the 'Being responsible' section.

Shareholder information continued

Your shareholding

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	Morgan Advanced Materials is committed to reducing our impact on the environment. As such, from November 2026 payments to shareholders will no longer be made by cheque. Receiving dividends by direct payment rather than cheque is quicker, more secure and better for the environment. To continue to receive dividends and any other money payable to you in connection with your Morgan Advanced Materials plc Ordinary shares, you will need to provide your bank or building society account details so that payments can be made directly to your nominated account by direct payment. Cash dividends can be paid directly to a UK bank or building society account. 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 over 83 countries worldwide. Please see further information at www.shareview.info/products/overseaspayment . 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 'Invest in us' 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.

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 share price can be obtained on the Company's website: morganadvancedmaterials.com



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