Registered number: 13832126

Strip Tinning Holdings plc
Annual report and financial statements
for the year ended 31 December 2023

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Strip Tinning Holdings plc

Directors, advisers and registered office

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A Le Van
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A Le Van

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Chairman's statement for the year ended 31 December 2023

2023 has been a year of strong progress for Strip Tinning. I would like to start by thanking all employees of the Company who have worked exceptionally hard during the year. Together, we have been implementing an operational turnaround of the business and delivered a set of financial results which are in line with market expectations. Having invested in new capabilities and capacity, the business now finds itself on firm footing following the well-documented challenges we have contended with. Our quality of service has never been better and our customer base continues to reward us with a steady stream of new business opportunities and production nominations.

I would also like to thank our many shareholders who have supported our recent and successful fundraise. We are delighted to have raised gross proceeds of £5.1m post year-end which leaves us with a well-structured balance sheet and ensures that we are appropriately configured to capture the significant market opportunity across the Electric Vehicle (EV) Battery Technologies market.

Despite the headwinds we have faced during the last two years, there is no doubt that we have emerged as a leaner, higher performing organisation, with the right team to deliver on our significant market opportunity. Our people, capacity, and financial resources are in place to address the growing pipeline of new business opportunities we anticipate. As such, we look forward to 2024 as a period in which we expect to secure major programmes across both our EV Battery Technologies and Glazing product lines, which will underpin our sales growth for the years ahead. Indeed, two record breaking Glazing wins have already been announced, which together have increased by 91% the total lifetime sales value of Strip Tinning's Connectors nominations, from £20.5 million at the end of 2023 to £39.1 million today. The total lifetime sales value of all nominations held by the Company is now £52.7 million.

We remain committed as a Board to maintaining high standards of Environmental and Social Governance (ESG) and we were pleased to receive confirmation from Integrum that we have maintained our best-in-class A grade ESG rating for the third year running. As an organisation we are proud of our growing contribution to the world's drive towards electrification, and advancing our ESG programme remains a key focus for the Group

The experience of our Board has proven to be of immense value during the year, helping us to maintain our focus on operational excellence and targeted markets, as well as our positioning us for the growth ahead. In order to maintain the positive momentum across the business, the Board has met at-least monthly throughout the year, and so I would like to thank the Board members for the commitment they have shown.

I am also pleased to announce two Board changes scheduled to take effect on 1 June 2024, marking the next step in our succession planning as we enter an exciting high-growth period. We are promoting Mark Perrins, who has served as Managing Director for the past two years, to the title of Group Chief Executive Officer (CEO). Mark has played a pivotal role in leading the improvements of the business and positioning the Group for a return to growth, and is now ready for greater responsibilities for the leadership of the Group. Richard Barton will transition to the role of Deputy Chair, where he will continue to focus on the Group's strategy and provide support to Mark and the sales team. Additionally, Richard has also chosen to extend his "orderly market" agreement in relation to his ordinary shares for a further year. My role as Executive Chair is unchanged.

Looking to the future, we are focused on securing our target new business programmes whilst continuing to enhance the core business processes, capabilities, and production capacity which will underpin our profitable growth.

A. D. R

Adam Robson
Executive Chairman

Strip Tinning Holdings plc

Chief Executive Officer's statement for the year ended 31 December 2023

We are pleased to deliver a financial performance in line with market expectations, with significantly improved EBITDA performance in 2023 having primarily been driven by the prioritisation of increased gross margins and enhanced productivity.

We have invested in new production capabilities and in turn we are providing our customers with a quality of service that is better than ever, which has resulted in a growing pipeline of new nominations. We continue to hold a diverse customer base, formed partly by longstanding customers that we have worked with for many years, as well as new customers across both our traditional Automotive Glazing market, and from the Electric Vehicle (EV) Battery Technologies market.

We have officially renamed our "EV" division to "Battery Technologies" effective immediately. This change is to provide clarity regarding the target markets of the two divisions. The Glazing Division remains focused on connectors used in association with automotive and occasionally non-automotive Glazing. A significant proportion of our Glazing sales are now intended for use in EVs, meaning the previous distinction between the EV and non-EV divisions is no longer applicable. At the same time, our former "EV" division has achieved success with a range of products all comprising subsystems within battery packs. These packs are not only utilised in EVs but also across a wide range of other applications including static storage.

Financial Results for 2023

The Group's financial performance for the year has been much improved. Sales grew to £10.8m (FY22: £10.2m), with gross profit margins improving steadily throughout the year to 30.6% in 2023 (2022: 4.9%), as production of lower margin products ceased and as productivity enhancement measures and other cost reduction activities came into effect. Adjusted EBITDA has improved to £0.1m (FY22: loss of £2.2m) and is in line with market expectations, having significantly improved from the prior year's losses. Our reported EBITDA for 2023 would have been higher had we not chosen to use the extra income to fund increased investment into the enhancement of our team of managers, engineers, quality personnel, supply chain and programme managers, in order to respond effectively to the growing pipeline of Battery Technologies and Glazing sales opportunities. Our Net Profit also improved materially to a loss of £0.8m in 2023 (FY22: loss of £4.9m) assisted by R&D Tax Credit claims and Grant Income. This continued loss reflects both the lower margins achieved during part of the year in the Glazing business as the operational improvements were progressively enacted, as well as the significant investments we are making to grow our Battery Technologies business.

Business Environment

Our Battery Technologies business line is focussed on the sale of Flexible Printed Circuits (FPC) and Cell Contact Systems (CCS), key components which operate within EV battery packs. We target the sale of these products into the Mid-Market, which we broadly define as vehicles with production volumes under 50,000 units per annum. Typical applications are sports and luxury cars, trucks, off-highway vehicles, new vehicle types such as autonomous shuttles, motorcycles, and even Electric Vertical Take Off and Landing (eVTOL) aircraft. We also include static power solutions such as mobile battery packs which replace mobile gensets.

The scale of the Battery Technologies opportunity we are addressing in the Mid-Market is considerable. We recently completed a market study conducted by FEV, the German automotive consultancy, which quantified the total addressable market in Europe and North America for CCS alone in the Mid-Market. The study identified that our addressable market will be worth £220m in 2030 and £420m in 2035.

The Group's Glazing products are predominantly used in the production of all classes of automotive light vehicles, of which the majority are passenger cars manufactured in Europe, where the European Automobile Manufacturers' Association (ACEA) reported that car sales increased by 13.9% in 2023. This notes a substantial improvement after the supply chain difficulties of 2022, but one which still leaves the industry selling 19% fewer vehicles compared to 2019. Industry consensus expects vehicle production to see modest growth continuing into 2024, but for growth in EV and Hybrid Electric vehicle sales to be higher, having respectively achieved an annual growth in 2023 of 37% and 29.5%. We estimate that 40% of our sales in 2023 were onto EV and Hybrid platforms, providing us with good exposure to higher growth markets and reflecting our focus on supplying parts for innovative and higher value vehicles.

For our Glazing connector products, we are experiencing higher growth than that in the underlying vehicle production market, driven by innovation, functionality, value add and product pricing. Key to our marketing strategy is focusing on the product areas with high levels of innovation. Our own market model suggests that the innovation lead Automotive Glazing market is growing at 6.3% per annum worldwide. The European automotive industry has historically been a leader in adopting new technologies. We see this most clearly today in the

Chief Executive Officer's statement (continued)

adoption of "smart" glass, primarily based on using polymer-dispersed liquid crystals (PDLC). Glass containing PDLC requires a new generation of electrical connectors, and we are proud to have been one of the first suppliers in 2022 to support a volume production launch into this new segment. We have since won two further high-volume nominations and between all our PDLC programmes we forecast annual sales of £3.7m, ramping up from Q4 2025. Our leading pedigree in the automotive sector has also positioned us well to serve the newly emerging volume glazing market for architectural glass.

Sales progress during 2023

In January 2023, with the support of our customers, we raised our Glazing product prices to reflect the pressures felt by all businesses trading internationally. Customers engaged constructively with our price increases, and appreciated Strip Tinning's commitment to remaining a strong, long-term supplier in the Glazing market. That said, with a strong focus on profitable production, it has not made sense to continue to supply all the products previously manufactured in 2022 and our customers have phased out purchasing of these products during 2023. As a result of price increases, our gross margins have improved and we have returned the business to operating on a sustainable basis. Although sales volumes declined throughout the year, total Glazing sales in 2023 stood at £9.7m ahead of the £9.2m achieved in 2022 but off much lower volumes. Continuing sales in the last quarter at £2.2m left us at an annualised run rate of £8.8m as we entered 2024.

A further consequence of the price increase was that during the first half of 2023 our customers were predominantly focussed on digesting the price increases rather than discussing new business opportunities with us. In the second half of the year we noted a significant increase in our Glazing sales pipeline, having won valuable new production supply nominations. The most significant of these was the supply of glazing connectors to a range of leading global automotive Original Equipment Manufacturers (OEMs) including Mercedes, Volkswagen, Toyota and Skoda for a number of battery and combustion engine-based vehicle programmes. Supply will commence in Q2 2024 and will continue for between two and five years, depending on the end of production dates of the individual programmes, with an estimated lifetime sales value of c.€3.0m. Based on this and a notable pipeline of other awards we expect to secure, we are optimistic that Glazing sales will recover towards their 2022 levels in 2024. Beyond 2024, based on our strong pipeline of sales opportunities, which includes a number of large and exciting PDLC smart glass programmes, we expect to return to growth in 2025.

We continued to make strong progress in the Battery Technologies Mid-Market during 2023. Throughout 2023, we developed a larger pipeline of opportunities which today stands at 13 new programmes coming from 9 new customers on which we are particularly focussed. Over half of these programmes were unknown to us 12 months ago, showing the speed at which our pipeline is developing. We were delighted to have announced, in November 2023 a production nomination for the supply of FPCs to a leading European manufacturer of advanced battery systems, who are a new customer to us. The FPCs are for a mobile battery application used across a range of sectors, including the catering, construction, and film industries. The contract started in December 2023 and will run until the end of 2025, with a forecast lifetime sales value of $1.0m. Strip Tinning is replacing a non-European supplier part way through the product life cycle, hence the nomination's shorter than normal duration. Looking ahead, we are confident there will be further opportunities within the "smart" glass sector and we anticipate a significant new Cell Contact System win for our Battery Technologies division in H1.

Operational Review

We continue to strengthen our capabilities across the business with the objectives of improving quality and supply effectiveness and reducing costs and waste. Notable advances have been:

- Strengthened Management team – our soon to be CEO, Mark Perrins, who joined us in early 2022 as a Managing Director, has continued to develop his Senior Leadership Team from existing and new managers. This team has driven through the improvements already achieved and is now taking the business forward towards growth and improving margins. We are particularly pleased to have Rob Smith join us as Chief Technology Officer (CTO), who returns to the UK having spent 8 years in China with Tata Engineering Services, working on new electric programmes for Chinese and Vietnamese car makers. We are also pleased to welcome Damian Lee as Supply Chain Director who joins us having had a 30-year career with international automotive Tier 1s;
- Further improved products, product launch and production processes to the benefit of both customers and the Group;
- Upgraded FPC production line installed and in production. Laser Weld line for CCS is on order and will start production in June 2024. To date we have invested £5m in our Battery Technologies production processes which has benefitted from our £1.4m grant from the Advanced Propulsion Centre (APC) Scale-up Readiness Validation (SuRV) fund. We are hopeful that we can secure further funds for the continued expansion of this line and for further development and innovation in our product capabilities;

Chief Executive Officer's statement (continued)

- New SAP B1 ERP (SAP Business One Enterprise Resource Management system) went live on 1 January 2024;
- Quality – we have successfully passed all customer audits during the year and our core process certifications are all up to date:
  - ISO 9001 Quality Management System
  - ISO 14001 Environmental Management System
  - IATF 16949 Automotive Quality Management System
  - OHSAS 18001, Occupational Health and Safety Management Systems
- Productivity has risen significantly during the year with average sales per production employee rising by 39% from £76,343 in 2022 to £106,137 in 2023.
- Working Capital – we have improved Working Capital management throughout the year such that Debtors reduced from £3.4m to £2.7m despite the increase in sales over the year, with a targeted effort at resolving any invoice queries as well as being firm on payment to credit terms. Trade Creditors also reduced from £3m to £2.2m on the back of improved material purchasing and maintaining good supplier relationships. Stock opened at £1.8m at the beginning of 2023 and had been managed down to £1.3m by 2023 year end. The business is targeting a further £0.3m stock reduction over 2024, building on the initiatives pursued in 2023 and the benefits of the SAP B1 ERP system.

ESG

As mentioned, we were pleased to receive confirmation from Integrum that we have maintained our best-in-class A grade ESG rating for the third year running. We are proud of our growing contribution to the world's electrification drive and advancing our ESG programmes remains a key focus for the Group.

Fund Raise and Cash Management

We were pleased to complete our £5.1m fund raise in January 2024 when it received shareholder approval. We raised £4.0m in Convertible Loan Notes from our three leading VCT fund shareholders, £1.0m from other existing shareholders, including £0.1m from management, and £0.1m from private investors. This raise was in line with our target and provides our Battery Technologies business with the funds it needs to accelerate its growth over the next two years. Our Glazing business is now cash generative and able to fund its own growth plans and together we expect the entire Group to be cash generative in 2026.

This addition to our cash reserves comes after a strong operating cash performance in 2023, with £1m of cash generated from operating activities (2022: £4.2m outflow), closing the year with £0.3m in the bank after investments of £1.7m during the period.

Outlook

Following the improvements and reorganisations implemented in 2023, 2024 we are preparing to return to growth, underpinned by the two new PDLC Glazing Connector production nominations we have already announced in the current year, as well as a pipeline of other potential nominations across both Battery Technologies and Glazing. Given the lead time of our projects, most of these wins will see their production start dates fall in 2025, and will therefore have limited impact on 2024 sales, except for the supply of samples which for Battery Technologies can be of material value. We also start the year at a low point in expected sales, with the products discontinued in 2023 now out of the system and the new products won only entering production from April onwards. The net effect is that whilst on a quarterly basis we expect to see growth from the Q1 2024 low point, net sales across the year are expected to be in line with those of 2023.

EBITDA will benefit from improving trends in gross margins but will be countered by further increases in our overheads, as we carry the full year costs of our expanded business growth team and the falling away of our APC grant which contributed £1.1m to EBITDA in 2023. The net effect is that we expect to see a small EBITDA loss made in 2024, with the profits generated on the Glazing side being offset by our significant investment in the Battery Technologies opportunity.

On the cash side our net debt is expected to show a £1.6m change as we continue our investment in Battery Technologies production assets and cover the on-going start-up costs of the Battery Technologies business.

We believe that 2024 will be a formative year for the business with a strong focus on preparing for profitable delivery of the nominations already received as they ramp up in in 2025 and maintaining the investment needed to maximise our success in converting the strong Battery Technologies and Glazing sales pipeline we have before us to secure the nominations that will return us to significant growth from 2025.

Chief Executive Officer's statement (continued)

I would also like to welcome Mark Perrins to his new Board role as Group CEO. Mark has made a very impressive start to his career at Strip Tinning over the last two years, delivering great successes in operations and sales growth. I am very confident that Mark is the right person to lead the company into this high growth period under the continued leadership of Adam Robson as Executive Chair. In my capacity as Deputy Chair, I look forward to focusing on the Company's growth strategy and sales execution, and to supporting Adam and Mark in their roles.

Richard Barton
Chief Executive Officer

Strip Tinning Holdings plc

Strategic report for the year ended 31 December 2023

The directors present their strategic report and the audited financial statements for the year ended 31 December 2023.

Business Model & Structure

Products

Strip Tinning has four major product groups, all serving the automotive electrical connector market. Our Glazing segment is made up of Busbar and Connectors, whilst our Battery Technologies segment contains Flexible Printed Circuits (FPC) and Cell Contacting Systems (CCS).

Glazing:

- Busbar - ultra fine gauge plated metals such as tinned copper strip to provide a circuit for electrical connections in a vehicle and Tungsten wire used for heating elements
- Automotive electrical connectors, customised to specific vehicle requirements using our patented technologies across design and manufacturing techniques. Connector types include cable connectors, flat foil connectors, and, increasingly, FPC connectors. These connectors provide a broad range of functionality from heated windscreens to antenna GPS / FM / TV digital signal reception and internet access, emergency response, camera and Radar / Lidar systems and "smart glass" applications for tinting, solar power generating glass, and embedded LED lighting. FPC connectors are also becoming adopted in "distributed power" electronic control unit (ECUs) solutions located around the vehicle architecture as OEMs transition away from "centralised" wiring harnesses and Strip Tinning is well placed to provide connectors to grow with this market trend.

Battery Technologies:

- FPC are circuits printed onto a flexible substrate, allowing the circuit to tolerate flexing during use as well as being thinner, lighter and simpler to install. The use of this technology is well established across all forms of electrical equipment, including in the automotive sector. The specific technology employed by us allows FPCs to be printed over much greater lengths than is customary in most applications. This is valuable as battery packs are becoming larger, often requiring FPCs of over 1 metre in length and at times in lengths of up to 2.4m.
- CCS, large, sophisticated electrical connectors for batteries. The CCS electrically connects the cells and provide monitoring of the cells for charge (efficiency) and temperature (safety). The CCS products draw heavily on our existing capabilities, being made from a combination of busbar, FPC, lamination, plastic encapsulation and connector technologies to produce a replacement for heavy and labour intensive wiring looms with a much lighter and preassembled module with fewer failure modes and increased functionality. The CCS can be used with battery packs for a great range of applications, including truck, off-highway, and static power applications. We are one of just a handful of early movers helping to develop this new market in Europe and the USA.

Strip Tinning products are used by most major vehicle OEMs, with a bias towards the premium end of the market and EVs, as these vehicle types typically have more sophisticated electronic features. Our products are supplied in high volumes.

Customers

The major customers for Glazing products are large multinational corporations such as Nippon Sheet Glass (NSG), Saint Gobain Sekurit (SGS), Asahi Glass Company (AGC), American Glass Products (AGP), Fuyao and Sisecam where we have longstanding (20+ years) trading relationships.

For our Battery Technologies products, we supply the maker of the battery pack. In some cases this is the vehicle OEM and in others Tier 1 suppliers of the pack itself or sub-systems within the pack. We also work with technology development companies who are designing new battery pack concepts. Example customers include Fortescue WAE (formally Williams Advanced Engineering) and Johnson Matthey.

How we sell

Strip Tinning will sometimes be engaged by OEMs directly for design input on innovations but predominately operates as a Tier 2 automotive supplier as its products are incorporated within either glazing assemblies or battery pack assemblies for delivery by a Tier 1 into the OEM assembly line. Based on our track record, patent portfolio, trade accreditations, and established market position from over 60 years of continuous trading, the business is approached directly by its Tier 1 customers with new product enquiries, but also attends Trade Fairs such as GlassTec and The Battery Show to actively promote new products and to reach complimentary customers outside of automotive, including in alternate applications such as defence, aerospace, static power / energy storage and architectural “smart” glass.

Suppliers

Strip Tinning has continued to qualify its supply base to ensure a match with customer cost and quality expectations and volume requirements, led by a newly appointed, experienced Supply Chain Director. The Group believes expert management and development of the supply chain for metals (raw materials and formed) and complex FPC provides a competitive advantage as it is neither economic nor practical to invest in manufacturing equipment that fulfils every customer requirement. This helps foster collaborative relationships with suppliers.

The Group has continued to develop and diversify its copper supply base to increase competition and resilience, adding a new UK supplier in 2023.This reinforces Strip Tinning’s standing with customers in regard to security of a critical material supply in a tight market. The wider CCS supply chain has also been developed over the year to prepare for increases in volume. This has covered both material suppliers, for example a new, competitive UK based tight tolerance pressings provider, and capital equipment specification where Strip Tinning has partnered with a network of suppliers to deliver a laser weld line capable of welding finer gauge materials better than current best in class, confirmed by trials with customer designs.

Manufacturing

All manufacturing currently takes place at our Birmingham site which comprises:

- Self-contained busbar production unit;
- Self-contained automotive connector production unit; and
- Self-contained FPC line and clean room facility with full CCS product assembly capability. A further upgrade of the CCS line is underway post year end to increase capacity throughput and quality via the installation of a state of the art automated laser weld line (fully operational June 2024), developed in conjunction with the UK Battery Industrialisation Centre (UKBIC) and after extensive customer trials, with financial support provided by the Automotive Transformation Fund.

The raw materials for the fundamental manufacturing processes (which rely on formal patents and informal know-how) comprise a number of metals / alloys (principally copper and tin), film and plastic resins combined with bought-in specialist wires, laminates and some plastic connectors to assemble a complete finished product.

The business invests heavily in R&D, and is able to turnaround prototypes and product concepts very quickly, but is ultimately geared up to manufacture and assemble at serial automotive production volumes and as such holds relevant accreditations:

- Quality Management System – IATF 16949
- Quality Management System – ISO 9001
- Environmental Management System – ISO 14001
- Occupational Health & Management System – ISO45001

These accreditations contribute to “How we sell” as they pre-qualify us as a business that has reached the required standard for volume automotive component supply.

Logistics

Currently, 90% of Strip Tinning product is exported (with the majority of the balance destined for export) to over 30 countries, including China, South Korea, Japan, Mexico, and Morocco.. Proof of Collection, tracking, and Proof of Delivery is in place for shipments. Work is on-going to reclaim / minimise import taxes incurred overseas, and a study is underway to try and set up UK Inward Processing Relief for imported materials.

IT Systems

We have worked hard over the year to improve our IT systems and processes, including to support the deployment of the new SAP B1 ERP system, which went live 1st January 2024.

Examples include:

- the implementation of a scanning / labelling system of batches of products manufactured that enables the tracing and weighing of parts from the initial raising of a works order, through inspection to despatch. Over 12,000 batches of goods have already gone through this process, reducing errors and CAPEX has been allocated to deploy a full shop floor Manufacturing Execution System (MES) to further enhance productivity and control;
- Advanced Shipping Notifications (ASN) and Electronic Data Interchange (EDI) with customers:

- updated parameters to improve material ordering leading to reduced production interruptions due to stock outages, decreased precautionary over-ordering, and allow supplier schedule agreements to be produced, giving suppliers detailed indications of future requirements which has allowed better discount negotiations and call-off orders to be raised. This improvement has been reflected both in improved Gross Margin on the Profit & Loss Account from lower purchase prices and reduced stock holding on the Balance Sheet.

General IT infrastructure and resilience has been improved, including better virus / malware protection, introduction of a cheaper, 10x faster line to the building, better patch management, improved cloud backup speed allowing twice-daily backups, documentation of shop-floor systems and replacement with supported systems where possible, and the introduction of monitoring software to spot system issues and allow remote fixes. The business is expected to achieve Cyber Essentials Plus accreditation in Q2 2024.

Organisation Structure and Recruitment

Strip Tinning is led by its Board which comprises three executive directors (see below) and two non-executive directors who are:

- Paul George – Senior Independent Director and Chair of the Audit Committee - Paul has extensive experience in audit, reporting and governance having, until April 2020, spent 16 years as an executive director at the Financial Reporting Council (FRC), most recently responsible for corporate governance and reporting having before that been responsible for the Conduct Division;
- Matthew Taylor – Chair of the Remuneration Committee - Matthew joined the Board as non-executive director after retiring from a long career in the automotive industry, most recently as CEO of Bekaert SA in 2020. Bekaert SA is a €5 billion revenue, 30,000 employee global steel wire business headquartered in Belgium with 45 % of its business in automotive.
- Richard Barton, -currently CEO and PLC Director - focussed primarily on the Group’s product and sales strategy - Richard has worked at Strip Tinning since 1984 when he joined his father who founded the Group in 1957. As of 1 June 2024, Richard will become Deputy Chair and PLC Director.

The executive leadership team of the Group comprises:

- Adam Robson, Executive Chair and PLC Director, focussed primarily on the Group’s strategy and partnerships and responsible for the Group meeting its strategic objectives - Adam brings a wealth of management and business development experience having led many early stage and mature technology, advanced manufacturing and service companies across automotive and other sectors;
- Mark Perrins, - currently Managing Director and PLC Board attendee – responsible for the day-to-day running of Group operations – Mark joined Strip Tinning in March 2022. With a progressive career in Automotive, Mark brings a wealth of experience in operations, quality, and continuous improvement. Between 2016 and 2022, Mark worked for Plastic Omnium, a Global Tier 1 automotive business making plastic exterior body parts. During his time with Plastic Omnium, Mark held the position of European Quality Director, UK Operations Director, and Plant Director. As of 1 June 2024, Mark will become Group CEO and PLC Director.
- Adam Le Van - CFO and PLC Director - Adam is an experienced Chief Financial Officer in the automotive sector and previously held the role for Rimstock Limited, a Private Equity backed manufacturer of alloy wheels;
- Steve O’Connor, Sales Director– responsible for sales and marketing - Steve has built a reputation for identifying growth opportunities. Steve has a proven track record for enabling R&D to deliver mutual reward and has authored published patents to support this goal. He has twenty years of automotive componentry supply-chain experience and has been instrumental in the evolution of the Group, with successful product launches into the automotive-glazing and battery sectors;
- Rob Smith, Chief Technology Officer (joined December 2023)– responsible for all engineering and programme management activities across the Group including product and process developments and our technology roadmap and grant applications. Rob has a proven track record from a 29 year career in automotive engineering, of which the last 8 have been based in China and Vietnam, working predominantly on new EV vehicle programmes.
- Damian Lee, Supply Chain Director (joined January 2024)– responsible for strategic sourcing of materials for new business and for production planning and materials purchasing, as well as the SAP B1 ERP system. Damian has had a very successful 30 year career in the automotive sector, most recently with Plastic Omnium where he held senior positions in supply chain and operations.

The Group operates within a single cohesive structure across the different product areas, ensuring optimum use of resources and sharing of know-how and resources. The combined organisation structure covers:

- Sales
- Engineering & New Programme Management

Strategic report for the year ended 31 December 2023 (continued)

- Quality Assurance & Control
- Manufacturing Operations
- Purchasing & Logistics
- Finance, IT, & HR

During 2023 all parts of the business have been strengthened with the promotion of experienced internal candidates and the selective recruitment of new hires to increase our capabilities, especially in respect of costing, supply chain management, and the Battery Technologies sector to help realise the ambitions of the business.

KPIs

We use the following primary KPIs to manage the business:

Financial

	FY2023	**FY2022**
Revenue	**£10,826,000**	£10,230,000
Material costs as a % of revenue	**38.6%**	49.8%
Direct staff costs as a % of revenue	**22.2%**	39.5%
Adjusted EBITDA	**£76,000**	£(2,279,000)

Revenue growth is a key metric for the Group as it is a strategic aim and required to cover the fixed cost base and justify the additional overhead taken on to support the planned growth. Material costs and direct labour costs are the largest expenses the Group incurs. Expressed as a % of sales, the KPIs act as a measure of efficiency and quality and the lower the % the higher the ultimate Gross Margin and contribution to overhead. Adjusted EBITDA is judged to be the most valid operating profit measure of Group performance. All KPIs indicate significant improvement over 2022.
More detail and commentary on the movements in these KPIs is included in the following sections of this report.

Non-Financial

The business also uses a range of non-financial KPIs to measure performance. Health & Safety is the first Agenda item at every Board meeting, audit performance against our critical operating and quality accreditations is tracked, and manufacturing processes are monitored for up-time.

Examples of non-financial KPIs:

KPI	2023 Result	2022 Result
Reportable Accidents	0	0
Minor Accidents	14	16
H&S Hazards Spotted (to avoid potential accident)	204 recorded & closed	0 recorded
International Organization for Standardization (ISO) Third Party Audits	0 Non Conformances	26 Non Conformances
Moulding Process Overall Equipment Effectiveness	80% Average	78% Average

The example KPIs listed are important to the Group. The business believes that Health & Safety is a fundamental tenet of Corporate Social Responsibility and that it also acts as a proxy for a Quality mindset. The ISO accreditations represent third party validation of the standards our customers expect us to work to. Our OEE

Strategic report for the year ended 31 December 2023 (continued)

Non-Financial (continued)

measures allow us to track asset utilisation and reliability so that operational efficiency is optimised and capital expenditure targeted.

A suite of logistics trackers has been developed to monitor the use of non-standard freight and the level of tariffs incurred. These have led to reductions in premium freight, VAT reclaims and a project to evaluate the benefits of Inward Processing Relief.

The business monitors the metrics available on delivery and quality performance provided by certain customers via web portals that lead to a supplier rating / score denoting customer satisfaction levels.

As of January 2024, an operational management meeting is tracking a range of KPIs across Engineering, Sales, Finance, HR, Supply Chain, Manufacturing Operations, H&S, and New Programmes.

Following a Strategy Review, the Board is also instigating a new raft of non-financial measures to be monitored, directly linked to the delivery of the business growth strategy. These include Objectives and Key Results (OKR) measures to monitor specific projects and on-going KPIs deemed relevant to the business and its stakeholders. Prior year comparisons will be built up over time and communicated, subject to relevance.

Review of the Year

The progress made in 2023 has been reviewed in the Chief Executive Officer’s statement above. In summary this was a transitional year in which the business successfully positioned itself for the growth to come. Key achievements were:

- Return of the Glazing business to being both profitable and cash generative. Gross Margins rose progressively through the year with the average rising from 5% in 2022 to 31% in 2023 and are expected to reach 40% going forward. The enhanced competitiveness of the business is being seen in a strong pipeline of new business programmes, which began to bear fruit in Q4 2023 and from which further production nominations are expected in 2024.
- Investment was maintained in the Battery Technologies business. Design and manufacturing capabilities were further enhanced and a sales activity was expanded. We focused on the Battery Technologies Mid-Market and by the end of the year we were actively engaged on 12 programmes for 9 different customers, the fruits of which will be seen with first volume production nominations being expected in 2024.
- The support capabilities of the business were also enhanced, notably by new recruitment across all staff functions and by a concerted effort from all parts of the business to bring our new SAP B1 ERP systems successfully into service on 1 January 2024.
- Cash management improved across the business, such that we closed the year with our Net Debt being £200k better than market expectation for the year.
- We completed a £5.1m fund raise.

Priorities for 2024

The Board team have helped establish the priorities of how to move forward with the key focus being on:

- Strategy – great clarity has been provided on our priorities to ensure optimal use of our precious resources and specifically to deliver our target growth in Battery Technologies through the confirmation of serial nominations and the growth and improved profitability of our Glazing products;
- Successful Product Launches – the business is being successful in winning major new product nominations. It is now essential that we focus on successfully delivering these new products into production, on time, on cost and achieving the expected quality and delivery requirements.
- Customers – where we need to deliver customer satisfaction based notably on quality products and delivery on time, in full to order;
- Employees – where we recognise we operate in a competitive market for talent and we need to provide a competitive remuneration package and a stimulating, fulfilling work environment with incentives designed to be mutually beneficial to employees and Group performance;
- Suppliers – where we need to achieve better value for money and optimise stock holdings on our material purchases;
- Production effectiveness - both to ensure customer satisfaction as detailed above but also strong financial returns based on continuous productivity improvements, improved material supply (lower cost and stock holdings) and further reduction in Costs of Non-Quality (CNQ);

Strategic report for the year ended 31 December 2023 (continued)

- Product design – where we must continue to innovate whilst designing for manufacture, with automation and process engineering at the forefront of the product design to ensure repeatable low cost production of high quality components;
- Investment in capabilities – an on-going programme to prepare ourselves to meet growing demand for Battery Technologies products and, through selective automation, to continue to improve production efficiencies and quality;
- ESG – as a Group we are materially contributing to the world's zero carbon agenda and we aim to do all we can to minimise our own environmental footprint as well as achieving the highest standards on social contribution and governance.

Sales

Sales at £10.8m were up 6% on 2022 (£10.2m). Battery Technologies product sales were relatively flat at £1.1m (2022: £1.2m) due to customer programme delays. Glazing product sales were up 8% overall on 2022. Within this, Busbar sales were up 14% on the back of strong demand from contracts won in 2022, partially offset by lower Tungsten call-off. Connector sales were up 10% on 2022. Negative impacts from the contract losses attributable to the price rises negotiated in H2 2022 (implemented from Q1 2023) were offset by good performance from the nominations secured in 2022, general increases in vehicle production volumes, and the price rises themselves.

Core Gross Margin

Gross Margin rebounded to £3.3m / 31% (2022: £0.5m / 5%). Price rises were important and product mix assisted, but metrics across all Gross Margin lines improved due to positive initiatives enacted by the business. Absolute material spend improved by £0.9m on higher sales, with material spend as a % of sales reducing to 39% (2022: 50%) after purchase price improvements (partly negotiation, partly better scheduling to reduce spot price purchases), scrap reduction, and tighter stock control. Similarly, Production labour cost dropped in absolute terms by £0.7m, with the cost representing 22% of Sales (2022: 30%). The Q4 2023 run rate, taken into 2024, was lower again, reflecting the benefits of the new factory layout leading to the elimination of Temporary Labour over the year, a reduction in shifts from three to two (which gives flexibility for future volume increases), and minimal overtime. Production labour heads peaked at 162 in Q4 2022 and finished 2023 at 69. Shipping costs showed a £0.3m overall reduction versus 2022, measured at 3% of sales (2022: 6%). This is down to the improved scheduling and greater production efficiency achieved within the business (partly improved supply chain conditions, partly Strip Tinning active management) which has made premium freight shipments an exception.

Operating Expenses

With new recruits plus full year effects from 2022 coming through from the investment in engineering capability and supply chain development, non-production staff costs were £0.3m higher than 2022. However, some of this impact was mitigated from the efficiency and process improvements enacted and focused cost control. Quality costs were £0.1m down on 2022, repairs and maintenance costs benefited from the scheduled preventative programme and energy cost increases were mitigated by active consumption monitoring and control as well as the reduction from three shifts to two. Professional fees, mainly Audit and the full year impact of being a PLC, showed an increase and IT costs were also up as the network and shop floor infrastructure was upgraded. But overall, operating expenses only showed a £0.2m increase on prior year despite the £0.3m staff increases.

Operating Loss

The Operating Loss for 2023 reduced by £4.1m to £1.4m (2022: £5.5m) and the EBITDA loss was £0.2m versus £3.9m EBITDA loss in 2022, driven by the Gross Margin improvement. Adjusted EBITDA was £0.1m positive, versus a £2.2m loss in 2022, with it pleasing that adjustments are limited to FX, R&D tax credit fees and share based payments only.

Working Capital

Debtors reduced from £3.4m to £2.7m despite the increase in sales over the year, with a targeted effort at resolving any invoice queries as well as being firm on payment to credit terms. Trade Creditors also reduced from £3m to £2.2m on the back of improved material purchasing and maintaining good supplier relationships.

Stock opened at £1.8m at the beginning of 2023 and had been managed down to £1.3m by 2023 year end. The business is targeting a further £0.3m stock reduction over 2024, building on the initiatives pursued in 2023 and the benefits of the SAP B1 ERP system.

Strategic report for the year ended 31 December 2023 (continued)

Operating cash flows

The business closed the year with £0.3m in the bank (2022: £1.3m), albeit with some drawdown of the Group Confidential Invoice Discounting (CID) facility. Non-discretionary cash flows averaged a monthly burn of £130k per month over 2023, reflecting the cost of strengthening of the management team and continued investment in Battery Technologies engineers and operating capability. Debt repayments (capital plus interest) consumed a further £90k per month average. £1.1m cash was directed towards capital expenditure on the Battery Technologies product line during the year, against which £0.3m of asset finance was raised.
These cash outflows were mitigated by £1.8m of Grant and R&D Tax Credits income.

Based on the financial performance and the desire to invest for growth, no dividend was paid, in line with the declared dividend strategy.

Post year end, £5.1m gross / £4.7m net of new funds flowed into the business. The Glazing products division has been returned to cash generation. The new funds are intended to support the Battery Technologies business through to cash generation based on the current customer programme pipeline and product ramp-up timings.

Investments in assets

During the period, £1.7m was invested in product, systems, and hardware, including in new state of the art FPC Clean Rooms and Automated Optical Inspection for the Battery Technologies line.

Funding & Foreign Exchange

Cash management operates within a range of board approved policies to manage financial risk and liquidity as cost effectively as possible. No transactions of a speculative nature are permitted. Group exposures are to the Euro and US dollar. The net impact in the year of exchange rate fluctuations on operating profit was a loss of £18k (2022: gain of £45k).

Risks and uncertainties

The Audit Committee has a delegated responsibility from the Board to oversee risk management and internal controls and assess their effectiveness.

The Board as a whole work with the Senior Management Team to assess operating company risks and the materiality of the risks in the context of the strategy and the mitigations / controls in place.

The Executive Directors are responsible for communicating and disseminating risk policies and encouraging open communication on risk. The Senior Management Team cascade risk management roles at operational and project level to embed strategic and tactical risk identification, assessment and mitigations in decision making and management of external relationships.

The Board has overall responsibility for ensuring risk is appropriately managed across the Group and has carried out a robust assessment of the principal risks to the business. The key strategic risks to the Group are regularly reviewed by the Board. The principal strategic risks identified in 2023 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise.

Strip Tinning Holdings plc

Strategic report for the year ended 31 December 2023 (continued)

Risks and uncertainties (continued)

Risk	Mitigating actions	Perceived Risk trend	Link to Strategy
Reputation		**Decrease in risk**	
The Board is acutely aware of the importance of reputation, be that for product quality or business conduct and integrity.	There is continued focus on product quality and new product development to ensure innovation and the Board actively monitors customer relationships to ensure sufficient engagement and understanding of customer requirements to mitigate losing customers	Customer satisfaction scores are improving, Customer Audits have been successfully completed	Sales growth
Scale-up		**No change in risk**	
Growth management of the business is critical, from ensuring the right technologies and human resources are invested in, to meeting customer expectations	Technologies, such as the laser weld line, have been developed in conjunction with customers and a Chief Technology Officer has been hired to strengthen the engineering team	Challenges remain in execution	Sales growth
Funding		**Decrease in risk**	
Making sure sufficient financing is in place to profitably grow the business to deliver its potential	£5.1m fund raise completed post year end. Government grant support is assisting with mitigating this risk and further grant funding opportunities are actively being considered	Immediate risk reduced, but will remain under review due to phasing and scale of EV opportunity	Sales growth
Operational failures		**No change in risk**	
The Group is reliant on production equipment and software to manufacture its products	Contingency plans are in place in line with the requirements of our IATF accreditation, further bolstered with guidance from the Institute of Printed Circuits https://www.ipc.org/	Work is continuing on software upgrades, cross training of staff and succession planning for specialist skills	Increased automation / productivity
IT Strategy & Delivery		**Decrease in risk**	
There is a requirement for a robust IT strategy which enables delivery of key strategic projects as well as supporting day to day activities.	As such, the resources allocated to IT were boosted over 2023 to ensure the IT support needs of the business can be met and that the foundations of the IT infrastructure are robust and secure	The achievement of external validation of cyber security, via the Cyber Essentials Plus accreditation, is targeted for Q2 2024	Increased automation / productivity

Strategic report for the year ended 31 December 2023 (continued)

Directors' Section 172 statement

Businesses do not operate in isolation. Without a good understanding of who the key stakeholders are and their needs, a business will fail to deliver sustainable value to shareholders and other stakeholders. The Directors take their duties under Section 172(1) of the Companies Act 2006 seriously and consider that they have acted in the way they consider, in good faith, would promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders.

The Board considers its key stakeholders to be its customers, suppliers, employees, and shareholders. The Board takes seriously the views of these stakeholders in setting and implementing our strategy. To the extent that it is relevant, the impact on the environment and the communities in which the Group operates is considered when making decisions.

This section describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 in exercising their duty to promote the success of the Group for the benefit of its members as a whole.

The interests of the Group's customers

To have a sustainable future, it is essential that the board makes decisions which are the best for Strip Tinning in the long term. These decisions are focused on long-term success, not short-term gains. Continued product development, with a number of patents pending or under evaluation for product innovation in 2023, serve the interests of customers. Customer satisfaction is measured in conjunction with customers via scorecards which provide a reference point to discuss performance and any issues to resolve. A number of audits of Strip Tinning were undertaken by customers over 2023, all completed successfully and leading to increased business and new, improved ways of working with customers have been introduced in the period, including Advanced Shipping Notifications (ASN) and Electronic Data Interchange (EDI). The Sales Director is responsible for continued engagement with customers to promote new products and the latest technology trends.

The interests of the Group's suppliers

Strip Tinning seeks to balance least cost, security of supply, and sustainable long term partnerships with its supply base. The COVID pandemic, war in Ukraine, and recent shipping issues in the Suez Canal / Red Sea area have highlighted the need for a robust supply chain. The Group has stepped up efforts to qualify its supply base to ensure a match with customer cost and quality expectations and volume requirements, led by a newly appointed Supply Chain Director. The Group believes expert management and development of the supply chain for metals (raw materials and formed) and complex FPC provides a competitive advantage as it is neither economic nor practical to invest in manufacturing equipment that fulfils every customer requirement. This helps foster collaborative relationships with suppliers. Moving to scheduled call off of stock based on forecast demand, as opposed to "spot" purchasing is an example of working with suppliers for mutual benefit as this provides more certainty on both sides leading to better prices and better service.

The interests of the Group's employees

Staff Communication
Senior Management actively engages with employees to ensure that the opinions and ideas of staff are considered, and that staff are kept up to date and informed. Group wide meetings for each shift are held to communicate significant events such as the annual and interim financial results. These "all hands" meetings are supplemented by smaller group workshops led by Senior Managers to provide updates on, for example, contract wins and progress towards major nominations. Daily and weekly reviews take place to monitor operational KPIs such as Sales and Production targets. An off-site Annual Management Review was held in December with all Departmental Heads, to review 2023 and set new objectives to cascade through the organisation for 2024.
In Q4 2023, a Works Council / Forum with employee representatives was set up to further aid internal communication. This forum assisted with the consultation process for a redundancy programme necessitated by the efficiencies achieved in the business and helped deliver the required headcount reductions whilst avoiding any compulsory redundancies. The longer term impact of this is that there is now an established mechanism for dialogue between employees and the Senior Management team to manage headcount in line with fluctuations in demand.

Health, safety and wellbeing
Protecting the health and safety of all employees is paramount. Health & Safety is the first item on every Board Meeting Agenda to ensure a Health & Safety culture is instilled throughout the business. The business successfully passed its external Health and Safety Executive (HSE) audit. Employee representatives are on the H&S Committee to ensure full representation and drive continuous improvement.

Strategic report for the year ended 31 December 2023 (continued)

As a result, accident KPIs for 2023 were an improvement over 2022 even after the implementation of more comprehensive monitoring and reporting. There were no reportable incidents in the year.
Alongside the safety of our staff, wellbeing and physical and mental welfare is considered. It is recognised that there will be times in everyone's lives, whether related to work or not, where employees need additional support. In these situations, the business has taken a sensitive and pragmatic approach to reach the best possible outcomes in individual situations.

People Plan and Development and Training
As part of the strategic planning process, a people plan review is used to identify the job roles which are critical to the ongoing success of Strip Tinning. This enables a proactive plan for the future resource needs of the business, mitigate against any resourcing risks and identify the development needs of staff. The plan is critical to making sure that the right people are in the right jobs, at the right time, both now and in the future.
The business has successfully used partnerships with local universities in the past and a priority is to foster these links again as well as developing apprenticeship schemes to support, complement and enhance staff recruitment, retention and development. This will provide Strip Tinning with 'home-grown' employees with the right fit, knowledge and skills for the business. Two new Masters Engineering Graduates were recruited in the year (process engineering and FPC design) and a long-standing employee in the finance function commenced her progression from AAT accounting qualification towards full Chartered status. Strip Tinning is also now a member of the Institute of Printed Circuits (IPC) trade association https://www.ipc.org/. Under the leadership of new Chief Technical Officer, Rob Smith, engineers are being matched to industry leading training courses.

Living wage and Non-Contributory Pension
Strip Tinning pays the UK national living wage for all employees, regardless of age. Increases are built into the Group financial plan. Strip Tinning also provides a non-contributory pension, paying 8% of salary, and life assurance for all employees. Regrettably, this life assurance cover was required to be drawn on and provide a financial safety net to the family of one of our production team during the year as a result of a sudden illness.

Share Incentive Plan (SIP)
Strip Tinning operates an all-employee SIP scheme as a means of further encouraging the involvement of employees in the Group's performance. Future awards, subject to HMRC rules and shareholder agreements, will be performance related.

The interests of the Group's shareholders

It is recognised that maintaining a reputation for high standards of business conduct is essential to protect shareholders interests. The Board receives regular updates in respect of matters of regulatory compliance from its NOMAD and retained lawyers, and the business has policies, procedures and processes in place in respect of modern slavery, bribery and corruption, and tax evasion, as well as the Corporate Governance framework outlined within this Annual Report. The Group works to an investor calendar, providing in person updates to shareholders a number of times per year for annual results, half year results, and trading updates. The Group additionally seeks to provide clear guidance and transparency of our business operations to investors, including via Regulatory News Service updates as appropriate. The Group has one class of shares so all shareholders are treated equally. The fund raise completed shortly after year end in January 2024 was a key decision resulting from discussions with shareholders, with the structure, a mix of convertible loan notes and equity, deemed in the best interests of shareholders.

The impact of the Group's operations on the environment

The Board recognises the importance of minimising any adverse impact of our operations on the environment. Metals and plastic waste from production is collected for recycling. The Group also continued its energy reduction initiatives, optimising machinery productivity / workflows and shut downs and installing LEDs across the site. The productivity improvements achieved in 2023 have resulted in a reduction from 3 shifts to 2 shifts, providing additional reductions in energy consumption. The Board adopted an EV only company car strategy in 2022 and free charging points are available at the factory.

This report was approved by the Board on 29th April 2024 and signed on its behalf.

Adam Levan

A Le Van
Director

Directors' report for the year ended 31 December 2023

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

Principal Activities

The principal activities of the Group are the design and manufacture of a full suite of glazing connectors, some of which are covered by patents, together with advanced Flexible Printed Circuits (FPC) and Cell Contact Systems (CCS) for Battery Technologies.
The Directors have set out their update on strategy and its development in the Chief Executive's Review and Strategic Report and that includes a review of the markets that the Group is addressing as well as the actions being taken to meet the strategic goals of the Group.

Strategic report

The following items have been included within the strategic report on pages 7 to 16:

- Business review (including the £5.1m post year end fund raise)
- Key performance indicators
- Principal risks and uncertainties
- The directors' duties under s172 of the Companies Act including those relating to employees and other group stakeholders

Results and dividends

The loss for the year, after taxation, amounted to £1,805,000 - £1,733,000 – need to confirm tax figures (2022: £4,925,000). No dividends were declared and paid during the year to 31 December 2023 and will not be paid in 2024 in line with the investment and growth strategy of the Group (2023: £Nil).

Directors

The directors who served during the year and subsequently were:
R W Barton
P George
A Le Van
A D Robson
M Taylor

Going concern

The Group operates a strategic planning process which includes monthly reviews of business and financial performance, regular financial projections and an annual planning review for the next financial period. Medium term projections (for periods ending two years hence) are reviewed taking into account known strategy changes in that time frame. Whilst it is more difficult to make meaningful projections beyond 3 years, the Group maintains a high level 5 year plan to illustrate the impact of its long term supply contracts and their transition from prototype into production volumes over an extended manufacturing ramp up period. This strategic planning process is led by the chief financial officer and the financial models used comprise an integrated Profit and Loss, Balance Sheet, and Cash Flow statement, with particular attention paid to cash positions and funding requirements, both capital expenditure and working capital, to deliver sales growth.

The directors have considered a base case going concern model which covers the period out until 31 December 2025 and have sensitised the business plan based on recent adverse experiences to give a serious but plausible downside:

- Ignoring the Group track record of generating new sales, no Glazing Connector Sales not already under contract or in the pipeline have been included;
- All Sales into the Battery Technologies division other than those covered by a Purchase Order have been pushed back into 2025 to simulate possible delays;
- All forecast Battery Technologies division sales in 2025 have been pushed back into 2026 to simulate a full year delay.

Despite the removal of over £4m of sales from 2024 and 2025 via these scenarios, the adverse cash impact would still be more than covered by the reserves provided by the January 2024 fund raise and the financing arrangements the Group already has in place in the form of a £1.5m working capital facility. This working capital facility is currently undrawn at the signing date of the accounts.

Directors' report for the year ended 31 December 2023 (continued)

The only banking covenants the Group is subject to are linked to a headroom target on Debtors and working capital drawings and an asset finance limit, both of which require a permission to exceed. These will not be breached under the business plan or serious but plausible downside scenario.

Further, the Group would take mitigation actions to alleviate the loss of non-contracted sales, including:

- Substantially reducing planned Battery Technologies CAPEX spend (up to £1.5m possible if Sales delayed)
- Deferring recruitment to align with Sales being pushed to the right to achieve a very conservative total saving of £0.4m spread across 2024 and 2025.

Implementing the mitigating actions would mean the Group did not need to utilise its working capital facility during the Going Concern assessment period.

Under these scenarios, the financing arrangements available to the business and / or realistic mitigating actions that can be taken to respond to results that are not as planned mean the directors still have a reasonable expectation that the Group have adequate resources to continue in operational existence for the going concern model period, which is in excess of twelve months from the date of approval of the financial statements. Beyond this period, the directors remain confident that the product offering of the Group is attractive to the market and augurs well for future prospects.

Research and development activities

Research and development activities continue to be a high priority for the development of new products and maintaining the technological excellence of existing products. The business has consistently invested 10% of turnover into R&D activities and has been officially recognised by HMRC as a Knowledge Intensive Business. Specific areas of research conducted in the period have covered manufacturing automation, connectors based on Flexible Printed Circuit technologies, and water proof connectors. Patent applications are in progress to add to the existing patent portfolio.

Future developments

The Group is intent on growing its established Glazing operation, whilst developing its novel Cell Contact System connector for the high growth Battery Electric Vehicle market segment.

Financial risks

The financial risks facing the Group are set out in note 19 to these financial statements. The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), liquidity risk, capital risk and credit risk. The Group’s financial risk management objective is to understand the nature and impact of the financial risks and exposures facing the business and mitigate these as far as possible without engaging in any speculative transactions.

Engagement with employees

The Directors support the participation of employees in the activities of the Group, encourage employees to become involved in the pursuit of safety, efficiency and high performance, and provide employees with regular communication on the Group's plans, performance and programmes.

Directors' report for the year ended 31 December 2023 (continued)

Significant and director shareholdings

The following shareholders held more than 3% of the Company's ordinary shares at 31 December 2023:

	As at 31 December 2023 Number of £0.01 shares	%	As at 17 January 2024 Number of £0.01 shares	%
R W Barton	7,554,055	*48.9%*	7,679,055	*42.1%*
Shard Capital Partners	1,051,655	*6.8%*	1,555,130	*8.5%*
Rathbone Investment Management	168,050	*1.1%*	1,043,054	*5.7%*
GPIM	442,850	*2.9%*	942,850	*5.2%*
Anne Barton	985,815	*6.4%*	985,815	*5.4%*
River & Mercantile Asset Management Limited	701,600	*4.5%*	701,600	*3.8%*
Amati Global Investors	569,699	*3.7%*	569,699	*3.1%*
Canaccord Genuity Wealth Management	569,699	*3.7%*	569,699	*3.1%*
Crux Asset Management	552,005	*3.6%*	552,005	*3.0%*

Directors interests in shares at 31 December 2023 were as follows

	Number of £0.01 shares held		Number of Options over £0.01 shares
	As @ 31-Dec-23	As @ 17-Jan-24	
R W Barton (including those held by his wife)	8,539,870	8,664,870	
A D Robson	21,600	46,600	413,636
A Le Van	20,000	45,000	244,791
P George	13,756	26,256	
M Taylor	46,622	71,622	

Director's indemnity

The Company's Articles of Association provide, subject to the provisions of United Kingdom legislation, for an indemnity for Directors and Officers of the Company with regard to liabilities that they may incur in the discharge of their duties or in the exercise of their powers, including any liability relating to proceedings brought against them which relates to anything done, or omitted, or anything alleged to have been done or omitted by them as officers or employees of the Company. Directors' Liability Insurance, as permitted by these Articles, is in place in respect of all the Company's Directors.

Website publication

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

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and 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

Directors' report for the year ended 31 December 2023 (continued)

Directors' responsibilities statement (continued)
year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 the profit or loss of the Group 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 financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

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 Group and the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the parent Company and to prevent and detect fraud and other irregularities.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the performance, business model and strategy of the company.
Each of the Directors, whose names and functions are listed in the Governance section, confirm that, to the best of their knowledge:
- the company financial statements, which have been prepared in accordance
- with UK-adopted international accounting standards in conformity with and as applied in accordance with the provisions of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties faced.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board

Adam Levan

A Le Van
Director
29th April 2024

Strip Tinning Holdings plc

The Board and Corporate Governance Statements

The Board

The Board comprises the Executive Chair, Chief Executive Officer, Chief Financial Officer, and two independent Non-Executive Directors. This Board has been in place since Strip Tinning Holdings PLC listed on 16 February 2022. The Board members have recent relevant financial experience by virtue of their professional qualifications and their previous executive roles and demonstrate a breadth of experience across the automotive manufacturing sectors through their current and previous roles.

Executive Chair, Adam Robson
Adam brings a wealth of management and business development experience across automotive and advanced manufacturing. Adam started his automotive career at Lucas Varity plc in various roles including Chief Executive of Autocruise, taking Adaptive Cruise Control to market and International Operations Director and Business Development Director of Lucas Varity Diesel Systems. Subsequently he was an Operating Partner at Nova Capital Management from 2007 until 2015 where he was responsible for building and managing a portfolio of technology and manufacturing businesses in the UK, North America and Europe. Adam then joined Torotrak plc, the automotive green technology development company listed on LSE main market as Chief Executive Officer before leaving for an interim role at Melrose Industries plc. Adam is currently Chair of two private automotive engineering companies, bf1 Systems Limited and Prodrive Composites Limited.

Chief Executive Officer, Richard Barton
Richard has been CEO of Strip Tinning since 1986. Part of the founding family, Richard transformed Strip Tinning from a family run business to an internationally renowned designer and manufacturer of highly innovative and technical components to the automotive glazing sector, supplying all the world's major glazing automotive manufacturers and exporting to over 30 countries. Richard was central to the development of the core product evolution into Flexible Printed Circuits and advanced Cell Contact Systems for electric vehicle battery packs. Richard will become Deputy Chair on 1 June 2024.

Adam Le Van, Chief Financial Officer
Adam is an experienced Chief Financial Officer in the automotive sector and held the role for Rimstock Limited, a Private Equity backed manufacturer of premium alloy wheels. From 2011 until 2018, Adam was Chief Financial Officer for Bladon Jets, a pioneer in the design, development and manufacture of Micro Turbines. Adam's focus was strategic business planning, funding strategy and investor relations, alongside financial control, accounting and reporting, plus significant preparation of legal and commercial documentation, and oversight of legal issues. Before this, Adam was Head of Supplier Risk at Jaguar Land Rover where he launched an in-house supply chain risk management service and worked in the Transaction Services team at KPMG, predominantly with automotive and industrial clients in the UK, Europe, and US.

Paul George, Senior Independent Non-Executive Director
Paul has extensive experience in audit, reporting and governance having, until April 2020, spent 16 years as an executive director at the Financial Reporting Council (FRC), most recently responsible for corporate governance and reporting having before that been responsible for the Conduct Division. Whilst at the FRC he was Chair of the International Forum of Independent Audit Regulators and a member of the International Accounting Standards Board Advisory Forum. Prior to the FRC, Paul was an executive director of MCG PLC and an audit partner at KPMG. Paul is also a partner of Board Excellence, a business providing Board advisory services, and a Non-Executive Director and Chair of the Audit Committee at AIM-listed real-estate company, Belvoir Group plc.

Matthew Taylor, Independent Non-Executive Director
Matthew was CEO of Bekaert SA until 2020. Bekaert SA is a €5 billion revenue, 30,000 employee global steel wire business headquartered in Belgium with 45 per cent. of its business in automotive. Prior to this role, Matthew was CEO of Edwards Vacuum, CEO of JC Bamford, and Global MD of Land Rover following his early career in sales and marketing roles with Ford after a short spell in the Royal Navy. Matthew is also a Non-Executive Director on the board of AIM listed Surface Transforms plc, another leading British Automotive Supply Chain business where he is Chair of the Audit Committee and sits on the remuneration committee. He is also a Non-Executive Director at Mpac Group plc.

Corporate Governance

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM however, there is no prescribed corporate governance regime for AIM companies. The QCA has published the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"), a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Directors acknowledge the importance of high standards of corporate governance and intend, given the Group's size and the constitution of the Board, to comply with the QCA Code. It is the intention of the Group to comply with the new QCA Corporate Governance Code applicable for accounting periods beginning after April 2024.

The Board is committed to high standards of corporate governance and recognises that it is accountable to shareholders for good governance. The Group's corporate governance procedures define the duties and constitution of the Board and the various Board committees and, as appropriate, specify responsibilities and level of responsibility. For details around how the Group applies specific principles of the Code please refer to the Company's website www.striptinnning.com.

Based on the needs of the business and its current stage of development, the Board met monthly during 2023 to formally review operational and management performance, set out the overall strategic direction for Strip Tinning and then ensure that the Group has the right level of resources available to support strategic goals. The Board is satisfied that the necessary controls and resources are in place such that these responsibilities can be properly discharged.

The attendance record at these scheduled Board meetings was as follows:

Board Meeting Attendance Record	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Adam Robson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Richard Barton	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Adam Le Van	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul George	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Matthew Taylor	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓

Five further Board meetings were held during 2023, to formally review and approve the 2022 Statutory Accounts and then in relation to the recently completed fund raise. These formal time commitments for Directors were supplemented by meeting preparation time, being on hand to support the Senior Management Team with advice, and their roles on Board sub-committees, resulting in an estimated minimum time commitment of 3 days per month on average over 2023.

Board members have direct access to each other as required and Board meetings are conducted in person at the Strip Tinning factory, with Teams link being used on the infrequent occasions an individual Director is unable to physically attend. This inter-action at the factory enables Directors to see first-hand issues the business is facing and improvements that are being made and brings to life the Board pack materials circulated in advance of the Board meetings. In this way, Directors are able to keep themselves appropriately up to date on the business. To supplement their individual areas of expertise, the Board and its individual members are able to access external advice. The Board have requested external advice to help review a contract and the Remuneration Committee have received professional advice in regard to share option schemes.

The principal framework for managing risk is via comparing the monthly management accounts to the strategic financial plan. This process is embedded, with a quarterly forecasting cycle to ensure guidance remains accurate and that the business has sufficient funding to achieve its strategic aims. This is combined with reviews of progress towards the major new nominations being sought by the Group and that the requisite level of resources are being devoted to achieving success – this approach has been informed by the negative experience of the cancelled flagship contract in 2022.

It is recognised that maintaining a reputation for high standards of business conduct is essential to protect shareholders interests. The Board receives regular updates in respect of matters of regulatory compliance from its NOMAD and retained lawyers, and the business has policies, procedures and processes in place in respect of modern slavery, bribery and corruption, and tax evasion, as well as the Corporate Governance framework outlined within this Annual Report. The Board place great importance on communication with shareholders. The Group works to an investor calendar, providing in person updates to shareholders a number of times per year for annual results, half year results, and trading updates. As a result of shareholder feedback, Strip Tinning increased the frequency of its Trading Updates in 2023. The Group additionally seeks to provide clear guidance and transparency of our business operations to investors, including via Regulatory News Service updates as appropriate. The business also hosted a Capital Markets Day for investors at the factory during 2023, providing a factory tour and a guest speaker from a major customer explaining their expansion plans and reasons for working with Strip Tinning. The Group has one

Corporate Governance (continued)

class of shares so all shareholders are treated equally. The fund raise completed shortly after year end in January 2024 was a key decision resulting from discussions with shareholders, with the structure, a mix of convertible loan notes and equity, deemed in the best interests of shareholders.

The corporate governance structures and processes and how they have been applied throughout the year ended 31 December 2023 are described below.

Audit and Risk Committee

The Audit and Risk committee is responsible for the appointment of the external auditor, agreeing the nature and scope of the audit and reviewing and making recommendations to the Board on matters related to the issue of financial information to the public. It assists all Directors in discharging their responsibility to ensure that accounting records are adequate and that the financial statements give a true and fair view.

Committee Membership

The Audit and Risk committee currently comprises the two non-executive directors, Paul George and Matthew Taylor. The Audit and Risk committee is chaired by Paul George. The Board considers that each of the committee members have recent relevant financial experience by virtue of their professional qualifications and their previous executive roles.

Nomination Committee

The Nomination Committee comprises Adam Robson, who acts as chair, Richard Barton, Paul George and Matthew Taylor. The Nomination Committee is responsible for evaluating the need for and nature of additional appointments to the Board and identifying and nominating candidates, for Board approval, to fill board vacancies. No additional Main Board appointments were made in 2023, but the Nomination Committee met twice in the year to advise on the recruitment of the new Chief Technology Officer to the Operating Board and has managed the succession planning that has led to the promotion of Mark Perrins as CEO effective 1 June 2024.

Board Effectiveness

The Board continually assesses the appropriateness of its agendas, and the information needed to support the Board's role in setting strategy, overseeing performance and decision making. The Board is conscious it has had to maintain a focus on operational issues to assist in resetting the business for profitable growth following the challenges in 2022 but has looked closely at the matters the Board should concentrate on and how to ensure it remains strategically rather than operationally focused and Board agendas reflect this.
The Board is constituted with an Executive Chair, two other Executive Directors and two Independent Non-Executive Directors. The role of the Chair is to manage the Board in the best interests of its stakeholders, to ensure that shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness. At this point in time, the Board considers the Board structure is appropriate for the Group, to make the most of the skills available to the business and enable navigation of the challenging trading environment and launch of the Battery Technologies business. It is deemed that two Non-Executive Directors provide sufficient independence to protect the interest of shareholders and other stakeholders and the arrangement remains compliant with QCA guidelines. In addition, there are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties. The role of Company Secretary is undertaken by the Chief Financial Officer, Adam Le Van, who has experience of delivering this function and is supported by the NOMAD, Share Registrar, and Legal Advisors.

Post year end, Senior Independent Non-Executive Director, Paul George commenced a Board Effectiveness review. Paul undertakes Board Effectiveness Reviews professionally and therefore despite his involvement in the business it was felt that it was appropriate for him to lead the review. Results were presented to the February 2024 Board meeting. The review concluded that the Board was effective but in line with its commitment to continuous improvement should take action in the following areas:

- having supported the executive tackle a number of operational challenges in 2022 and 2023 the Board should increase its strategic focus;
- refine its financial and non-financial KPIs to better facilitate the oversight of the implementation of the agreed strategy;
- over the medium term seek to improve levels of diversity within the Board and executive team.

Corporate Governance (continued)

Company Culture

Strip Tinning has transitioned from a family owned and run business to a listed entity with increased input from professional managers and a Board responsible for protecting the interests of external shareholders. The Board seeks to continue to foster, encourage and harness the entrepreneurial spirit and sales driven focus of the company whilst instilling increased rigour and discipline to decision making and processes. The other significant cultural pillar of the business under family ownership has been staff welfare and reward. Examples demonstrating this include the commitment to the National Living Wage for all employees, non-contributory pension scheme, universal life assurance, staff uniforms, day off for birthday and significant Long Service Awards. The Board believes that maintaining this approach, as well as being the right thing to do, strengthens the business in the long run by promoting employee loyalty and retention in a tight labour market for skilled workers. The introduction, post listing, of the employee Share Incentive Plan is evidence of this. The continual growth of the business will open up new opportunities for employees to progress their career in a dynamic environment where going above and beyond is both recognised and rewarded.

Audit And Risk Committee Report

The report details the role of the audit and risk committee and the work it has undertaken during the year as well as its meeting in April 2024 when this annual report and financial statements were approved.

Significant issues considered by the audit and risk committee

The committee had three scheduled meetings during the year which were attended by all members of the committee. It has an agenda linked to the events in the Group's financial calendar. The external auditor met with the committee without management being present and the chair has direct contact with the audit partner as required. During the year the committee:

- reviewed the half-year and full-year results;
- received and considered, as part of the review of the annual financial statements, reports from the external auditor in respect of the auditor's Group audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditor to address and conclude upon key estimates and other key audit areas, the basis on which the auditor assesses materiality, the terms of engagement for the auditor and an ongoing assessment of the impact of future accounting developments on the Group;
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2023 annual report. This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2023 annual report, taken as a whole, was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year;
- considered the effectiveness and independence of the external auditor. The auditor specifically demonstrated professional scepticism and challenged management assumptions;
- made a recommendation to the board to re-appoint Mazars as external auditor;
- reviewed the Group's policy on non-audit fees and ensured appropriate safeguards are in place; and
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal and emerging risks and uncertainties.

The committee received, reviewed, and challenged reports from management and the external auditor setting out the significant issues in relation to the 2022 annual report and made their own assessment. These issues were discussed and challenged with management during the year. They were also discussed with the auditor at the time the committee reviewed and agreed the auditor's Group audit plan and at the conclusion of the audit of the financial statements. The issues that were discussed included:

- Going Concern
- revenue recognition;
- impairment of assets;
- capitalisation and impairment of intangible assets;
- stock provisions required for contracts terminated early due to price increases;
- treatment of any remaining potential liabilities arising from the termination of the Rimac contract;
- accounting for right-of-use assets and lease liabilities under IFRS 16.

The committee calls upon the external auditor and the executive directors to attend formal meetings as required. These meetings are held at least three times a year. The external auditor is given the opportunity to raise any matters

Corporate Governance (continued)

or concerns they may have in the absence of the executive directors at separate meetings with the audit and risk committee or its chair.

Auditor's independence

The Audit and Risk Committee reviews the independence of the external auditor by assessing the arrangements for the day-to-day management of the audit relationship as well as reviewing the auditor's report which describes their

procedures for identifying and reporting conflicts of interest. To maintain the auditor's independence, the committee has also established the policy that the primary role of the external auditor is to perform services directly related to their audit responsibilities. Any non-audit services are approved by the committee. Non- audit fees paid to the auditor amounted to £nil in the year. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in Note 5.

The audit and risk committee considers the re-appointment of the external auditor each year, as well as remuneration and other terms of engagement. The committee recommends the re-appointment of Mazars as external auditor. There are currently no contractual obligations which restrict the choice of external auditor.

Internal financial control

The directors recognise that they have overall responsibility for ensuring that the Group maintains a sound system of internal control to safeguard shareholders' investment and the Group's assets, and for reviewing the effectiveness of these internal controls. The system is designed with regard to the size of the Group to manage risks that may prevent the Group from achieving its business objectives, rather than to eliminate these risks. However, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place from the start of the period until the date of approval of this report. This process is regularly reviewed by the committee and the board throughout the year.

The effectiveness of the Group's system of internal control is periodically considered by the committee and the board. The review covers all material controls, including financial, operational and compliance controls and risk management. The monitoring of control procedures is achieved through regular review by the CFO, reporting to the committee and to the board. This review process considers whether significant risks have been identified, evaluated and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The organisational structure of the Group gives clear management responsibilities in relation to internal financial control. Financial risks are controlled through clearly laid down authorisation levels. There is an annual budget which is approved by the directors. The results are reported monthly and compared to the budget. The Committee considered the extent to which monthly management reporting was consistent with the audited financial statements and received confirmation from the Chief Financial Officer and Group Financial Controller that there had been no material breaches in the internal control framework during the year.

Regular reporting by senior management ensures that, as far as possible, the controls and safeguards are being operated appropriately. This process is considered by the audit and risk committee alongside the adequacy of the risk management and internal control systems, and the external auditors' reports. The internal control and risk management systems are considered to be appropriate. The Audit and Risk committee receives a report from the external auditors annually.

Internal audit

The Committee has decided that, given the nature of the Group's business and assets and the overall size of the Group, the systems and procedures currently employed provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Group's assets, is in place. A traditional internal audit function is therefore considered unnecessary at this point in time.

Risk management

The committee is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks. A description of the principal risks and the strategies to manage these risks are included on pages 13-14.

Work has been ongoing to measure the impact of each operational risk to better understand the mitigating actions necessary alongside progress made on each of these actions. The committee is satisfied that good progress has been made on the development of the tactical and strategic risk register in this way throughout the year. The

Corporate Governance (continued)

committee expects that this programme will continue to evolve further throughout 2024, including as part of the external accreditations it maintains or is seeking to achieve.

Process for preparing consolidated financial statements

The Group has established internal control and risk management systems in relation to the process for preparing the consolidated financial statements. The key features of these systems are:

- Management regularly monitors and considers developments in accounting standards and best practice in financial reporting and reflects developments in the financial statements where appropriate. Committee members keep up to date through their other business activities and review of IASB announcements. The external auditor also keeps the committee apprised of these developments;
- The committee and the board review the draft financial statements. The committee receives reports from management and the external auditor on significant judgements, changes in accounting policies, changes in accounting estimates and any other appropriate changes to the financial statements;
- The annual financial statements are subject to external audit.

Anti-bribery and anti-corruption

Bribery and corrupt practices are never tolerated in the pursuit of Strip Tinning's business objectives or goals, within business relationships, or in the actions of its employees and associated parties. This commitment is driven from the Chief Executive and the board throughout the entire Group and this same commitment is expected of all who work with the Group and who act on our behalf or are employed or engaged in any capacity by us. The Strip Tinning anti-bribery policy reflects Strip Tinning's zero tolerance approach to acts of bribery.

Whistleblowing

The board is responsible for the review of the Group's procedures for responding to the allegations of whistleblowers alongside input from the audit and risk committee. Whistleblowing arrangements are in place to enable staff who may, in confidence, want to raise concerns about possible financial reporting irregularities. This whistleblowing procedure is communicated to staff within relevant employee policies. Strip Tinning endeavours to protect those who make disclosures of wrongdoing. Any reports made in good faith will be dealt with in confidence (to the extent possible), and the reporting employee shall not be discriminated against as a result of their actions. No reports were received in the year.

Paul George

On behalf of the board
Paul George
Audit and risk committee chair
29th April 2024

Remuneration committee report

The Remuneration Committee is comprised of Matthew Taylor (Chair) and Paul George. The Remuneration Committee sets the overall policy on remuneration and other terms of employment of Directors, including those on the Operating Board of Strip Tinning Limited.

The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate Directors of the right calibre. When assessing the pay and benefits of the Directors, the Remuneration Committee takes account of remuneration and benefits information in the marketplace and the pay and employment conditions elsewhere in the Group.

Director remuneration
Directors emoluments are set out in Note 8 of the accounts. During the year pension contributions of £7,000 were paid to Executive Directors and The Directors' taxable benefits amounted to £18,000.

Remuneration for Non-Executive Directors consists of fees for their services in connection with Board and Committee meetings. These fees are determined by the Committee without the involvement of the Non-Executive Director concerned. Non-Executive Directors do not participate in any Group pension or share option schemes.
Directors' contracts are designed to provide the assurance of continuity which the Group desires. There are no provisions for pre-determined compensation on termination.

Basic salary or fees for each Director are reviewed annually by the Remuneration Committee, taking into account the performance of the individual and information from independent sources on the rates of salary for similar posts.
As was the case in 2022, CEO Richard Barton continued to voluntarily forego his salary in recognition of his majority shareholder status and trading conditions.

No revisions were made to Directors' base packages during 2023.

The Group operates a bonus scheme to incentivise Executive Directors to meet the financial and strategic objectives of the Group. Based on achievement of the non-financial metrics set and the financial results delivered, bonuses of (37% and 42%) of base salary were awarded to Adam Robson and Adam Le Van, accrued in these results and paid upon 2023 accounts sign-off.

Service contracts
The Executive Directors of the Company do not have a notice period in excess of twelve months under the terms of their service contracts. Their service contracts contain no provisions for predetermined compensation on termination which exceed one year's salary and benefits in kind. Non-Executive Directors do not have service contracts with the Company but have letters of appointment.

Company policy on external appointments
The Company recognises that its Directors are likely to be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive and Non-Executive Directors are, therefore, subject to the approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Share options
The Remuneration Committee is responsible for awarding options over ordinary shares to Executive Directors and certain senior managers under the Enterprise Management Incentive (EMI) Scheme and company wide Share Incentive Plan (SIP).

These schemes are intended to offer long-term incentives to Directors and senior management and the staff as a whole. The Remuneration Committee believes that the potential for share ownership and participation in growing the value of the Company increases the commitment and loyalty of Directors and staff.

A tranche of share options under the EMI LTIP scheme were allocated to Executive Directors and the Senior Management Team to incentivise maximisation of profitability and shareholder return at or around the time of the listing in February 2022 and linked to the expectations set out in the Admission Document, measured by a combination of Earnings Per Share and Total Shareholder Return. These options are unlikely to vest.

A second tranche of share options under the EMI LTIP scheme were allocated to Executive Directors and the Senior Management Team in April 2023, linked to a cumulative 3 year EBITDA target and Total Shareholder Return:

- the total number of shares Executive Directors of Strip Tinning Holdings PLC hold options over is detailed in the Directors' report for the year ended 31 December 2023.

Remuneration Committee Report (continued)

An employee benefit trust was established in 2022, called The Strip Tinning Holdings PLC Share Incentive Plan Trust ("SIP Trust"), and Global Shares Trustees (UK) Limited ("SIP Trustee") appointed as the trustee of the SIP Trust. In 2022, “Free Share” awards totalling 322,345, representing 2.1% of the current year end issued share capital of the Company, were made, to be held in the SIP Trust for a period of three years before being released to participants. The Company's Executive Directors do not currently participate in the SIP and did not receive an award of Free Shares:

- No further SIP share awards were made during 2023.

Following detailed consideration, the Board has accepted the recommendation of the Remuneration Committee that the dilution limit for the LTIP and SIP schemes be increased from 10% to 15%. This is to provide greater flexibility to incentivise the expanded Senior Management Team required to deliver the new contract nominations via LTIP and to assist in the retention of key personnel via the SIP scheme.

On behalf of the board
Matthew Taylor
Remuneration committee chair
29th April 2024

Independent auditor’s report to the members of Strip Tinning Holdings plc

Opinion

We have audited the financial statements of Strip Tinning Holdings plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2023 and of the group’s loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter

We draw attention to Note 11 of the financial statements, which describes the effects of material uncertainty in respect of the continued recognition of the capitalized development costs intangible asset for the Battery Technologies cash generating unit. The forecasts prepared by the Group to support the continued recognition of the asset includes revenue from a contract that has yet to be awarded to the Group. Our opinion is not modified in respect of this matter. Please see further details in our audit procedures and observations set out in Key Audit Matter section below.

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 audit procedures to evaluate the directors’ assessment of the group’s and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Documenting the evaluation of risk and timeline of events that could impact going concern and concluding the impact on our audit approach;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' 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 the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Impairment of capitalised intangible assets for Battery Technologies development – Group and Parent There is a risk the intangible assets capitalised in relation to research and development of the Battery Technologies cash generating unit are impaired due to indicators of impairment being identified. These indicators being continued adverse financial performance and a lack of signed Battery Technologies contracts. Management have capitalised costs in relation to development of the Battery Technologies cash generating unit since 2019. The net book value of the intangible asset at 31 December 2023 is £0.7m which is material for the Group and Parent.	We confirmed our understanding of the processes and controls relevant to the impairment of Research and Development intangible asset of the Group. We evaluated the design and implementation of the controls and concluded that a substantive audit approach should be adopted. Consequently, we did not test the operating effectiveness of the controls identified. Our substantive audit procedures included, but were not limited to: • Engaged with our own valuations experts to review the assumptions and the mathematical accuracy of the discounted cash flow forecast for the Battery Technologies cash generating unit; • Engaged with our own valuations experts to review the WACC rate used in the discounted cash flow model to ensure it is in line with current macroeconomic conditions; • Challenged managements detailed impairment assessment including indicators of impairment;

	• Challenged the key assumptions in the model and discussed with management our conclusions and the impact on the valuation of the intangible asset; • Inspected the underlying data included in the model for revenue growth to ensure only confirmed and contractual Battery Technologies material orders are included. Please see our observations below regarding the material uncertainty raised relating to one unconfirmed order included in the forecast; • For the one order which has been included in the model but which has not yet been awarded to the Group, challenged the basis for inclusion of these cash flows including discussions with external parties and a review of the unsigned contract; • Performed a 'stand back' exercise considering any contradictory internal or market available evidence throughout the year and post year end to conclude the possible impact on the impairment assessment; • Assessed the sensitivity analysis provided by management and considered the possible impact on the impairment assessment; • For any material Battery Technologies contracts included in the model we challenged the inclusion of the revenue in the model and whether the inclusion is reasonable; • Considered whether other non current assets included in the Battery Technologies Cash generating unit were also supported by the model prepared; • Performed a retrospective review of the historical budgets prepared by management to consider and conclude on the accuracy of the forecasts and capabilities of management; and • Engaged with our own experts to review the financial statement disclosures (please see page 47 for the Group's accounting policy). **Our observations** We have concluded that a material uncertainty exists in respect of the continued recognition of the capitalised development costs intangible asset for the Battery Technologies cash generating unit. The forecasts prepared by the Group to support the continued recognition of the asset include revenue from a contract that has yet to be awarded to the Group. Within the forecasts to support the impairment assessment of the capitalised development costs intangible asset for the Battery Technologies cash generating unit management have included an order for an expected revenue of £21.4m over 5 years followed by revenues of £8.0m per annum to perpetuity. The order is in the final stages before

	signing. There is a high level of uncertainty over the future cash flows upon which the value in use is based and without the order materialising the intangible asset would be impaired by £0.7m.
Impairment of investment in Strip Tinning Limited & Impairment of intercompany debtors – Strip Tinning Holdings Plc (Parent) There is a risk the investment in Strip Tinning Limited is impaired due to the continued adverse trading performance in 2023. The net book value of the investment as at 31 December 2023 is £4.0m which is material for the parent entity. Due to the adverse trading conditions there is a risk the intercompany debtor of £5.6m is impaired.	We confirmed our understanding of the processes and controls relevant to the impairment of investments and intercompany debtor. We evaluated the design and implementation of the controls and concluded that a substantive audit approach should be adopted. Consequently, we did not test the operating effectiveness of the controls identified. Our substantive audit procedures included, but were not limited to: • Engaged with our own valuations experts to review the assumptions and the mathematical accuracy of the discounted cash flow forecast; • Engaged with our own valuations experts to review the WACC rate used in the discounted cash flow model to ensure it is in line with current macroeconomic conditions; • Challenged the key assumptions in the model and discussed with management our conclusions and the impact on the valuation of the investment; • Challenged the underlying data included in the model for revenue growth to ensure only confirmed and contractual material orders are included; • Assessed the sensitivity analysis provided by management and considered the possible impact on the impairment assessment; • Inspected and challenged managements detailed impairment assessment including indicators of impairment; • We challenged the IFRS 9 impairment assessment management have prepared for the intercompany debtor taking into consideration the conclusions and assumptions in the investment impairment model and going concern; • Performed a retrospective review of the historical budgets prepared by management to consider and conclude on the accuracy of the forecasts and capabilities of management; and • Engaged with our own experts to review the financial statement disclosures (please see page 48 for the Group's accounting policy). **Our observations** The valuation of Investment in Strip Tinning Limited and intercompany debtor is not materially misstated and no impairment charge is required as at 31 December 2023.

Strip Tinning Holdings plc

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£184,000 (2022: £174,733)
How we determined it	1.7% of revenue (2022: 1.7% of revenue)
Rationale for benchmark applied	Strip Tinning Holdings plc Group made a loss during 2023. The profitability of the subsidiary Strip Tinning Limited has changed in recent years with a profit generated in 2020 and a loss in 2021 and 2022. Revenue has remained fairly consistent with growth in 2021, a slight reduction in 2022 and growth in 2023. We have deemed this to be a more reasonable benchmark due to the consistency and management's focus on revenue during their monthly meetings.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £132,000 (2022: £113,602) for Strip Tinning Holdings Plc Group which represents 72% (2022: 65%) of overall materiality for the Group.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £5,000 (2022: £5,243) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£284,000 (2022: £299,000)
How we determined it	3% of net assets (2022: 3% of net assets)
Rationale for benchmark applied	We have calculated materiality for the entity only using net assets as the entity is a holding company with limited expenses.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

	We set performance materiality at £204,000 (2022: £195,000) for Strip Tinning Holdings Plc (Entity only) which represents 72% (2022: 65%) of overall materiality for the entity.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £8,000 (2022: £5,243) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, Strip Tinning Limited and Strip Tinning Holdings plc were subject to full scope audit performed by the group audit team.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

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. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: data protection, covenants for grants or funding arrangements, AIM listing rules and QCA corporate governance code.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Review of board and audit committee minutes;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Use of the audit 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.

Stephen Brown (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 29 April 2024

Strip Tinning Holdings plc

Consolidated statement of comprehensive income
for the year ended 31 December 2023

	Note	**2023**	2022
		£'000	£'000
Revenue	3	**10,826**	10,230
Cost of sales		**(7,517)**	(9,731)
Gross profit		**3,309**	499
Other operating income	4	**1,364**	439
Administrative expenses	5	**(6,075)**	(5,864)
Impairment loss	5	**-**	(577)
Operating loss	5	**(1,402)**	(5,503)
Finance expense	8	**(331)**	(147)
Loss before taxation		**(1,733)**	(5,650)
Taxation	9	**962**	725
Loss and total comprehensive expense for the financial year		**(771)**	(4,925)
Basic and diluted loss per share (pence)	10	**(5.0)**	(33.7)

All amounts relate to continuing operations.

There is no other comprehensive income in either the current or prior year.

Under the merger accounting principles applied as set out on page 46, the statement includes the results of the company and its subsidiary as if they had been combined throughout the prior year.

The notes on pages 43 to 66 form part of these financial statements.

Strip Tinning Holdings plc

Consolidated statement of financial position as at 31 December 2023

	Note	**31 December 2023**	31 December 2022
		£'000	£'000
Assets			
Non current assets			
Intangible assets	11	**1,643**	1,277
Right-of-use assets	12	**1,090**	1,151
Property, plant and equipment	13	**3,233**	2,950
		5,966	5,378
Current assets			
Inventories	15	**1,287**	1,848
Trade and other receivables	16	**2,685**	3,381
Tax recoverable		**991**	559
Cash at bank and in hand		**343**	1,290
		5,306	7,078
Total assets		**11,272**	12,456
Liabilities			
Current liabilities			
Trade and other payables	17	**(2,197)**	(3,045)
Borrowings	18	**(973)**	(553)
Lease liabilities	19	**(201)**	(182)
		(3,371)	(3,780)
Non current liabilities			
Accruals and deferred income	17	**(11)**	(37)
Borrowings	18	**(798)**	(992)
Lease liabilities	19	**(936)**	(995)
Provisions	23	**(360)**	(227)
Deferred taxation	24	**-**	-
		(2,105)	(2,251)
Total liabilities		**(5,476)**	(6,031)
Net assets		**5,796**	6,425
Equity			
Called up share capital	25	**154**	154
Share premium account	25	**6,966**	6,966
Merger reserve	25	**(100)**	(100)
Other reserve	25	**(3)**	(3)
Accumulated loss		**(1,221)**	(592)
Total equity		**5,796**	6,425

The notes on pages 43 to 67 form part of these financial statements.

These financial statements on pages 38 to 67 were approved and authorised for issue by the board on 29th April 2024 and were signed on its behalf by:

Adam Levan

A Le Van
Director
Strip Tinning Holdings plc **Registered number: 13832126**

Company statement of financial position as at 31 December 2023

	Note	**31 December 2023**	31 December 2022
		£'000	£'000
Assets			
Non current assets			
Investments	14	**3,983**	3,841
Current assets			
Trade and other receivables	16	**5,579**	5,791
Cash at bank and in hand		**-**	414
		5,579	6,205
Total assets		**9,562**	10,046
Liabilities			
Current liabilities			
Trade and other payables	17	**(199)**	(67)
Total liabilities		**(199)**	(67)
Net assets		**9,363**	9,979
Equity			
Called up share capital	25	**154**	154
Share premium account	25	**6,966**	6,966
Merger reserve	25	**3,645**	3,645
Other reserve	25	**(3)**	(3)
Accumulated loss		**(1,399)**	(783)
Total equity		**9,363**	9,979

As permitted by section 408 of the Companies Act 2006, the parent Company's profit and loss account has not been included in these financial statements. The Company recorded a loss for the year of £758,000 (from incorporation to 31 December 2022: loss of £879,000).

The notes on pages 43 to 67 form part of these financial statements.

These financial statements on pages 38 to 67 were approved and authorised for issue by the board on 29th April 2024 and were signed on its behalf by:

Adam Levan

A Le Van
Director
Strip Tinning Holdings plc **Registered number: 13832126**

Consolidated statement of changes in equity for the year ended 31 December 2023

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Other reserve £'000	Accumulated loss £'000	Total Equity £'000
Balance as at 1 January 2022	-	-	-	-	4,237	4,237
Loss and total comprehensive expense for the financial year	-	-	-	-	(4,925)	(4,925)
Share based payment (note 25, 26)	-	-	-	(3)	96	93
Capital reorganisation (note 25)	100	-	(100)	-	-	-
Issue of share capital (note 25)	54	6,966	-	-	-	7,020
Total contributions by owners	54	6,966	-	(3)	96	7,113
Balance as at 31 December 2022	**154**	**6,966**	**(100)**	**(3)**	**(592)**	**6,425**
Loss and total comprehensive expense for the financial year	-	-	-	-	(771)	(771)
Share based payment (note 26)	-	-	-	-	142	142
Total contributions by owners	-	-	-	-	142	142
Balance as at 31 December 2023	**154**	**6,966**	**(100)**	**(3)**	**(1,221)**	**5,796**

Company statement of changes in equity for the year ended 31 December 2023

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Other reserve £'000	Accumulated loss £'000	Total equity £'000
On incorporation	-	-	-	-	-	-
Loss and total comprehensive expense for the financial year	-	-	-	-	(879)	(879)
Issue of share capital in exchange for Strip Tinning Limited shares (note 25)	100	-	3,645	-	-	3,745
Issue of share capital (note 25)	54	6,966	-	-	-	7,020
Share based payment (note 25, 26)	-	-	-	(3)	96	93
Total contributions by owners	154	6,966	3,645	(3)	-	10,858
Balance as at 31 December 2022	**154**	**6,966**	**3,645**	**(3)**	**(783)**	**9,979**
Loss and total comprehensive expense for the financial year	-	-	-	-	(758)	(758)
Share based payment (note 26)	-	-	-	-	142	142
Balance as at 31 December 2023	**154**	**6,966**	**3,645**	**(3)**	**(1,399)**	**9,363**

Strip Tinning Holdings plc

Consolidated cash flow statement for the year ended 31 December 2023

		2023	2022
		£'000	£'000
Cash flow from operating activities			
Loss for the financial year		**(771)**	(4,925)
Adjustment for:			
Depreciation of property, plant and equipment	13	**828**	592
Depreciation of right-of-use assets	12	**225**	203
Amortisation of intangible assets	11	**173**	180
Impairment of intangible fixed assets	11	**-**	577
Loss on disposal of tangible fixed assets		**-**	55
Foreign exchange movements		**-**	(9)
Amortisation of government grants		**(88)**	(49)
IPO financing related costs in administrative expenses		**-**	314
Share based payment	26	**142**	96
Finance costs	8	**331**	147
Taxation credit	9	**(962)**	(725)
Changes in working capital:			
Decrease in inventories	15	**561**	166
Decrease in trade and other receivables	16	**696**	397
Decrease in trade and other payables	17	**(665)**	(1,309)
Cash generated from/(used in) operations		**470**	(4,290)
Income tax received relating to R&D tax credits		**530**	107
Net cash generated from/(used in) operating activities		**1,000**	(4,183)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(1,113)**	(508)
Proceeds on disposal of intangible fixed assets		**-**	15
Proceeds on disposal of tangible fixed assets		**2**	-
Purchase of intangible assets	11	**(539)**	(488)
Net cash used in investing activities		**(1,650)**	(981)
Cash flows from financing activities			
Issue of share capital	25	**-**	8,094
Share issue costs paid	25	**-**	(1,077)
IPO financing related costs paid		**-**	(314)
Interest paid		**(319)**	(147)
Payment of lease liabilities		**(204)**	(199)
Invoice discounting finance advanced		**492**	-
Asset backed finance received		**297**	311
Loan repayments		**(53)**	(73)
Repayment of capital element of asset backed finance contracts		**(510)**	(487)
Net cash generated (used in)/from financing activities		**(297)**	6,108
Net (decrease)/increase in cash and cash equivalents		**(947)**	944
Cash and cash equivalents at the beginning of the year		**1,290**	337
Foreign exchange movements		**-**	9
Cash and cash equivalents at the end of the year (all cash at bank and in hand)		**343**	1,290

Notes to the financial statements
for the year ended 31 December 2023

1 Corporate information

Strip Tinning Holdings plc is a public company incorporated in the United Kingdom and listed on AIM. The registered address of the Company is Arden Business Park, Arden Road, Frankley Birmingham, West Midlands, B45 0JA.

The principal activity of the Company is as a holding company for a subsidiary which manufactures automotive busbar, ancillary connectors and flexible printed circuits (together the 'Group').

2 Accounting policies

Basis of preparation
The Group financial statements have been prepared in accordance with UK adopted international accounting standards ("IFRS") and in accordance with the requirements of the Companies Act 2006.

The parent Company financial statements have been prepared under applicable United Kingdom Financial Reporting Standards 101: Reduced Disclosure Framework ("FRS101") and the requirements of the Companies Act 2006. The following FRS 101 disclosure exemptions have been taken in respect of the parent Company only information:

- IAS 7 Statement of cash flows;
- IFRS 7 Financial instruments disclosures and;
- IAS 24 Key management remuneration.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The IASB has published the following amendments which were implemented by the group on 1 January 2023 but which have not had any significant impact on the group's financial statements:

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2: Disclosure of Accounting Policies.
- IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The financial statements have been prepared under the historical cost convention. The financial statements and the accompanying notes are presented in thousands of pounds sterling ('£'000'), the functional and presentation currency of the Company, except where otherwise indicated.

Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. In adopting the going concern basis for preparing the financial statements, the directors have considered a base case going concern model and then modelled a series of severe but plausible downside scenarios:

- All Glazing Connector Sales not already under contract or in the pipeline have been excluded from sales forecasts despite the track record of the Group in winning new business;
- All Sales into the Battery Technologies division other than those covered by a Purchase Order have been pushed back into 2025 to simulate possible delays;
- All forecast Battery Technologies division sales in 2025 have been pushed back into 2026 to simulate a full year delay.

Despite the removal of over £4m of sales from 2024 and 2025 via these scenarios, the adverse cash impact would still be more than covered by the reserves provided by the January 2024 fund raise and the financing arrangements the Group already has in place in the form of a £1.5m working capital facility. This working capital facility is currently undrawn.

Further, the Group would take mitigation actions to alleviate the loss of non-contracted sales, including:

- Substantially reducing planned Battery Technologies CAPEX spend (up to £1.5m possible if Sales delayed)
- Deferring recruitment to align with Sales being pushed to the right to achieve a very conservative total saving of £0.4m spread across 2024 and 2025.

Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Implementing the mitigating actions would mean the Group did not need to utilise its working capital facility during the Going Concern assessment period.

Under these scenarios, the financing arrangements available to the business and / or realistic mitigating actions that can be taken to respond to results that are not as planned mean the directors still have a reasonable expectation that the Group have adequate resources to continue in operational existence for the going concern model period, which is in excess of twelve months from the date of approval of the financial statements. Beyond this period, the directors remain confident that the product offering of the Group is attractive to the market and augurs well for future prospects.

Standards, amendments and interpretations in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2024 and which the Group has chosen not to adopt early. These include the following standards which may be relevant to the Group:

- Amendment to IAS 1 regarding the classification of liabilities being based on an entity's rights at the end of a reporting period and disclosure in respect of post period end covenants that have to be met in the 12 months post period end;

- IAS 7/IFRS 7 amendments in respect of supplier finance arrangements and disclosures that allow an investor to understand the nature of these;

- IFRS 16 Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

As a result of initial review of the new standards, interpretations and amendments which are not yet effective in these financial statements, none are expected to have a material effect on the Company or Group's future financial statements.

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Intangible assets
Judgement
The capitalisation of development costs set out in note 11 is subject to a degree of judgement in respect of the point when the commercial viability of new technology and know-how is reached, supported by the results of testing and customer trials. The carrying values are shown in note 11. Once the trigger point is reached costs that can be reliably measured and directly relate to the development of relevant projects are capitalised. These include payroll costs, 3rd party invoices for subcontract cost and materials cost in excess of the bill of materials. The other judgement used in intangible assets is the Weight Average Cost of Capital (WACC) used in the impairment review's discounted cashflow model. A CAPM formula has been used for this, with management judgement used in the risk premium factor.

Estimation
Capitalisation criteria in respect of financial recoverability involves estimated forecasts of future sales and margins with assumptions based on experience and trends when they are prepared which may change over time. These capitalised development costs include £0.7m of costs incurred in developing the technologies, processes, and products for the FPC and CCS capability of the business. As at accounting period end, the Directors were very confident that the extensive development programmes conducted with customers over multiple accounting period ends would translate into nominations for serial volume production, resulting in a significant contribution to revenue. As at Balance Sheet signing date two major FPC nominations had been received but the outcome of two major CCS nominations was still awaited. Of the two CCS nominations, one had a detailed contract with the Tier 1 customer agreed, but not signed, as launch remained subject to sign-off by the ultimate OEM customer

2 Accounting policies (continued)

and the other had been delayed by the customer due to design changes. The Directors remain confident that at least one, if not both, of the major CCS nominations will be secured imminently based on how far advanced the programmes are and the level of engagement with the customers. In the absence of signed contracts in particular, there is always a risk that revenues will not accrue in a manner expected by the directors. Should actual or expected revenues be significantly short of those currently forecast , it will be necessary to reassess the carrying value of this intangible asset.

Amortisation commences once management consider that the asset is available for use, i.e. when it is judged to be in the location and condition necessary for it to be capable of operating in the manner intended by management and the cost is amortised over the estimated 5 to 8 year useful life of the know-how based on experience of and future expected customer product cycles and lives.

Right-of-use assets
Judgement
The application of IFRS 16 involves an estimation of the appropriate incremental borrowing rate and judgement of the relevant lease period. The rate is reviewed in conjunction with the rates on similar borrowings and a judgement has been made where there are break options by reference to business plans and the most likely outcome.

Property, plant and equipment
Estimation
Property, plant and equipment as set out in note 13 is depreciated over the estimated useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. If the estimated life was increased by a year, annual depreciation charges would be approximately £75,000 less.

Impairment of investment
Estimate
Investments are tested for impairment in accordance with IAS 36 'Impairment of Assets'. Investments have separately identifiable cashflows. Key inputs into the estimation uncertainty are the discount rates reflecting the asset specific risks and the future cashflows from the investment. Carrying values of the investment can be seen in note 14. A discounted cashflow model shows a recoverable value with headroom of £1,775,000 above the investment amount. Sensitivities have been applied to this amount, with a 1% increase in the discount rate reducing the headroom by £806,000 and a £100,000 reduction in final year cashflows from the investment reducing the headroom by £424,000.

Expected credit losses on intercompany receivables
Estimate
The intercompany receivable has been assessed for expected credit losses in accordance with IFRS 9 'Financial Instruments'. The receivable relates to a loan amount with no conditions attached, it is therefore assumed to be repayable on demand with no interest charged. The loan is partially offset every year via settlement by Strip Tinning Limited of Strip Tinning Holdings PLC staff costs with the outstanding balance being repaid once Strip Tinning Limited moves to Free Cash Flow. The recoverability has been assessed on the basis of the future cashflows of Strip Tinning Limited and therefore the key input into the estimate are the future cashflows of Strip Tinning Limited. Discounting has not been considered as the loan is interest free and repayable on demand. To estimate these future cashflows, management have used their base case model, which external investors have relied on, which estimates that Strip Tinning Limited would be able to repay the balance in full by 2028. The same extreme sensitivity used for the impairment assessment of the investment in Strip Tinning Limited has been used. The sensitised model estimates that Strip Tinning Limited will be able to repay the balance in full by 2031, even assuming no new contracts were won going forward (so that revenues were solely from existing contracted work) versus the management base case model. Under both scenarios Strip Tinning Holdings plc would be willing to allow the loan to be paid over this period, and so it is concluded that no expected credit loss need be recognised.

Deferred taxation
Judgement
The recognition of deferred tax assets involves the assessment of forecasts in respect of future results and taxable profits and judgement as to the likelihood that these will be achieved and realise the assets.

2 Accounting policies (continued)

Inventory
Judgement
The calculation of net realisable value provisions against inventory requires, in particular, an assessment of whether materials or components can be utilised in future production. Management identify stock for provision based on a combination of the past 12 month usage and the forecast next 12 month usage of the item code,
Estimate
Stock which is identified as having more than one years usage in stock is provided for on a sliding scale of 20%-90%. This has resulted in new provisions of £254,000 being made in the year, this stock has not been physically written off or scrapped, however we have decreased its net realisable value to reflect its likely future use in the business. An sensitivity is applied to provide 100% for all stock with more than one years usage in stock, this would increase the provision applied by £160,000, however management believe that this stock does have some residual value and alternative usages, so the sliding scale is more appropriate.

Basis of consolidation

The Company was incorporated on 6 January 2022 with one £0.01 ordinary share and on 2 February 2022, became the Group parent Company when it issued 9,999,999 £0.01 ordinary shares in exchange for all the ordinary shares in Strip Tinning Limited. In addition, options over ordinary shares in Strip Tinning Limited were converted, on equivalent terms, to options over 813,045 shares in the Company. This is considered not to be a business combination and outside the scope of IFRS3 Business Combinations. This is a key judgement and, as a transaction where there was no change in the shareholders or holdings, is accordingly accounted for using merger accounting with no change in the book values of assets and liabilities with no fair value accounting applied.
The consolidated financial statements present the results of the Company and its subsidiary as if they have always formed a single group. Intercompany transactions and balances between Group companies are therefore eliminated in full. The share capital presented is that of Strip Tinning Holdings plc from the date of the capital reorganisation in 2022 with the difference on elimination of Strip Tinning Limited's capital being shown as a merger reserve.
The consolidated statement of comprehensive income reflects the consolidated results for the full comparative financial year ended 31 December 2022, inclusive of the results of the newly incorporated parent entity, plc, from 6 January 2022 onwards.
A subsidiary is an entity over which the Group has control. 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.

Revenue
Revenue principally comprises income from the sale of automotive glazing components comprising busbar, ancillary connectors and flexible printed circuits, excluding VAT and trade discounts.
There are framework agreements with major customers including pricing per component and purchase orders are then received from customers for each delivery. Revenue is recognised to the extent that the performance obligations, being the agreement to transfer the product meeting the technical specifications is satisfied, which is when the customer obtains control of the product. This recognition occurs at a point in time. The transfer takes place in accordance with the terms agreed with each customer, either at the point in time the goods are despatched to or received by the customer. Product is tested before dispatch, but any product returned by the customer as faulty is treated as a reduction in revenue.
When an amount has been invoiced or payment received in advance of the associated performance obligations being fulfilled, any amounts due are recognised as trade receivables and deferred income is recorded for the sales value of the performance obligations that have not been provided.

Grants
Income based grants
Income based grants are recognised in other operating income based on the specific terms related to them as follows:

- A grant is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions.
- If the terms of a grant impose performance-related conditions including incurring related expenditure, then the grant is only recognised in income as the related performance conditions are met.
- Any grants that are received before the revenue recognition criteria are met are recognised in the statement of financial position as an other creditor within liabilities.

Capital grants
Grants received relating to tangible and intangible fixed assets are treated as deferred income and released to the income statement on a straight line basis over 10 years.

Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Employee benefits
The Group operates a defined contribution pension scheme. Contributions are recognised in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

Share based payment

The Company operates an equity-settled share-based compensation plan in which the Group receives services from employees as consideration for share options. The fair value is established at the point of grant using an appropriate pricing model and then the cost is recognised as an expense in administrative expenses in the statement of comprehensive income, together with a corresponding increase directly in equity over the period in which the services are fulfilled. This is the estimated period to vesting in respect of employees. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. As an example, if Performance Conditions attached to the share based compensation plan can no longer be met, no expense would be recognised.

Deferred tax credits in respect of the potential future tax deduction from exercise of options are initially included in the tax in the statement of comprehensive income. To the extent the potential corporate tax deduction exceeds the share based payment charges, the deferred tax is taken directly to retained earnings in equity in accordance with IAS12.

Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Computer software

Computer software assets are capitalised at the cost of acquiring and bringing into use the software. Subsequent to initial recognition it is stated at cost less accumulated amortisation and accumulated impairment. Software is amortised on a straight line basis over its estimated useful life of two years. Amortisation on all intangible assets is recognised in administrative expenses in the Statement of Comprehensive Income.

Research and development costs

An internally generated intangible asset arising from development (or the development phase) of an internal project to improve the efficiency, design or capability of the Group's product range is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- There is an ability to use, sell or licence the resultant asset;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development;
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised consist of employee costs incurred on development and direct costs including material or testing.

Where the above criteria are not met, research and development expenditure is charged to the income statement in the period in which it is incurred.

2 Accounting policies (continued)

Capitalised development costs are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of a development cost intangible asset with a finite useful life is amortised on a straight line basis over its useful life, currently expected to range from 5 to 8 years. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for the assets with a finite useful life is reviewed at least each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

Patent costs

Patent cost assets are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses. The costs are amortised over a 5 year estimated useful life.

Property plant and equipment

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment (including plant, computer equipment and fixtures) is carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Leasehold improvements	straight line over life of lease
Plant and machinery	2-15 year straight line
Office equipment	2 year straight line
Tooling	5 year straight line

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

Right-of-use assets and lease liabilities

Assets and liabilities arising from a lease with a duration of more than one year are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments including any expected dilapidation payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between repayments of the discounted liability, presented as a separate category within liabilities, and the lease liability finance charges. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and are presented as a separate category within tangible fixed assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Any payments associated with short-term leases of equipment and all leases of low-value assets would be recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. There have been no significant short lease costs in the reporting period. Associated costs of all leases, such as maintenance, service charges and insurance, are expensed as incurred.

2 Accounting policies (continued)

Impairment of intangible assets, right-of-use assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at the overall Group level. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). Two cash-generating units have been used in our impairment testing, being the Glazing and Battery Technologies divisions of the business, these have largely separably identifiable cashflows, and so the Battery Technologies cash-generating unit as a whole has been assessed for impairment.

All individual assets or cash-generating units are reviewed for indicators of impairment at the end of each period and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceed its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value. The impairment loss is allocated to reduce the carrying amount of the asset pro-rata on the basis of the carrying amount of each asset in the unit. Non-financial assets that suffered an impairment are reviewed for a possible reversal of the impairment at the end of each reporting period. An impairment loss is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase of raw materials or bought in manufacturing components on a first in first out basis, costs of conversion and an appropriate proportion of fixed and variable overheads incurred in bringing the finished goods inventories to their present location and condition. Net realisable value represents the estimated selling price less costs to complete and sell. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

Financial instruments

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument and are classified based upon the purpose for which the asset was acquired. The Group’s business model is to hold all assets recognised within these financial statements to collect the cash flows.

Financial assets are initially recognised at fair value, which is usually the cost, plus directly attributable transaction costs. These comprise trade and other receivables and cash and cash equivalents. Financial assets are subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss (‘ECL’) provision for trade receivables. The Group measures loss allowances at an amount equal to lifetime ECL, which is estimated using past experience of the historical credit losses experienced over the three year period prior to the period end. Historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group’s customers, such as inflation rates. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date. Management do not intend to recall these balances within twelve months. Expected credit losses on these balances are assessed differently to trade receivables, with an impairment assessment being carried out on the balance as outlined in the Critical Judgements and Estimates section above.

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

2 Accounting policies (continued)

Financial liabilities

Financial liabilities include loans, borrowings secured on fixed assets, lease liabilities, trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Loans and asset backed finance borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument and subsequently carried at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.
A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.
The Group utilises asset based borrowings to fund tangible fixed assets, drawing down finance against individual assets or bundles of assets, which may directly finance the asset purchase or be drawn down retrospectively. Control does not pass to the finance provider and therefore the borrowings are recognised under IFRS 9 as financing liabilities. The related asset is recognised and measured in accordance with the tangible fixed asset policy with initial cost being the fair value of the asset. A corresponding asset backed finance liability.is recognised in respect of the capital repayments to be made. These interest-bearing liabilities are then measured at amortised cost with the interest, under the effective interest method, expensed over the repayment period at a constant rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Staff and key management categories

Categories for the staff and key management average employee numbers have been changed for the current year. The prior year numbers totals remain unchanged but have been restated to reflect the categories now used by management within the business

Foreign currencies

Transactions entered into by the Group in a currency other than the functional currency of sterling are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement in administrative expenses.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an economic outflow will occur and a reliable estimate can be made including any additional evidence from post period end events. Where the timing of the estimate represents a relatively certain amount it is provided for within accruals.

Equity and reserves

Share capital represents the nominal value of shares that have been issued. Share premium represents the excess consideration received over the nominal value of share capital upon the sale of shares, less any incidental costs of issue. The company’s merger reserve arises from the fair value attributed to the shares issued in exchange for the subsidiary’s shares as no share premium account is recognised under Companies Act merger relief. On consolidation a merger reserve arises as a result of the difference between the nominal value of the parent company shares issued in exchange for subsidiary shares and the nominal value of those subsidiary shares, however this was capped at net assets of Strip Tinning Limited on the merger date. Retained earnings include all current and prior period retained profits.

Presentation of non statutory measures

The Group classifies certain one-off charges or credits that have a material impact on the financial results but are not related to the core underlying trading as ‘exceptional’ or ‘non-recurring’ items. These are disclosed separately in note 4 and adjusted results to provide further understanding of the financial performance of the Group.

Notes to the financial statements for the year ended 31 December 2023 (continued)

3 Segmental reporting

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker is considered to be the executive Directors.

The operating segments are monitored by the chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom. The Group has commenced the development and sales of specialised connectors for electric vehicle battery systems (the Battery Technologies segment) which are expected to grow to be a material segment. Separate management reporting and information is prepared at a revenue and gross profit level only for a Glazing segment (sale of specialist automotive busbar and electrical connectors typically housed in vehicle glazing) and Battery Technologies as follows:

	Glazing	**Battery Technologies**	**Total**
Year ended 31 December 2023	**£'000**	**£'000**	**£'000**
Revenue	**9,706**	**1,121**	**10,826**
Cost of sales	**(6,922)**	**(596)**	**(7,517)**
Gross profit	**2,784**	**525**	**3,309**
Other operating income			**1,364**
Administrative expenses			**(6,075)**
Finance expense			**(331)**
Taxation			**962**
Loss for the year			**(771)**

	Glazing	Battery Technologies	Total
Year ended 31 December 2022	£'000	£'000	£'000
Revenue	8,977	1,253	10,230
Cost of sales	(8,650)	(1,081)	(9,731)
Gross profit	327	172	499
Other operating income			439
Administrative expenses			(5,864)
Impairment loss (in EV)			(577)
Finance expense			(147)
Taxation			725
Loss for the year			(4,925)

Turnover with the largest customers (including customer groups) representing in excess of 10% of total revenue in the year for 3 customers (2022: 3 customers) has been as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Customer A	**3,090**	2,062
Customer B	**1,384**	1,709
Customer C	**1,298**	867
Customer D	**773**	1,189

Notes to the financial statements for the year ended 31 December 2023 (continued)

3 Segmental reporting (continued)

All revenue arises at a point in time and relates to the sale of automotive busbar, ancillary connectors and flexible printed circuit product. Turnover by geographical destination is as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
UK	**1,224**	967
Rest of Europe	**4,792**	5,571
Rest of the World	**4,810**	3,692
	10,826	10,230

4 Other operating income

The operating loss is stated after charging/(crediting):

	2023 £'000	2022 £'000
Other operating income comprising:		
Amortisation of deferred government capital grant income	**(88)**	(49)
Government revenue grant income in respect of development work	**(1,146)**	(389)
Income relating to claim settlement with a customer	**(130)**	-
Government job retention scheme income	**-**	(1)

A major government grant was awarded to the group to reimburse employment, depreciation, subcontract and other revenue costs related to the scale up of its Battery Technologies production line and process.

5 Operating loss

The operating loss is stated after charging/(crediting):	**2023 £'000**	2022 £'000
Amortisation of intangible assets	**173**	180
Depreciation of property, plant and equipment	**828**	592
Depreciation of right-of-use assets	**225**	203
Loss on disposal of fixed assets	**-**	55
Cost of inventory sold	**4,174**	5,092
Research and development expenditure expensed in the year	**1,120**	925
Short term lease rentals	**-**	22
Foreign exchange losses/(gains)	**18**	(45)
Exceptional or non-recurring costs		
IPO preparation related costs	**-**	381
Restructuring related costs	**-**	529
Contract termination costs	**-**	382
Impairment of intangible fixed assets	**-**	577
Auditor's remuneration		
For audit	**110**	85
Additional fees for prior year audit	**20**	-

£232,000 of fees payable to the auditors in respect of IPO reporting accountants related services were expensed or included in costs taken to the share premium account in 2022.

Notes to the financial statements for the year ended 31 December 2023 (continued)

6 Adjusted EBITDA

In reporting financial information, the Group presents an alternative performance measure (APM), which is not defined or specified under the requirements of IFRS. The Group believes that this APM, provides understanding to the users of the financial statements to allow for further assessment of the underlying performance of the Group. The Group's primary results measure, which is considered by the directors of the Group to represent the underlying and continuing performance of the Group, is adjusted EBITDA as set out below, in which earnings are stated before net finance income, tax, amortisation and depreciation and non-recurring items.

	2023	2022
	£'000	£'000
Operating loss	**(1,402)**	(5,503)
Depreciation	**1,053**	795
Loss on disposal of fixed assets	**-**	55
Amortisation and impairment	**173**	757
Capital grant amortisation	**-**	(49)
EBITDA	**(176)**	(3,945)
Foreign exchange	**18**	(45)
Share based payments	**142**	96
R&D tax credit fees	**92**	-
IPO related non-recurring costs	**-**	381
Non-recurring staff expenses	**-**	247
Factory move costs	**-**	282
Contract termination costs	**-**	382
R&D stock obsolescence	**-**	353
Adjusted EBITDA	**76**	(2,249)

7 Staff and key management

Average monthly number of employees (2022 split restated for consistency with categories now used by the business)	**Year ended 31 December 2023** **Number**	Year ended 31 December 2022 Number
Management	**14**	15
Engineering, administration and support	**21**	19
Production, quality and distribution	**102**	134
	137	168
Payroll costs	**£'000**	£'000
Gross salaries	**4,392**	4,577
Social security costs	**436**	511
Share based payment	**142**	96
Contributions to money purchase pension schemes	**300**	318
	5,270	5,502

In view of the size and nature of the Group, the Key Management Personnel in the period is considered to comprise only the directors of the parent and subsidiary companies. The Company directors' remuneration was as follows:

Notes to the financial statements for the year ended 31 December 2023 (continued)

7 Staff and key management

Year ended 31 December 2023	Salary	Bonus	Benefits in kind	Share based payment	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
R W Barton	-	-	7	-	-	7
P George	40	-	-	-	-	40
A Le Van	144	60	5	18	7	234
A D Robson	130	49	6	16	-	201
M Taylor	40	-	-	-	-	40
	354	109	18	34	7	522

Year ended 31 December 2022	Salary	Bonus	Benefits in kind	Share based payment	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
R W Barton	15	-	-	-	-	15
P George	37	-	-	-	-	37
A Le Van	140	-	4	12	8	164
A D Robson	86	-	-	-	-	86
M Taylor	37	-	-	-	-	37
	315	-	4	12	8	339

Retirement benefits were accruing to 1 director in respect of defined contribution schemes (2022: 1).
Key management remuneration was £1,044,000 (2022: £941,000) including £22,000 of pension contributions (2022: £23,000).

Highest paid director received remuneration of £234,000 (2022: £164,000) including pension contributions of £7,000 (2022: 8,000).

8 Finance costs

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest payable on asset backed finance obligations	**119**	55
Bank interest	**133**	26
Unwinding of discount on provisions	**12**	-
Lease liability finance charges	**67**	66
	331	147

Notes to the financial statements for the year ended 31 December 2023 (continued)

9 Income tax

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Current tax:		
UK corporation tax	**(222)**	(308)
Adjustment for prior periods	**(740)**	(79)
Total current tax credit	**(962)**	(387)
Deferred tax:		
Origination and reversal of temporary differences	**-**	(349)
Adjustment for prior periods	**-**	11
Total deferred tax credit	**-**	(338)
Total tax credit	**(962)**	(725)

The tax rate used for the reconciliation is the average corporate tax rate of 23.5% (2022: 19%) payable by corporate entities in the UK on taxable profits under UK tax law. An increase to 25% from April 2023 was substantively enacted and, as the expected period of reversal, is accordingly applied to deferred tax balances at 31 December 2022 and 2023.

The credit for the year can be reconciled to the loss for the year as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss before taxation	**(1,733)**	(5,650)
Income tax calculated at 23.5% (2022: 19%)	**(407)**	(1,074)
Expenses not deductible	**(11)**	92
Enhanced research and development allowances	**(256)**	(132)
Surrender of losses for R&D credit	**265**	-
Enhanced capital allowances	**-**	(29)
Deduction on exercise of share options	**-**	(34)
Differing deferred and corporate tax rates	**(12)**	(83)
Deferred tax not recognised in respect of losses	**199**	603
Adjustment for prior periods	**(740)**	(68)
Total tax credit	**(962)**	(725)

10 Earnings per share

	Year ended 31 December 2023	Year ended 31 December 2022
Loss used in calculating earnings per share (£'000)	**(771)**	(4,925)
Weighted average number of shares ('000)	**15,459**	14,612
Basic and diluted loss per share (pence)	**(5.0)**	(33.7)

Earnings per share has been calculated based on the share capital of the parent company. There are options in place over 1,214,959 (2022: 254,051) shares that were anti-dilutive at the year end but which may dilute future earnings per share. Post year end the group completed a fundraise in part equity part convertible loan notes which resulted in an issue of 2,765,375 ordinary shares, if in place for the whole year this would have reduced the loss per share to 9.5 pence. The £4,000,000 convertible loan note issued would convert into 10,000,000 shares at 40 pence per share.

Notes to the financial statements for the year ended 31 December 2023 (continued)

11 Intangible assets

Group	Development costs £'000	Patents £'000	Computer Software £'000	Total £'000
Cost				
At 1 January 2022	1,785	147	326	2,258
Additions	430	1	57	488
Disposals	-	-	(15)	(15)
Removal of fully impaired assets	(594)	-	-	(594)
At 31 December 2022	1,621	148	368	2,137
Additions	333	-	206	539
At 31 December 2023	**1,954**	**148**	**574**	**2,676**
Accumulated amortisation				
At 1 January 2022	476	132	89	697
Charge for the year	176	4	-	180
Impairment in the year	577	-	-	577
Removal of fully impaired assets	(594)	-	-	(594)
At 31 December 2022	635	136	89	860
Charge for the year	168	4	1	173
At 31 December 2023	**803**	**140**	**90**	**1,033**
Net book amount				
At 31 December 2023	**1,151**	**8**	**484**	**1,643**
At 31 December 2022	986	12	279	1,277

The Group has a programme of research and development projects to improve the efficiency and functionality of its products. Capitalised development costs relate to the projects evaluated as viable and where the successful developments are being applied and contributing to revenue.

Included within the carrying amount of the above, are assets held under asset backed finance agreements of £nil (2022: £159,000) relating to software. Amortisation charged on these assets in the year amounted to £nil (2022: £nil).

The 2022 impairment charge results from cancellation of a contract by a customer for which design and development work had been carried out and capitalised in 2021.

These capitalised development costs include £0.7m of costs incurred in developing the technologies, processes, and products for the FPC and CCS capability of the business. As at accounting period end, the Directors were very confident that the extensive development programmes would translate into nominations for serial volume production, resulting in a significant contribution to revenue. As at Balance Sheet signing date two major FPC nominations had been received but the outcome of two major CCS nominations was still awaited. Of the two CCS nominations, one had a detailed contract with the Tier 1 customer agreed, but not signed, as launch remained subject to sign-off by the ultimate OEM customer and the other had been delayed by the customer due to design changes. The Directors remain confident that at least one, if not both, of the major CCS nominations will be secured imminently based on how far advanced the programmes are and the level of engagement with the customers. In the absence of signed contracts in particular, there is always a risk that revenues will not accrue in a manner expected by the directors. Should actual or expected revenues be significantly short of those currently forecast , it will be necessary to reassess the carrying value of this intangible asset.

12 Right-of -use assets

Group	Property leasehold assets £'000	Plant and machinery assets £'000	Total £'000
Cost			
At 1 January 2022	1,656	125	1,781
Additions	212	-	212
Disposals	-	(13)	(13)
At 31 December 2022	1,868	112	1,980
Additions	-	164	164
Disposals	-	(55)	(55)
At 31 December 2023	**1,868**	**221**	**2,089**
Accumulated depreciation			
At 1 January 2022	587	52	639
Charge for the year	168	35	203
Disposals	-	(13)	(13)
At 31 December 2022	755	74	829
Charge for the year	173	52	225
Disposals		(55)	(55)
At 31 December 2023	**928**	**71**	**999**
Net book amount			
At 31 December 2023	**940**	**150**	**1,090**
At 31 December 2022	1,113	38	1,151

The financing charges in respect of right-of-use assets are disclosed in note 6 and the lease liabilities in 19. Short term rentals are disclosed in note 4 with no low value leases in either year. Right-of-use assets and lease liabilities relate principally to property leases. The Group leases its main operating premises, typically on a ten year lease, subject to periodic rent reviews and potential breaks, with the intention and assumption made in measuring assets and liabilities that the full period will be utilised. Total cash outflows in respect of leases were £271,000 for the year ended 31 December 2023 (2022: £276,000).

Notes to the financial statements for the year ended 31 December 2023 (continued)

13 Property, plant and equipment

Group	Leasehold improvements	Plant and machinery	Tooling	Office equipment	Total
	£000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2022	497	5,104	1,112	155	6,868
Additions	19	408	65	16	508
Disposals	(69)	(31)	(22)	-	(122)
At 31 December 2022	447	5,481	1,155	171	7,254
Additions	95	898	79	41	1,113
Disposals	-	(2)	-	-	(2)
At 31 December 2023	**542**	**6,377**	**1,234**	**212**	**8,365**
Accumulated depreciation					
At 1 January 2022	263	2,741	651	124	3,779
Charge for the year	31	322	216	23	592
Disposals	(62)	(1)	(4)	-	(67)
At 31 December 2022	232	3,062	863	147	4,304
Charge for the year	35	630	138	25	828
At 31 December 2023	**267**	**3,692**	**1,001**	**172**	**5,132**
Net book amount					
At 31 December 2023	**275**	**2,685**	**233**	**40**	**3,233**
At 31 December 2022	215	2,419	292	24	2,950

Included within the carrying amount of the above, are assets held under asset backed finance agreements of £1,679,000 (2022: £1,705,000) relating to plant and machinery and £44,000 (2022: £100,000) relating to tooling. Depreciation charged on these assets in the year amounted to £407,000 (2022: £213,000).

14 Investments

Company	Shares in group undertakings £'000
At 31 December 2022	3,841
Capital contribution to subsidiary in respect of employee share options	142
At 31 December 2023	**3,983**

The Company acquired all of the shares in Strip Tinning Limited by a share for share exchange on 2 February 2022. Strip Tinning Limited is incorporated and registered in England at Arden Business Park, Arden Road, Frankley Birmingham, West Midlands, B45 0JA.It manufactures automotive busbar, ancillary connectors and flexible printed circuits. A new subsidiary, Strip Tinning Technologies Limited, with share capital of £0.01 and registered at the same address, has been incorporated and has not yet traded.

Notes to the financial statements for the year ended 31 December 2023 (continued)

15 Inventories

Group	31 December 2023 £'000	31 December 2022 £'000
Raw materials and consumables	**1,150**	1,536
Finished goods and goods for resale	**137**	312
	1,287	1,848

An inventory impairment loss of £254,000 (2022: £479,000) was recognised in the year.

16 Trade and other receivables

Current	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Trade receivables	**2,173**	2,691	**-**	-
Impairment provision	**-**	-	**-**	-
Net trade receivables	**2,173**	2,691	**-**	-
Amounts owed by group undertakings	**-**	-	**5,563**	5,776
Other receivables	**242**	267	**-**	-
Prepayments	**270**	423	**16**	15
	2,685	3,381	**5,579**	5,791

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

The impairment charge and movement in the expected credit loss provision against trade receivables is as follows:

	2023 £'000	2022 £'000
At 1 January 2023/2022	**-**	25
Impairment charge for the year	**34**	-
Debt written off	**(34)**	(25)
At 31 December 2023/2022	**-**	-

Ageing of trade receivables past their due dates but not provided were:

	Less than 30 days overdue £'000	30 to 60 days overdue £'000	More than 60 days overdue £'000
31 December 2022	498	289	237
31 December 2023	**308**	**-**	**57**

The directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be of good quality with the impairment charges arising principally from one former customer.

Notes to the financial statements for the year ended 31 December 2023 (continued)

17 Trade and other payables

Current	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Trade payables	**1,271**	2,211	**56**	67
Other payables	**99**	41	**-**	-
Taxation and social security	**111**	117	**-**	-
Accruals	**549**	476	**143**	-
Deferred income	**167**	200	**-**	-
	2,197	3,045	**199**	67
Non current liabilities				
Deferred income (grants)	**11**	37	**-**	-

18 Borrowings

Current liabilities	Group 31 December 2023 £'000	31 December 2022 £'000	Company 31 December 2023 £'000	31 December 2022 £'000
Invoice discounting facility	**492**	-	**-**	-
Loans	**74**	74	**-**	-
Asset-based borrowings	**407**	479	**-**	-
	973	553	**-**	-
Non current liabilities				
Loans	**155**	208	**-**	-
Asset-based borrowings	**643**	784	**-**	-
	798	992	**-**	-

Asset backed finance obligations are secured by fixed charges over certain tangible fixed assets and floating charges over other assets and undertakings of the Group. All obligations fall due within five years. The total payments including interest in respect of asset backed finance liabilities are shown in note 20.
The invoice discounting facilities are secured by fixed and floating charges over all other assets of the Group.

19 Lease liabilities

Group	31 December 2023 £'000	31 December 2022 £'000
Current	**201**	182
Due in one to five years	**683**	588
Due in more than five years	**253**	407
	936	995

The total payments including interest in respect of lease liabilities are shown in note 20.

20 Movements in total financing liabilities

Group	Borrowings £'000	Lease liabilities £'000	Total financing £'000
At 1 January 2022	1,794	1,256	3,050
Cash movements:			
Lease liability payments	-	(199)	(199)
Asset backed finance advanced	311	-	311
Asset backed finance payments	(487)	-	(487)
Loan repayments	(73)	-	(73)
Interest paid	(81)	(66)	(147)
Non-cash movements			
Interest accrued	81	66	147
New lease liabilities	-	120	120
At 31 December 2022	**1,545**	**1,177**	**2,722**
Cash movements:			
Lease liability payments	-	(204)	(204)
Asset backed finance advanced	297	-	297
Asset backed finance payments	(510)	-	(510)
Invoice discounting finance advanced	492	-	492
Loan repayments	(53)	-	(53)
Interest paid	(252)	(67)	(319)
Non-cash movements			
Interest accrued	252	67	319
New lease liabilities	-	164	164
At 31 December 2023	**1,771**	**1,137**	**2,908**

Notes to the financial statements for the year ended 31 December 2023 (continued)

21 Financial instruments and capital management

Risk management
The Board has overall responsibility for the determination of the Company and the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group is exposed to financial risks in respect of market including foreign exchange risk, credit and liquidity risks.

Capital management
The Group's capital comprises all components of equity which includes share capital and retained earnings amounting to £4,834,000 at 31 December 2023 (2022: £6,245,000). The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The capital structure of the Company consists of shareholders equity with all working capital requirements financed from cash and major capital expenditure funded by leases and asset backed finance agreements.

The Company sets the amount of capital it requires in proportion to risk. It manages its capital structure and makes adjustments to it in the light of changes in economic conditions, the ability to finance capital purchases and the risk characteristics of the underlying assets and activity. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Market risks
These arise from the nature and location of the customer markets and include foreign exchange rate risks.
The Group trades within European and other overseas automotive supplier markets, and accordingly there is a risk relating to the underlying performance of these markets. The directors monitor this and the foreign exchange risk closely with the intention to foresee downturns in trade or changes in the use of automotive components.

Foreign exchange risk
The Group trades with overseas customers and, whilst it has net foreign currency balances, also makes a degree of purchases in the respective currency and uses currency denominated accounts to defer conversion to sterling or to utilise the currency when needed. There has therefore been a reduced sensitivity to fluctuations in exchange rates although a 10% increase or decrease in Euro and US dollar exchange rates against sterling could impact the results by up to £150,000 or £50,000 as a reduction or increase in profit respectively.

The Group had the following in net assets comprising cash, sales ledger and purchase ledger balances denominated in foreign currencies:

	31 December 2023 £'000	31 December 2022 £'000
Euro denominated	**1,119**	1,154
US dollar denominated	**413**	496

Interest rate risk
The Group makes use of fixed rate three to five year asset backed finance agreements to acquire property, plant and equipment with interest rates typically ranging from 3.5% (new agreements in 2020 to 2022) to 7% (2018 and 2019); this spreads the capital cost, ensures that the Group maintains sufficient cash resources for working capital purposes and ensures certainty of total costs at the point of acquisition of those assets. A 5 year term bank loan has also been drawn upon at a fixed interest rate of 9.4% and invoice discounting facilities of up to £1.5m subject to eligible receivables at an interest rate of 2.85% over base rates. These liabilities are set out in note 18.

Credit risk
Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and attempts to mitigate credit risk by assessing the creditworthiness of customers, including using proforma terms for new customers and closely monitoring the payment record and trends for each customer. The customers are principally tier 1 automotive suppliers.

Notes to the financial statements for the year ended 31 December 2023 (continued)

22 Financial instruments and capital management (continued)

At 31 December 2023 trade receivables were £2,173,000 (31 December 2022: £2,691,000) with 35% (31 December 2022: 35%) of the balance owed by one customer group and 40% (2022: 25%) of the balance by 3 other customers with operations based in a number of European and other countries.
The ageing of overdue debtors is included in note 16 with all amounts subsequently substantially received. The impairments to trade or other receivables in 2022 and 2023 have been immaterial and relate to a few smaller customers.
Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

Liquidity risk
The maturity of the Group's financial liabilities including trade and other payables, asset backed finance and lease liability total payments with the interest payable is as set out below. Current liabilities were payable on demand or to normal trade credit terms, asset backed finance and loan obligations were payable monthly and lease liabilities quarterly. Asset backed finance and lease liabilities are used to manage liquidity by spreading the cost of payment for capital purchases.

At 31 December 2023	**Up to 1 £'000**	**1-2 years £'000**	**2-5 years £'000**	**Over 5 £'000**
Trade, other payables and accruals	**1,919**	**-**	**-**	**-**
Asset backed finance obligations	**488**	**374**	**419**	**-**
Loans and invoice discounting facility	**584**	**92**	**77**	**-**
Lease liabilities	**260**	**212**	**602**	**591**
	3,251	**678**	**1,098**	**591**

At 31 December 2022	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**	**Over 5 years £'000**
Trade, other payables and accruals	2,728	-	-	-
Asset backed finance obligations	548	391	511	-
Loans	92	92	170	-
Lease liabilities	240	217	513	762
	3,608	700	1,194	762

Classification of financial instruments
All financial assets have been classified as at amortised cost, and all financial liabilities have been classified as other financial liabilities measured at amortised cost.

Financial assets

	31 December 2023 £'000	31 December 2022 £'000
At amortised cost		
Trade receivables and other receivables	**2,415**	2,958
Cash and cash equivalents	**343**	1,290
	2,758	4,248

Financial liabilities

	31 December 2023 £'000	31 December 2022 £'000
At amortised cost		
Trade payables, other payables and accruals	**1,919**	2,728
Asset backed finance obligations	**1,050**	1,263
Loans and invoice discounting facility	**721**	282
	3,690	4,273

22 Financial instruments and capital management (continued)

The directors consider that the carrying amount of the financial assets and liabilities approximates to their fair values.

23 Provisions

The dilapidations provisions were reassessed during 2022 in respect of the group's rented properties and increased to allow for potential reinstatement costs that may be incurred at the end of the leases in 2030 under the standard terms in the contracts. This primarily resulted in an increase in the amount recognised in respect of the right of use assets for property and in the discounted provisions liability which amounts to £239,000 at 31 December 2023 (2022: £227,000).
In 2023, a provision was recorded to allow for the potential supplier settlement costs of a terminated contract (see note 26).

Group	Dilapidations provision £'000	Terminated contract provision £'000	Total £'000
Transfer from accruals	71	-	71
Additions to right of use property assets	156	-	156
Liability at 31 December 2022	227	-	227
Provision charged in year	-	121	121
Unwinding of discount on provision	12	-	12
Liability at 31 December 2023	**239**	**121**	**360**

24 Deferred taxation

Group

Liability/(asset) in respect of:	Accelerated capital allowances £'000	Intangible R&D assets £'000	Share based payment £'000	Losses and other timing differences £'000	Total £'000
As at 31 December 2021	738	327	(308)	(419)	338
Credit to profit or loss	(7)	(59)	308	(580)	(338)
As at 31 December 2022	731	268	-	(999)	-
Credit to profit or loss	142	(97)	(59)	14	-
As at 31 December 2023	873	171	(59)	(985)	-

The Group has tax losses carried forward of approximately £5,403,000 (2022: £6,900,000) and an unrecognised deferred tax asset of £456,000 (2022: £790,000). The deferred tax asset has not been recognised as it is not yet considered sufficiently probable, in the short term, that the asset will be realised. The tax losses carried forward have no expiry date.

The Company has tax losses carried forward of £1,182,000 (2022: £564,000) and an unrecognised deferred tax asset of £296,000 (2022: £141,000) in respect of these. The deferred tax asset has only been recognised as far as it offsets the deferred tax losses due to the timing of when the tax will materialise, so it is appropriate to net them off.

The deferred tax asset on the balance of losses and other timing differences is split further into losses £976,000 and defined contribution pension scheme £9,000.

25 Share capital

The movements in share capital have been as follows:

Company and Group	**Number of £0.01 shares**	**Nominal**	**Share premium**
		£'000	***£'000***
Share issued on incorporation	1	-	-
Shares issued in exchange for Strip Tinning Limited shares	9,999,999	100	-
EIS and VCT placing shares issued at £1.85 each	2,702,702	27	4,973
Other placing shares issued at £1.85 each	1,621,622	16	2,984
Exercise of options at £0.116 each	813,045	8	86
Shares issued to employee benefit trust at £0.01 each	322,345	3	-
Share issue costs			(1,077)
At 31 December 2022 and 2023	15,459,714	154	6,966

The Company was incorporated with one £0.01 share and on 2 February 2022 issued 9,999,999 £0.01 shares in exchange for all of the issued share capital in Strip Tinning Limited. Merger relief arises under the Companies Act from a share premium and in accordance with IAS 27 for such a transaction with no change in control, the consideration was recorded at the Strip Tinning Limited net asset value of £3,745,000 (£0.375 per share) in the company, £100,000 of nominal share capital and a merger reserve of £3,645,000.
The issue of shares with a nominal value of £100,000 in exchange for the 2,000 £0.10 shares in Strip Tinning Limited with a nominal value of £200 resulted in a debit to a merger reserve of £99,800 in the consolidated financial statements, presented as a capital reorganisation after consolidating applying the merger accounting principles as set out in note 2.

On 10 February 2022, the Company issued a further 4,324,324 £0.01 shares at £1.85 each and 813,045 £0.01 shares at £0.116 each on exercise of share options. On 16 February 2022 the Company was listed on AIM. The issue of these shares in February 2022 resulted in a share premium of £6,966,000 (net of £1,077,000 of share issue costs).

On 2 November 2022, 322,345 £0.01 ordinary shares were issued to the Employee Benefit Trust in respect of an employee incentive scheme with a 3 year vesting period and the nominal value of £3,000 has been debited to an other reserve.

All £0.01 ordinary shares rank equally with the right to receive dividends and capital distributions.

26 Share based payment

Options were granted on 24 August 2018 over 354 £0.10 A Ordinary Shares in Strip Tinning Limited ('STL') at an exercise price of £267 per share. These options were only exercisable on a sale of the company or on a listing and had the right to share only prorata with the Ordinary Shares in the capital proceeds in excess of £10m, receive dividends at the discretion of the directors and have voting rights. They were exchanged for an equivalent 813,045 options in the Company's £0.01 shares with no change in the value of the options, exercisable at £0.116 per share and exercised in February 2022 when the share price was £1.85. The fair value of £1,345 per STL A option share was derived using a Black Scholes option pricing model applying a risk free rate of 1% and an estimated volatility of 40%. The remainder of the original fair value of £48,000 was expensed on exercise in 2022.

Options over parent company shares under a Long Term Incentive Plan were granted in February 2022 with an exercise price of £0.01. These were subject to a 3 year vesting period. Options over 122,702 shares required a total shareholder return ('TSR') target to be achieved and 129,188 earnings and gross profit targets to be achieved. 42,162 of those subject to a TSR return and 42,162 subject to earnings targets lapsed when the director left on 31 March 2022. The respective fair values of £0.92 (TSR market condition and probability applied) and £1.841 (earnings target conditions) have been calculated using a Black Scholes option pricing model applying the 3 year vesting period, share price of £1.85 at date of grant, a risk free rate of 2%, expected dividends of nil and estimated volatility of 45% with a £25,000 (2022: £26,000) charge in the year.

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 Share based payment (continued)

Further options under the LTIP plan were granted in May 2022 with an exercise price of £0.01. These were subject to a 3 year vesting period. Options over 30,270 shares required a total shareholder return ('TSR') target to be achieved and 56,216 earnings and gross profit targets to be achieved. The respective fair values of £0.733 (TSR market condition and probability applied) and £1.466 (earnings target conditions) have been calculated using a Black Scholes option pricing model applying the 3 year vesting period, share price of £1.475 at date of grant, a risk free rate of 2%, expected dividends of nil and estimated volatility of 45% with a £7,000 (2022: £10,000) charge in the year.

On 2 November 2022, employees were granted a total of 322,345 of free shares subject to a 3 year vesting period. The fair value of £0.725 per share has been calculated using a Black Scholes option pricing model applying the 3 year vesting period, share price of £0.725 at date of grant, a risk free rate of 3%, expected dividends of nil and estimated volatility of 50% with a £74,000 (2022: £12,000) charge in the year.

On 3 March 2023, 960,908 options under the LTIP plan were granted with an exercise price of £0.01. These were subject to a 3 year vesting period. Options over 480,454 shares required a total shareholder return ('TSR') target to be achieved and 480,454 operating profit targets to be achieved. The respective fair values of £0.271 (TSR market condition and probability applied) and £0.541 (earnings target conditions) have been calculated using a Black Scholes option pricing model applying the 3 year vesting period, share price of £0.55 at date of grant, a risk free rate of 5%, expected dividends of nil and estimated volatility of 45% with a £36,000 charge in the year. No charge has been recognised in respect of the performance conditions associated with these options as these are now not expected to be met.

In view of the short period since listing, volatility has been estimated by reference to similar shares. Unexpired options have an average vesting period remaining at 31 December 2023 of 1.9 years (2022: 2.5 years).

The movements in share options have been as follows:

	Weighted average exercise price £	Transfer of Strip Tinning Limited options Number	PSP scheme Number	Employee free share scheme Number
On incorporation	-	-	-	-
Conversion of STL options	0.116	813,045	-	-
Granted in the year	0.005	-	338,375	322,345
Exercised	0.116	(813,045)	-	-
Lapsed	0.01	-	(84,324)	-
As at 31 December 2022	0.004	-	254,051	322,345
Granted in the year	0.01	-	960,908	-
As at 31 December 2023	0.008	-	1,214,959	322,345

27 Capital commitments and contingent liabilities

The Group had capital commitments contracted but not provided for of £nil at 31 December 2023 (2022: £303,000). The company had no capital commitments.

Following the notification of the termination of a Battery Technologies contract in July 2022, effective October 2022, the business has been working hard to reach a fair settlement and mitigate the liabilities associated with the contract. The company and the Battery Technologies customer continue to work closely together to reach a full and final resolution. Commercial negotiations are now at an advanced stage and as at the financial statements signing date, a single commercial claim remained outstanding to settle between the company, the Battery Technologies customer, and a supplier on the programme. Whilst the supplier has claimed additional amounts up to point of termination, they had actually received advanced payment for work carried out and additional costs have not been supported or justified.

28 Post balance sheet events

On 15 January 2024, shareholder approval was received for a further fund raise. The gross fund raise of £5,100,000 was made up of £4,000,000 of Convertible Loan Notes by the three leading VCT fund shareholders and £1,106,000 for 2,765,375 new ordinary shares at 40 pence each resulting in £4,643,087 after expenses of the fund raise. The Convertible Loan Notes have a term of up to 5 years, bear interest at 10% which rolls up each year and is payable on redemption. The company may redeem them after 2 years only if certain targets have been met and on an exit or after 5 years, the holders may convert the capital and accrued interest to ordinary shares at the lower of 52 pence per share or the issue price at the last fundraising round prior to conversion.

29 Control and related party transactions

At 31 December 2023, the Company was an ultimate parent company. Mr R Barton was considered to be the ultimate controlling party. The key management personnel is considered to be the directors. Please refer to note 8 for details of key management personnel remuneration.
There were no related party transactions in the year excluding intercompany transactions and directors remuneration.