Avingtrans plc

Preliminary Statement

For the year ended 31 May 2024

Avingtrans plc

CHAIRMAN'S STATEMENT

Avingtrans PLC (AIM: AVG), which designs, manufactures and supplies critical components, modules, systems and associated services to the energy, medical and industrial sectors, is pleased to announce its preliminary results for the year ended 31 May 2024.

Financial Highlights

- Revenue from continuing operations increased by 17.3% to a record £136.6m (2023: £116.4m)
- Gross Margin was stable at 32.2% (2023: 32.9%)
- Adjusted EBITDA from continuing operations was slightly ahead of the upgraded market expectations at £14.0m (2023: £13.7m), following planned strategic investments in Adaptix and Magnetica, Underlying Adjusted EBITDA (excluding acquisitions) was £16.0m
- Adjusted PBT from continuing operations was £7.3m (2023: £9.0m), excluding acquisitions was £12.0m
- Adjusted Diluted earnings per share from continuing operations was 18.5p (2023: 23.4p)
- Net Debt (excluding IFRS16) as of 31st May 2024 of £6.1m (Net Cash 31 May 2023: £13.0m)
- Final dividend of 2.9p per share proposed, resulting in a total dividend of 4.7p per share (2023: 4.5p)

Operational Highlights

Energy (AES)

- Revenue increased by 17.8% to £132.9m (2023 £112.8m)
- Improved result with Adjusted EBITDA up 13.5% to £17.9m (2023: £15.5m)
- Metalcraft contract to supply the Sellafield 3M3 boxes continues, in phase two of the programme
- Booth commenced manufacture of HS2 door frames. Aftermarket sales increasing strongly
- Ormandy records best result since acquisition, following successful integration of HES/HEVAC in 2023
- Acquisition of the assets of S&P in August 2023 for £4.1m. S&P records creditable first year result
- Two new nuclear decommissioning contracts won by Metalcraft, worth £14.5m combined
- HT Luton won £2.5m defence contracts from Rolls Royce and a further £3.0m from Forsmark
- HT Inc won $10.0m pumps contract from TerraPower, for next generation nuclear power station

Medical (MII)

- Revenue stable year on year at £3.7m, pending the volume build-up of new MRI and X-ray products
- As anticipated, LBITDA increased to (£2.8m), vs 2023: (£0.6m) as MRI and X-ray development projects progress
- Acquisition of the remaining interest in Adaptix for a total combined consideration of £7.2m, including absorbed and repaid debts
- Magnetica and Adaptix both appointed first US distributor, Televere Systems
- Strong market pull for both businesses at trade shows, supported by compelling sales propositions
- Adaptix equipping Scottish facility to manufacture key system components for Vet and Ortho products
- Magnetica expanded into a bigger factory, to facilitate volume MRI system production, starting in 2025
- Tecmag moved into improved premises, to gear up for Magnetica and Adaptix product sales in the USA
- Adaptix commenced sales of Vet products in the UK and USA. Volume build-up expected in next FY

[1] *Adjusted to add back amortisation of intangibles from business combinations, acquisition costs and exceptional items*

Current Trading & Outlook

- In the quarter since 31 May 2024, the Group has performed in line with management expectations with the momentum of FY24 continuing into FY25
- The Board remains confident about the current strategic direction and potential future opportunities across our markets, though we are mindful of turbulent market conditions
- We will continue to refine our business by pinpointing specific additional acquisitions as the opportunities arise, to generate superior shareholder value, whilst maintaining a prudent level of financial headroom.

Commenting on the results, Roger McDowell, Chairman, said:

"We are pleased to present another solid set of results. In many aspects, this year has been challenging, but Avingtrans has once again performed very well as a group and exceeded market expectations. During the year, we made prudent use of our robust balance sheet by purchasing Slack & Parr and Adaptix, to strengthen our positions in specialist pumps and medical imaging. We also increased our investment in Magnetica's cutting-edge MRI systems. We have a strong order book going into FY25, and we anticipate growing as a Group this year thanks to favourable macro conditions in the energy, infrastructure, and healthcare sectors."

Avingtrans plc
CHAIRMAN'S STATEMENT

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Avingtrans business units

Hayward Tyler – Luton & East Kilbride, UK and USA, China and India
Specialises in the design, manufacture and servicing of performance-critical motors and pumps for challenging environments.

Slack and Parr, Kegworth, UK
Focused on the design, manufacture and servicing of advanced precision gear metering pumps, industrial dosing pumps and hydraulics flow divider solutions.

Energy Steel, Inc – Rochester Hills, Michigan, USA
Provider of custom fabrications for the nuclear industry, specialising in: OEM parts obsolescence; custom fabrications; engineering design solutions; product refurbishment; on-site technical support.

Stainless Metalcraft Ltd – Chatteris, UK
Provider of safety-critical equipment for the energy, medical, science and research communities, worldwide, specialising in precision pressure and vacuum vessels and associated fabrications, sub-assemblies and systems.

Booth Industries - Bolton, UK
Designs, manufactures, installs and services doors and walls which can be tailored to be: blast & explosion proof; fireproof; acoustically shielded; high security/safety; or combinations of the above.

Ormandy Group, Bradford, UK
Design, manufacturers and servicing of off-site plant, heat exchangers and other HVAC (heating, ventilation and air conditioning) products.

Composite Products Ltd – Buckingham, UK
Centre for composite technology, parts and assemblies, serving customers in industrial markets.

Magnetica Ltd - Brisbane, Australia
Magnetica Limited specialises in the development of next generation MRI technologies, including dedicated extremity MRI systems and MRI system components. Magnetica has successfully built and tested a compact, integrated 3 Tesla orthopaedic MRI system, demonstrating clinical-quality imaging. Commercialisation of this system (and others) is on-going. Magnetica's structure now includes two other business units:

Scientific Magnetics - Abingdon, UK
Designs and manufactures superconducting magnet systems and associated cryogenics for a variety of markets including MRI and provides services for Nuclear Magnetic Resonance instruments.

Tecmag Inc - Houston, USA
Designs, manufactures and installs instrumentation, including consoles, system upgrades, and probes, mainly for Magnetic Resonance Imaging (MRI) and Nuclear Magnetic Resonance (NMR) systems.

Adaptix Ltd, Oxford & Edinburgh, UK
Designs and manufactures novel 3D X-ray systems, with imaging from a stationary source, at a significantly lower dose than CT. Markets include orthopaedics, veterinary and non-destructive evaluation.

Chairman's Statement

We are delighted to announce that Avingtrans has performed slightly ahead of the upgraded (June) expectations in the latest financial year. Revenue was on target, reaching a record annual result for the Group. EBITDA (note 4) from continuing operations was ahead of target and the modest Net Debt position was materially below the expected outcome, post the acquisitions of Slack & Parr and Adaptix in the period. Encouragingly, Slack & Parr contributed a positive result to the EBITDA outcome – commendable in its first year - and losses at Adaptix were lower than forecast. We have a healthy order book as we move into FY25.

Our Pinpoint-Invest-Exit ("PIE") mantra has been the core of our strategy for many years. It was again successfully deployed in acquiring the assets of Slack & Parr for £4.1m. We acquired Slack & Parr, another specialist pumps and hydraulics manufacturer, to capitalise on its global footprint, combined with its very well-invested operational capability, renowned brand, highly skilled workforce and large installed base. In addition, we acquired the remaining 82% of Adaptix for a total of £7.2m, including acquired and repaid debts which reinforced our investments in medical imaging. Both Magnetica and Adaptix continue to make positive progress having developed disruptive and complementary medical imaging products, particularly for orthopaedic applications.

In the period, the Group restructured, with the mature engineering businesses now in one Advanced Engineering Systems (AES) division. We continue to invest in AES and the results again demonstrate that we are proactively managing strong progress in this division. Notably, there were record results at Booth and Ormandy in FY24.

In the Medical and Industrial Imaging (MII) division, the marketing of the 3D X-ray systems at Adaptix and the development of compact helium-free MRI systems at Magnetica have made substantial progress in achieving key milestones in 2024 and beyond. Magnetica's 510k application to the FDA in the USA has been delayed until 2025, mainly driven by the FDA's vastly increased cyber-security requirements for imaging systems. These delays result in some increases to the commercialisation plans and costs for the medical division, though these costs are partially offset by R&D tax incentives and are otherwise absorbable. We are very excited by the quality of the imaging achieved by both MRI and 3-D X-Ray systems and we are receiving very positive feedback from the market. Across our business we have considerable expertise in this sector. Our only disappointment of note being the extended US 510K approval process for MRI.

Nevertheless, our value creation goals are on track, supported by a conservative approach to debt, which the Board deems to be prudent. We are optimally structured for future exits that should maximise shareholder value.

Once again, our divisional management teams have demonstrated agility and resilience, building strong business platforms. Aftermarket growth in AES remained steady, supporting our value propositions to OEM and end-user customers. The positive sentiment in the nuclear sector and, to an extent, in oil and gas resulted in increased orders in those arenas. The focus on end-user access continues to drive improved profitability and underpins our product and service development.

The acquisition of Adaptix and our further investment in Magnetica have firmly established the Medical and Industrial Imaging (MII) division as a new niche imaging systems supplier, with exciting X-ray and MRI products now well advanced. The Board is enthusiastic about the division's potential, expecting long-term, highly positive returns for the Group, albeit perhaps via a different vehicle, to maximise returns.

In view of the encouraging overall results, the Board is proposing a final year dividend of 2.9 pence per share, resulting in a total dividend of 4.7p. With a robust balance sheet, the Group remains vigilant in seeking shareholder value-enhancing M&A opportunities, while also being cautious and selective in a still uncertain world.

Finally, I extend my customary appreciation and thanks for all Avingtrans employees' hard work and for their dedication and resilience in navigating another challenging, but successfully gratifying year.

Roger McDowell
Chairman
24 September 2024

Strategy and Business Review
Group Strategy

Our core strategy is to buy and build engineering companies in niche markets, particularly where we see turnaround and consolidation prospects; a strategy we call Pinpoint-Invest-Exit ("PIE"), thanks to which we have had a strong track record in returning significant shareholder value over the past decade.

With an increased presence in our target markets, a focus on aftermarkets, strength in depth of the management teams and a lean central structure, the Group continues to grow profitably – despite the effects of macroeconomic uncertainties - and the Board is focused on seeking additions to the Avingtrans value-add proposition.

The majority of the Group's adjusted key financial metrics trended positively in the period, despite the ongoing impacts of the Russia-Ukraine conflict and the related global financial stress.

The Group is focused on the global Energy, Infrastructure and Medical markets, which play into some of the world's mega-trends, such as: urbanisation; an ageing population; and an accelerating transition towards a cleaner and healthier planet.

Divisional Strategies

Advanced Engineering Systems (AES): AES continues to strengthen its nuclear installed base, focusing on civil, defence, and national security applications, particularly for life extension purposes. The business also explores opportunities in the hydrocarbon market sectors. In the USA, Hayward Tyler ("HT") is actively developing solutions for new nuclear technologies and other low carbon energy sources, like concentrated solar power, to leverage the global energy supply transition. In the period, HT secured significant contracts, including additional pumps for the next generation nuclear business, TerraPower, in the USA and a further life extension equipment for the Forsmark nuclear power station in Sweden. The HT strategy is strengthened by crucial partnership agreements with companies like Shinhoo, expanding our product portfolio and creating cross-selling opportunities. The acquisition of Slack & Parr further enhances our global specialist pumps footprint.

An important target for AES is to establish a comprehensive offering in the nuclear decommissioning and waste management markets, building on long-term contracts for nuclear waste storage containers and the existing equipment installed across the vast Sellafield site. During the period, Metalcraft and Sellafield Limited continued with the contract to provide high integrity stainless steel storage boxes for Sellafield. The 3M3 ('three metre cubed') box contract is currently valued at up to £70m and is still yet to complete. The division's nuclear credentials were again enhanced by Booth Industries' strong performance, expanding our market reach into Critical National Infrastructure (CNI). Booth's multi-year contract with HS2, initially worth £36m, is progressing well, with manufacturing of door frames having commenced in the period. Ormandy's market position in HVAC has been strengthened by the HES/HEVAC acquisition in early 2023, with a resulting wider product proposition. AES continues to benefit from a robust prospect pipeline, positioning it well to bid for new opportunities as they arise.

Medical and Industrial Imaging (MII): Following the Magnetica acquisition in 2021 and the acquisition of the remaining shares in Adaptix in 2023, the focus for the highly experienced management teams in the medical division is to become a niche market leader in the production of compact helium-free MRI systems and 3D X-ray systems, for applications such as orthopaedic and veterinary imaging and non-destructive evaluation. This is an exciting opportunity for the Group. In support of the core strategy, the division will continue to work on niche Nuclear Magnetic Resonance (NMR) and scientific magnet products and services, since these are complementary technologies. Adaptix's 3D X-ray technology is being developed in parallel to Magnetica's MRI technology and, as we envisioned, the two businesses are working in an increasingly complementary manner.

Across the Group's customers, we are capitalising on the continued pressure on aftermarket expenditure, where operational efficiency, reliability and safety are paramount. Customers are looking for reliable supply chain partners, to provide long term support of both new infrastructure and legacy installations.

Pinpoint-Invest-Exit

Continuing with our evergreen Pinpoint-Invest-Exit strategy, Avingtrans demonstrated its commitment by raising its stake in Magnetica to over 75% during the period. Additionally, we successfully completed the 100% acquisition of Adaptix, as mentioned earlier. The Group invested over £11.3m in Magnetica and Adaptix (post acquisition) in the period, as both businesses press ahead, to complete the development and commercialisation of their disruptive imaging products.

Our focus on other strategic acquisitions was sustained, with the addition of specialist pumps manufacturer Slack & Parr, for a total consideration of £4.1m which is already contributing positively to Group results, after a smooth integration process.

The Group remains confident about the current strategic direction and potential future opportunities across its chosen markets. Some of our market sectors (eg Nuclear) benefitted from the global disruptions seen in the period, which drove higher energy costs and caused national governments to review energy security.

Markets - Energy

The global demand for energy remains relentless and we anticipate sustained growth in the coming years. The aftermath of the Covid pandemic spurred a push towards enhanced efficiency and decarbonisation. However, the Russia-Ukraine conflict subsequently raised political awareness regarding the importance of energy security, leading to a recalibration of the rush towards renewable energy in the short to medium term. The energy hungry deployment of AI and growth in data centres will further increase world energy consumption. This situation could potentially benefit our businesses, particularly in the nuclear sector.

End User/Aftermarket

Operators and end-users demand a blend of quick response through local support and a requirement to drive improvements through equipment upgrades and modernisation. Facilities are being operated for much longer than their intended design lives, resulting in a strong demand for solution providers in the supply chain to partner with end-users for the longer term. The AES division is well positioned to grow in this end-user market space.

Nuclear

Nuclear energy as a low carbon, baseload power source remains an asymmetric market with respect to future growth. Almost all the 1GW+ new build opportunities are in Asia, with the exception of the limited UK programme. However, we are still experiencing buoyant market segments, including supporting the operational fleet, continued safe operation and life extensions, decommissioning and waste management. We are also working on the long-term development of the next generation of technologies – i.e. Small Modular, or Advanced Generation IV Reactors – e.g. with TerraPower and GE-Hitachi. In addition, these segments all have the backdrop of a consolidating supply chain and paucity of expert knowledge.

The USA still operates the biggest civil nuclear fleet in the world, with 93 reactors generating around 30 percent of the world's nuclear electricity. Coupled with the heritage Westinghouse technology operating in Europe and Asia, the division's long-standing position in this market provides opportunities for further growth. Obsolescence and life extension are key issues for nuclear operators worldwide and the AES division is well positioned to support operators in addressing this critical risk.

The UK remains pre-eminent when it comes to decommissioning nuclear facilities and subsequent waste management, in terms of innovative technology and overall spend. The Group is embedded in the future manufacture of waste containers for Sellafield and NRS (formerly Magnox) and will continue to expand its presence in the UK and globally in the longer term. The development of new nuclear technologies is ongoing, with activity in the UK, South Korea, the USA and China dominating development activity. The Group views these new technologies as an attractive route forward for nuclear and is well positioned to develop as a global industry partner.

Power Generation
The world continues to electrify, with an increasing amount of primary energy going to the power sector, which remains a key focus across the Group's AES division. Aside from nuclear, the main sub-sectors are as follows:

- **Coal** – the Group continues to see good aftermarket activity from coal fired power stations even though the demand for new power stations is in decline. Opportunities still exist in India, China, Southeast Asia and Eastern Europe. AES has optimised its product line, to take market share and to create new opportunities - e.g. in products to remove toxins from the exhaust stacks of power stations.
- **Gas** – natural gas, primarily in the form of combined cycle gas turbine power plants has been a growing market space, primarily in the West, albeit disrupted by the Russia-Ukraine conflict. The Group continues to develop this market with both existing and new product lines.
- **Renewables** – renewable technologies and their supporting infrastructure are a growing market globally. The Group has a range of products that can be applied directly to this market segment and also has expertise that can be used to develop new products for niche parts of this market, such as molten salt pumps for concentrated solar applications.

Hydrocarbons
The ongoing conflict in Ukraine resulted in a surge in European gas prices, leading to unprecedented levels of volatility in the energy market. Our Hayward Tyler businesses have long been associated with providing top-notch subsea and submersible pumps and motors to the oil and gas fields of the Norwegian Shelf. Recently, we have experienced a boost in demand for both new equipment and aftermarket services, as the market seeks to maximise supplies from this region. The current situation, coupled with informed forecasts, indicates that the demand for our products and services is likely to remain relatively strong. This presents a promising opportunity for our business to further capitalise on the evolving energy landscape.

Markets – Medical

The Diagnostic (medical) and molecular imaging markets are large global sectors, dominated by a few large systems manufacturers. The total Medical Imaging Market is expected to reach $55.4billion by 2030 according to Grand View Research, a compound annual growth rate of 4.9%. The largest market is the USA, followed by Europe and Japan. The fastest growing markets are China and India. Following the acquisition of a majority stake in Magnetica (AUS) in 2021, we merged Magnetica with Scientific Magnetics (UK) and Tecmag (US) and we have continued to invest in Magnetica. In the period, we acquired 100% of Adaptix, for £7.2m, including absorbed and repaid debt. Adaptix is an emerging medtech leader in the field of 3D X-ray equipment. The objective of this acquisition activity is to create innovative, niche MRI and X-ray systems suppliers, which can address specific parts of the market, not well served by dedicated products at present. This includes orthopaedic and veterinary imaging. The development paths of Magnetica and Adaptix are convergent, which enables both businesses to benefit from efficiency and cost gains, as well as optimising the route to market – especially in orthopaedics. Market drivers for these segments include an ageing global population, the rising incidence of chronic diseases and increasing companion animal ownership.

The growing prevalence of chronic diseases, especially in older populations, is increasing demand for medical imaging in hospitals and other diagnostic settings. Technical innovations, including advances in artificial intelligence, have increased the reliability and accuracy of medical imaging, thus driving further demand in global healthcare. Conversely, the market is somewhat inhibited by the high cost of current medical imaging systems.

In 2024, X-ray systems held approximately 32% of the market share, while MRI systems accounted for around 18%. Our estimates indicate that over 20% of all diagnostic imaging scans are related to limbs. As a result, the combined addressable market for Magnetica and Adaptix in medical imaging is approximately $3 billion, in theory. However, it is important to note that the actual addressable market is likely smaller, since both businesses have chosen not to target sales to hospitals. Instead, they are focusing on deploying their products in specialised clinics, where the product attributes align closely with the specific needs of these establishments, for imaging at the point of care.

Additionally, both Magnetica and Adaptix have plans to expand into other imaging markets, notably the veterinary sector. This is in response to the lack of dedicated products in this area, which has hindered the widespread use of imaging systems in veterinary practices. By targeting these specialised markets and addressing their unique requirements, both companies aim to further grow their market share and create a disruptive impact in the medical and veterinary imaging industries. Notably, our strategy is to attack the markets in smaller "point-of-care" locations, where the main players (eg GE) are not present, since they are generally focused on whole body systems located in hospitals. Additionally, our systems are designed to eliminate circa 90% of the infrastructure costs, which severely limit where whole body systems can be sited.

End User/Aftermarket

Diagnostic imaging is dominated by a handful of manufacturers, including GE, Siemens, Philips and Canon, who account for circa 80% of revenue globally. These players also dominate the aftermarket, though there are a few independent MRI service businesses in existence. Avingtrans is not present in the imaging aftermarket at this time.

Infrastructure and Security

Global safety and security concerns, as well as risk mitigation on large infrastructure projects, are key drivers for growth at Booth and we are cultivating these opportunities carefully. Thus far, the vast majority of Booth's sales are in the UK but the business is building up a prospect pipeline overseas. We have also continued to build the aftermarket order book, with good prospects.

Threat detection standards for baggage handling at airports and package scanning have been tightened everywhere around the world – especially in Europe and the USA. With many millions of bags and packages flowing across border crossings every day, screening devices have to comply with threat detection standards without impacting throughput. Rapiscan, the biggest customer for Composite Products, is a market leader in this sector, whose presence is increasing as new standards are rolled out.

Following the acquisition of Adaptix, we are exploring various possible security applications of their 3D X-ray technology products as tools in various Non-Destructive Evaluation (NDE) markets, with an estimated addressable market of c$1.4bn.

Operations

Operational Key Performance Indicators (KPI's) for continuing operations

	2024	2023
• Percentage of total continuing revenue deriving from aftermarket (AM) sales (%)	38.2	39.5
• Customer quality – defect free deliveries (%)	89.0	91.3
• Customer on-time in-full deliveries (%)	73.6	79.9
• Annualised staff turnover including restructuring (%)	15.8	18.5
• Health and Safety incidents per head per annum	0.07	0.08
• Environmental incidents per annum	0	0

Aftermarket sales increased in value by £6.2m (13.4%) however the was a strongly return of OE Revenue during FY24 reducing the overall AM percentage of sales.

The defect free delivery percentage decreased in FY24 to 89.0% (2023: 91.3%). The percentage is typically linked to the stage/type on some of the key contracts. In FY23 we were primarily engaged in the developing of new designs, which have transitioned to production during FY24.

Customer quality and on time in full (OTIF) deliveries both reduced in FY24, mainly due to the initial poor performance at Slack & Parr, following its administration process, leading to operational challenges, including supply chain disruptions and internal restructuring, which affected our ability to deliver products on schedule. Performance since has shown steady improvement.

Annualised staff turnover fell to 15.8% in FY24 (FY23: 18.5%), mainly driven by a reduced number of employees taking retirement (FY24: 6, FY23: 22).

H&S incidents per head per annum was down very slightly at 0.07.

As in 2023, there were zero environmental incidents recorded in the Group.

AES Division – Energy and Infrastructure

The AES division comprises: Hayward Tyler (HT), Energy Steel (ES), Booth, Metalcraft, Ormandy and Composite Products, with Slack & Parr being added in the period.

The division's results were materially improved in the period, both for OE and aftermarket sales.

For Hayward Tyler ("HT"), the main priorities remain to strengthen its aftermarket capabilities and to maximise opportunities in the nuclear life extension market. HT was able to deliver a robust result in the period, the best outcome since acquisition, with a strong order book and prospects for the year ahead.

At HT Luton, aftermarket activities remain the focus, including the servicing of third-party equipment. A follow on £3m contract in Sweden with Vattenfall for the Forsmark plant (for nuclear life extension) commenced in the period. Further defence orders have also been received from Rolls Royce and are being executed as planned. Hydrocarbon related orders from the UK North Sea sector remained steady.

Regarding the HT Luton site redevelopment, there has been limited recent progress, as the increase in interest rates in the UK has dampened construction interest for the time being. Therefore, we have currently paused the sale of the site.

The HT Fluid Handling business in Scotland has been a consistently good performer and has fitted well into our ambitions to build a wider nuclear capability. The business has maintained a strong order book and the Transkem industrial mixers product line has again contributed positively.

HT Inc in Vermont (USA) continues to see solid order intake in the nuclear life extension market in the USA. HT Inc's new R&D opportunities in next generation nuclear power have made good progress, with a further $10m design and development TerraPower contract booked in the period and progressing to plan.

HT Kunshan (China) has developed a healthy order book, including an improving position in the aftermarket business, with new orders coming from Chinese electricity producers working on reducing the environmental impact of electricity production.

In India, the local team again delivered a solid annual performance, as India's energy requirements continue to expand.

Energy Steel ('ES') in Michigan (USA) made headway in the period, though the business did suffer from various order delays in orders, which impacted performance this year.

Metalcraft has made good progress with Phase 2 of the Sellafield 3M3 ("three-cubic-metres") box contract and confirmed additional nuclear decommissioning orders of over £14m in the period, including the first contract from NRS (formerly Magnox). The next follow-on 3M3 box contract tender, expected to be worth over £900m, is expected to be tendered in 2025 by Sellafield. The apprentice training centre in Chatteris continues to build momentum.

Ormandy achieved a record performance in the period, with a robust order book, moving into FY25. Ormandy has made excellent progress in building its aftermarket business, with aftermarket now comprising 13% of revenue.

Booth Industries maintained its strong growth trajectory. Booth has a record order book, including the £36m order for HS2 cross-tunnel doors, which was not affected by the HS2 phase 2 cancellation. The business completed and installed the giant proscenium doors for "The Factory" entertainment venue - the biggest doors ever made by Booth. We continue to make good progress in building an aftermarket business at Booth, where we see strong growth potential.

Composite Products had a solid year, boosted by new orders from Rapiscan.

Slack & Parr made a positive start to life within the Group and, pleasingly, was able to deliver a modest profit at EBIT in its first year with Avingtrans – a commendable outcome. Their specialist gear metering pumps are sought after worldwide, for a variety of applications, including the precision production of high-end fibres – eg spandex.

MII - Medical Division: Magnetica and Adaptix

Magnetica, Scientific Magnetics (SciMag) and Tecmag are working effectively together to make good progress on our exciting development of compact, superconducting, helium-free MRI systems entirely in-house. Magnetica was able to exhibit its prototype system in the period and the FDA 510(k) approval is now anticipated in H1 2025. The delay is mainly due to significantly increased demands by the FDA regarding cyber security. The business also appointed its first US distributor, Televere Systems, in the period.

Our initial estimate of the addressable MRI orthopaedic imaging market is circa £1.7bn p.a. (by 2030). This is assuming a capital sale model. Our intended longer term "pay per scan" business model could mean that the opportunity is significantly larger. It is more difficult to quantify other potential market segments (e.g. veterinary imaging) at this stage because equivalent, dedicated products do not exist. Avingtrans has further increased its investment in Magnetica, bringing its shareholding to over 75% of the issued share capital. We believe that materially reducing the size and total costs of these dedicated MRI systems, coupled with them being much easier to set up in a variety of locations, as well as increasing the scan rate by up to 300%, will produce a compelling sales proposition, ratified by interest from Key Opinion Leaders at the prestigious Radiological Society of North America conference, in Chicago. In addition, these dedicated systems could free-up capacity on the existing MRI system installed base, which should be a major benefit to healthcare organisations.

SciMag and Tecmag will rebrand in due course, to present a seamless image for the business. However, there is still merit in continuing with various existing products and services at SciMag and Tecmag, so long as they do not detract from our core vision for MRI, which holds out the prospect of materially increasing the value of Magnetica over the coming years. Orders for existing SciMag and Tecmag products were solid in the period.

As noted above, Avingtrans acquired the remaining 82% of the share capital of Adaptix, Oxford, UK in 2023. Adaptix launched its compact 3D x-ray system for orthopaedics in the USA. Adaptix has also launched its veterinary version of the 3D x-ray product and initial orders for a non-destructive evaluation (NDE) product were also booked in the period. We estimate that the Total Addressable Market value of these three segments is $6.8bn pa. Adaptix also appointed Televere Systems as its first US distributor.

The strategies of Magnetica and Adaptix are convergent and we see potentially large benefits in combining their approaches to market in technology, software and distribution channels, amongst others.

Financial Performance

Key Performance Indicators

The Group uses a number of financial key performance indicators to monitor the business, as set out below (all items are "from continuing operations").

Revenue: 17.3% increase – underlying organic growth continues

Group continuing revenue increased to £136.6m (2023: £116.4m), with organic growth of 9% in the AES division. Revenue included £10.3m from Slack & Parr and Adaptix, both acquired in the period.

Gross margin: Stable despite some OEM/AM mix effects in the year.

Group gross margin reduced slightly to 32.2% (2022: 32.9%) partly due to the relatively higher percentage of OEM sales in the year, versus FY23.

Profit margin: Ahead of expectations

Adjusted EBITDA (note 2) increased to £14.0m (2023: £13.7m). The result was better than expected, given the forecast investment in the MII division. AES recorded robust results across the division, which boosted the overall Group performance. Slack & Parr recorded a creditable, albeit modest, positive EBIT result in its first year with the Group.

Operating profit was £5.6m (2023: £8.0m), predominately due to £3.7m EBIT loss at Adaptix and higher exceptional costs for acquisition and restructuring offsetting an 8% increase in AES.

Tax: Future profits and cash protected by available losses

The effective rate of taxation at Group level was a 24.4% (2023: 16.7%) tax charge. The utilisation of brought forward tax losses in the UK (note 3) kept the charge lower than expected. The tax position will be aided further in the coming years by utilisation of losses in the UK and US. We continue to be cautious, not recognising all of the potential trading tax losses in the UK.

Adjusted diluted Earnings per Share (EPS) reduced due to investments in the Medical division

Adjusted diluted earnings per share from continuing operations (note 4) decreased to 18.5p (2023: 23.4p) reflecting the investment in Medical and higher tax charge offsetting underlying growth in AES results. Adjusted diluted earnings per share attributable to shareholders reduced to 18.5p (2023: 19.9p), with FY23 including the discontinued losses for the trading and disposal of Metalcraft China.

Basic and diluted earnings per share attributable to shareholders from continuing activities decreased to 11.1p (2023: 15.7p) and to 10.9p (2023: 15.3p), as above due to the investment in Medical and higher tax charge offsetting underlying growth in AES results.

Funding and Liquidity: Modest net debt position, post recent acquisitions

Net debt (including IFRS16 debt) at 31 May 2024 was £11.8m. Excluding IFRS16 debt, Net debt was £6.1m, (31 May 2023: Net cash (including IFRS16 debt) was £9.1m and excluding IFRS16 debt was £13.0m). The cash flows generated from the strong underlying profits were subdued by a £9.0m working capital outflow, due to the delayed timing of various contracts, working capital outflow for the S&P and Adaptix acquisitions and increased revenue in AES, resulting in an operating cash inflow of £1.3m for the year (2023: £9.6m). As expected, there was significant investment in product development during the period with £8.4m invested, primarily in relation to Magnetica's compact helium-free MRI system £3.6m, Adaptix's disruptive 3D X-ray technology £2.4m and next generation nuclear pumps at HTI £1.8m. A further £4.0m was invested into property plant and equipment, £0.8m lease renewals at Tecmag, manufacturing set up at Adaptix £0.9m, alongside the initial net £1.5m cash cost of the acquisitions. To support the significant investment in the business, the group drew down £7.7m net of repayments from its supportive banking partners (including new lease at Tecmag £0.7m), leaving the Group in a strong position to pursue its strategy. The Directors consider that the Group has sufficient financial resources to deliver its strategy, so the Group continues to actively look for further value enhancing opportunities.

Dividend: Progressive dividend policy continues

A final dividend of 2.9p per share is proposed, making a total dividend of 4.7p per share (2023: 4.5p). The dividend will be paid on 20 December 2024, to shareholders on the register at 8 November 2024.

People

There were no personnel changes at Board level. However, at Board level, we have now set up an ESG Committee, chaired by Jo Reedman.

At divisional management level, we merged the EPM and PSRE divisions to create the AES division. Consequently, Austen Adams, formerly the managing director of the PSRE division, assumed leadership of this newly integrated division. The Board would like to extend its sincere best wishes and gratitude to Mike Turmelle, the former head of the EPM division, who has stepped down from his role and left the Company. His contributions during his tenure at Avingtrans are highly appreciated.

Environmental, Social and Governance (ESG) Report

Avingtrans believe that operating in a safe, ethical and responsible manner is at the heart of creating sustainable value for all our stakeholders.

Environmental

As the Group is listed on the LSE AIM market, we fall within the newly introduced Climate-Related Financial Disclosures ("CRFDs") regime. The four pillars of this regime are governance, strategy, metrics and targets, and risk management.

Governance

During the financial year, the Group established an ESG Committee. The main responsibilities of the ESG committee are to:

- Assist the Board in defining and regularly reviewing Avingtrans' ESG strategy.
- Oversee the setting of objectives and KPIs for ESG matters and ensure that key metrics are reported on.
- Develop and review regularly the policies, practices, targets and initiatives relating to ESG activities, ensuring they remain effective and up to date and consistent with good industry practice.
- Provide oversight of Avingtrans' management of ESG matters and its compliance with relevant legal and regulatory requirements, including applicable rules and principles of corporate governance, and applicable industry standards.
- Report on these matters to the Board and, where appropriate, make recommendations to the Board.
- Report as required to the shareholders of the Company on the activities and remit of the Committee.

Jo Reedman (Non-Executive Director) is Chair of the ESG committee, which meets on a quarterly basis.

Strategy

In 2021, we reassessed our approach to sustainability, with a view of integrating a sustainability strategy into our core business activities, aligning ourselves with the UN's Sustainable Development Goals (SDGs). From our sustainability assessment we identified two principal areas of environmental focus, these are:

- Operational eco-efficiency
- Development of new technologies

Operational eco-efficiency looks at improvements we can make at a site level, including reducing the manufacturing footprint of our sites, investment in improvements, and establishing a culture which promotes carbon reduction.

Development of new technologies allows us to benefit from opportunities designed to mitigate issues associated with climate change. The Group can benefit from its advanced engineering capabilities and world-class technologies to develop new products and services that support low carbon or reduced emissions requirements.

Risk management

Our approach to identifying, assessing and managing environmental risks, including climate related risk, is embedded within our approach to risk management. Environmental risks may present as financial or non-financial risks depending on the extent to which their impacts can be quantified, and how they have been classified.

Climate change and environment is a principal risk for the Group.

Climate-related risks and opportunities

A summary of the climate-related risks and opportunities identified as having a potentially material impact on the Group, and our associated controls, includes:

Shift to renewables

Most countries we sell into are moving away from fossil fuels towards renewables.

Demand for our hydrocarbon range of products could be adversely impacted. Conversely, we could see greater opportunities for our nuclear products.

The Group has been investing in products for next generation nuclear, including fusion, molten-salt fast reactors, and small modular reactors.

Extreme weather events
Disruption could be caused by a range of events, for example, flooding, extreme temperatures, and drought.

Extreme temperatures will increase the energy required to heat or cool our facilities and in extreme cases may cause site closures and a range of logistical issues.

We have seen such issues rising across the Group in recent years, for example record levels of smog in Delhi, India, because of drought and industrial emissions.

Levels of regulation
The Group operates in a highly regulated environment across many jurisdictions and is subject to regulations relating to environmental factors including, but not limited to, climate change, therefore consideration of current and emerging regulation within our environmental management system is key to mitigating risk. Identified regulatory risks include energy-related taxes and the increased costs of compliance with energy-related schemes.

Statement of carbon emissions -compliance with Streamlined Energy and Carbon Reporting (SECR)

We report greenhouse gas Scope 1, 2 emissions in line with the Streamlined Energy and Carbon Reporting (SECR) regulations.

Given the Group makes regular disposals and acquisitions, we do not consider absolute carbon emissions to be an appropriate method for tracking emissions, instead we focus on carbon intensity ratios.

We have adopted a portfolio approach to tracking carbon emissions. For the division operating in the energy sector (AES) we monitor carbon emissions per £m of revenue. The Medical division (MII) has a greater focus on product development, so instead we focus on emissions per employee.

Sites track their energy usage from a number of sources, including meter readings, mileage reports, and invoices, then converts these inputs to energy (kWh) and carbon emissions (tCO2e) using relevant conversion factors. Conversion factors are published by the UK Department for Environment, Food and Rural Affairs and the US Environmental Protection Agency (EPA).

Our energy usage and carbon emissions are:

	2024			2023		
	AES	**MII**	**Group**	**AES**	**MII**	**Group**
Scope 1:						
Gas	715	38	753	623	21	643
Oil	427	-	427	386	-	386
Distribution	27	1	28	16	2	18
Company vehicle travel	20	-	20	15		15
	1,190	39	1,229	1,040	23	1,062
Scope 2 – Purchased electricity	1,307	230	1,537	843	203	1,046
Total emissions tCO2e	2,497	269	2,766	1,882	226	2,108
Total energy consumption mWh	**11,684**	**755**	**12,439**	**9,459**	**544**	**10,003**
Intensity metrics:						
Average employees	840	93	941	673	59	732
Emissions tCO2e per employee	**3.0**	**2.9**	**2.9**	**2.8**	**3.8**	**2.9**

Revenue (£m)	132.9	3.7	136.6	112.8	3.6	116.4
Emissions tCO2e per £m of revenue	**18.8**	**73.1**	**20.2**	**16.7**	**62.2**	**18.1**
UK proportion of:						
Total emissions tCO2e	81%	34%	76%	79%	21%	73%
Total energy consumption mWh	81%	59%	80%	77%	46%	75%

In compliance with the SECR guidance, electricity emissions are based on grid averages from the regions we operate. As entities within the Group have transitioned to obtaining their power through renewable energy providers our actual electrical emissions will be lower.

The AES division division's intensity target is to reduce its tCO2e per £m of revenue. The figures above include the Slack & Parr business which was acquired during the financial year. Presenting on a like for like basis:

	2024	2023	Movement	Movement %
Total emissions tCO2e	2,001	1,882	119	6%
Revenue	122.9	112.8	10	9%
Emissions tCO2e per £m of revenue	16.3	16.7	(0.4)	(2%)

On a LFL basis the Group has delivered a 2% improvement Emissions tCO2e per £m of revenue. This improvement has been delivered through a combination of energy reduction initiatives, and delivery of an increased revenue without the need to expand our manufacturing footprint.

The MII division's intensity target is to reduce its tCO2e per employee. In the year tCO2e per employee has reduced to 2.9 (2023: 3.8).

Integration of environmental considerations into our Pinpoint-Invest-Exit strategy

The Group has expanded upon its environmental due diligence procedures, which historically used to focus on potential environmental liabilities. The focus has now shifted towards identifying opportunities to improve business performance through energy reduction initiatives.

We strongly believe that investing in next generation manufacturing facilities and development of new technologies is key to generating a sustainable business for the long term. Demonstrating to potential buyers our environmental credentials and technological capabilities is a key component of our Exit strategy.

Progress in the year

Operational eco-efficiency

A significant proportion of the Group's energy consumption is spent heating premises over the winter months. At some of the older facilities energy in the winter months (December, January and February) can be as much as 4 times higher than over summer (June, July and August). A focused effort has been made to reduce winter energy consumption. This includes the installation of new boilers, additional insulation, automatic timers on heating, as well as reducing the manufacturing footprint.

We carried out a Carbon whole life cycle impact assessment also known as the LCA to measure embedded carbon in some of our key products. This process was guided by the ISO 14067 Lifecycle Carbon Assessment ("LCA") to measure and investigate improvement opportunities that can cut carbon emissions. On the back of this research, we have implemented a number to our products and processes including:

- Selection of higher quality materials designed to increase the useful life of products and reduce maintenance.
- Introduction of reusable packaging and packaging which can be fully recycled.
- Negotiating with customers to make fewer, larger shipments of products in order to reduce delivery emissions.

Development of new technologies

Next generation nuclear: Molten Chloride Fast Reactor
Our US Hayward Tyler business has been developing high-temperature molten salt pumps, destined for a state-of-the-art Integrated Effects Test (IET) facility, under development by Southern Company and TerraPower, to advance development of the Molten Chloride Fast Reactor (MCFR). This is a transformational, fourth-generation, molten salt nuclear technology, designed to enable low-cost, economywide decarbonization. Located at TerraPower's Everett, Washington facility, the IET is a non-nuclear, externally heated multi-loop system, intended to test and validate integrated operation of MCFR systems, as well as demonstrate multiple auxiliary MCFR functions.

Nuclear energy and decommissioning represent 23% of the Group's revenues in the year. The Group believe that working on next generation nuclear projects including MCFR in the US, ITER in France, and Small Modular Reactors ("SMRs") in the UK and the USA, will strengthen the Group's long-term position in the nuclear industry.

Helium-free magnets
Existing MRI systems rely on liquid helium, to cool the superconducting magnets at the heart of each system. Helium is a scarce, non-renewable resource, mostly obtained as a by-product of oil extraction. Therefore, in our new compact MRI designs, we are seeking to take advantage of the smaller system footprint, to enable us to rely on mechanical cooling only, thus virtually eliminating use of helium in these systems.

An update on the status of the progress on the MRI development can be found in Medical Division review on page 10.

Social

Social Responsibility
It is paramount that the Group maintains the highest ethical and professional standards across all of its activities and that social responsibility should be embedded in operations and decision making. We understand the importance of managing the impact that the business can have on employees, customers, suppliers and other stakeholders. The impact is regularly reviewed to sustain improvements, which in turn support the long-term performance of the business. Our focus is to embed the management of these areas into our business operations, both managing risk and delivering opportunities that can have a positive influence on our business.

Employees
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them directly and on financial and broader economic factors affecting the Group. The Group regularly reviews its employment policies. The Group is committed to a global policy of equality, providing a working environment that maintains a culture of respect and reflects the diversity of our employees. We are committed to offering equal opportunities to all people regardless of their gender, nationality, ethnicity, language, age, status, sexual orientation, religion or disability. We believe that employees should be able to work safely in a healthy workplace, without fear of any form of discrimination, bullying or harassment. We have rolled-out "dignity and respect" training programs across the Group. We believe that the Group should demonstrate a fair gender mix across all levels of our business, whilst recognising that the demographics of precision engineering and manufacturing remain predominantly male, which is, to an extent, beyond our control.

Apprenticeships and training
All larger Group locations are running apprenticeship schemes for young people, both to act as socially responsible employers and to optimise the demographics of our workforce over the mid to long term.

The apprentice training school, based at Metalcraft, Chatteris is now fully operational. We are partnered with West Suffolk College (WSC) as the operator and training provider at the centre, which plans to take on between 80 and 130 students each year. Construction of the centre was funded through a £3.16 million grant from Cambridgeshire and Peterborough Combined Authority.

The Group continues to be recognised nationally for the strength of its apprenticeship training schemes. At 31 May 2024, the Group had 32 apprentices in the UK.

Health, safety, and wellbeing

The Group takes H&S matters and its related responsibilities very seriously.

As regular acquirers of businesses, we find different levels of capability and knowledge in different situations. A frequent investment need in smaller acquisitions is to spread H&S best practice from other Group businesses and bring local processes up to required standards. Larger acquisitions usually have well developed H&S processes and we seek to learn from these in other business units.

Employee equality, welfare and engagement are critical for developing our key asset. We focus on pro-active actions, including, internal training, certifications, and employee engagement through listening, survey and involvement.

Our Health and Safety KPIs can be found in the key performance indices section of the strategic report (page 9). Health and Safety incidents per head per annum fell to 0.07 in the year (2023: 0.08). There were 68 incidents in the year requiring first aid or hospital attention. Excluding the new acquisition incidents per head per annum would have remained flat at 0.08. At Board level, Les Thomas has H&S oversight and he conducts inspections with local management, as appropriate.

During the year, there have been no fatalities or serious injuries at any of our sites.

Ethical policy

The Group complies with the Bribery Act 2010. We do not tolerate bribery, corruption or other unethical behaviour on the part of any of our businesses or business partners in any part of the world. Employee training has been completed in all areas of the business to ensure that the Act is complied with.

Outlook

Avingtrans is a niche engineering market leader, principally in the Energy and Medical and Industrial sectors, with a successful profitable growth record, underpinned by our tried and tested 'PIE' strategy. Recent acquisitions will provide further opportunities for the Group to build sustainable value for investors in resilient market niches. We will continue to be prudent and seek to crystallise value and return capital when the timing is right, as part of the PIE strategy implementation. Our strategy has served us well in the current crisis and could result in further opportunities to grow shareholder value.

The Group continues to invest in both of its divisions, with a particular focus on the global energy and medical markets, to position them for maximum shareholder value, via eventual exits in the years to come. Magnetica's MRI product development is progressing well, albeit delayed by additional FDA requirements. The expected launch of the orthopaedic product is now anticipated in the first half of 2025, subject to FDA approval in the USA. This activity is fully complemented by the acquisition of Adaptix and its disruptive 3D X-ray technology, with products addressing the orthopaedic, veterinary and non-destructive evaluation markets. The Slack & Parr acquisition is progressing well and we anticipate a strong recovery in profit there over the next two years. As anticipated, the Group is now in a modest net debt position, following recent acquisitions. Our value creation targets continue to be accomplished as planned and are underpinned by our conservative approach to debt.

The AES division has a strong emphasis on the thermal power, nuclear and hydrocarbon markets and aftermarkets. The MII division is focused on compact, helium-free MRI systems and compact point of care 3D X-ray systems, which the Board believes could create significant future shareholder value. To drive profitability and market engagement, each division has a clear strategy to support end-user aftermarket operations, servicing its own equipment and (where pertinent) that of third parties, to capitalise on the continued market demand for efficient, reliable and safe facilities.

The Russia-Ukraine conflict is still a risk factor. However, we have taken effective cost and impact mitigation actions, to limit any potential downside and we will continue to be vigilant.

Despite the on-going global macroeconomic uncertainty, our markets continue to develop and M&A opportunities remain a priority for us. Businesses like ours can command high valuations at the point of exit. The Board remains cautiously confident about the current strategic direction and potential future opportunities across our markets. We will continue to refine our business by pinpointing specific additional acquisitions as the opportunities arise, to create superior shareholder value, whilst maintaining a prudent level of financial headroom, to enable us to endure any subsequent headwinds.

The Strategic Report was approved by the Board and signed on its behalf by:

Roger McDowell
Chairman
24 September 2024

Steve McQuillan
Chief Executive Officer
24 September 2024

Stephen King
Chief Financial Officer
24 September 2024

Consolidated Income Statement	Note	2024 £'000	2023 £'000
Revenue	1	**136,615**	116,437
Cost of sales		**(92,573)**	(78,137)
Gross profit		**44,042**	38,300
Distribution costs		**(3,663)**	(4,458)
Administrative expenses		**(34,743)**	(25,866)
Operating profit before amortisation of acquired intangibles, other non-underlying items and exceptional items		**8,167**	9,452
Amortisation of acquired intangibles		**(819)**	(993)
Share based payment		**(324)**	(237)
Acquisition costs		**(347)**	(14)
Restructuring costs		**(1,041)**	(232)
Operating profit	1	**5,636**	7,976
Finance income		**364**	109
Finance costs		**(1,175)**	(609)
Profit before taxation		**4,825**	7,476
Taxation	3	**(1,180)**	(1,246)
Profit after taxation from continuing operations		**3,645**	6,230
Profit after taxation from discontinued operations		**-**	(1,168)
Profit for the financial year		**3,645**	5,062
Profit is attributable to:			
Owners of Avingtrans PLC		**3,662**	5,194
Non-controlling interest		**(17)**	(132)
Total		**3,645**	5,062
Earnings per share:			
From continuing operations			
- Basic	4	**11.1p**	19.4p
-Diluted	4	**10.9p**	18.9p
From continuing and discontinuing operations			
-Basic	4	**11.1p**	15.7p
-Diluted	4	**10.9p**	15.3p

Consolidated Statement of Comprehensive Income

	2024 £'000	2023 £'000
Profit for the year	**3,645**	5,062
Items that will not subsequently be reclassified to profit or loss		
Remeasurement of defined benefit asset	**(493)**	(1,388)
Income tax relating to items not reclassified	**123**	347
Items that may/will subsequently be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(667)**	(579)
Total comprehensive income for the year attributable to equity shareholders	**2,608**	3,442

Consolidated Balance Sheet	Note	2024 £'000	2023 £'000
Non current assets			
Goodwill		**27,874**	21,585
Other intangible assets		**33,647**	18,790
Property, plant and equipment		**29,611**	23,612
Deferred tax		**3,718**	666
Unlisted Investments		**-**	8,000
Pension and other employee obligations		**84**	526
		94,934	73,179
Current assets			
Inventories		**19,871**	12,656
Trade and other receivables: falling due within one year		**57,098**	49,691
Trade and other receivables: falling due after one year		**1,394**	1,550
Current tax asset		**927**	618
Cash and cash equivalents		**12,115**	17,717
		91,405	82,232
Total assets		**186,339**	155,411
Current liabilities			
Trade and other payables		**(39,432)**	(32,140)
Lease liabilities		**(2,855)**	(1,503)
Borrowings		**(5,176)**	(3,077)
Current tax liabilities		**(823)**	(1,303)
Provisions		**(1,813)**	(1,315)
Derivatives		**-**	(15)
Total current liabilities		**(50,099)**	(39,353)
Non-current liabilities			
Borrowings		**(8,726)**	(669)
Lease liabilities		**(7,200)**	(3,328)
Deferred tax		**(6,972)**	(3,238)
Other creditors		**(328)**	(368)
Total non-current liabilities		**(23,226)**	(7,603)
Total liabilities		**(73,325)**	(46,956)
Net assets		**113,014**	108,455
Equity			
Share capital		**1,654**	1,612
Share premium account		**19,005**	15,979
Capital redemption reserve		**1,299**	1,299
Translation reserve		**913**	1,170
Merger reserve		**28,949**	28,949
Other reserves		**1,457**	1,457
Investment in own shares		**(4,235)**	(4,235)
Retained earnings		**61,402**	59,811
Total equity attributable to equity holders of the parent		**110,444**	106,042
Non-controlling interest		**2,570**	2,413
Total equity		**113,014**	108,455

Consolidated Statement of Changes in Equity
at 31 May 2024

	Share capital £'000	Share premium account £'000	Capital redemp-tion reserve £'000	Merger reserve £'000	Trans-lation reserve £'000	Other reserves £'000	Invest-ment in own shares £'000	Retained earnings £'000	Total Attributable owners of the Group £'000	Non-controlling interest £'000	Total Equity £'000
At 1 June 2022	1,607	15,693	1,299	28,949	825	1,457	(4,235)	58,223	103,818	1,999	105,817
Ordinary shares issued	5	286	-	-	-	-	-	-	291	-	291
Dividends paid	-	-	-	-	-	-	-	(1,331)	(1,331)	-	(1,331)
Share-based payments	-	-	-	-	-	-	-	237	237	-	237
Total transactions with owners	5	286	-	-	-	-	-	(1,094)	(803)	-	(803)
Profit for the year	-	-	-	-	-	-	-	5,194	5,194	(132)	5,062
Investment in subsidiary with non-controlling interest	-	-	-	-	924	-	-	(1,470)	(546)	546	-
Other comprehensive income											
Actuarial gain for the year on pension scheme	-	-	-	-	-	-	-	(1,388)	(1,338)	-	(1,338)
Deferred tax on actuarial movement on pension scheme	-	-	-	-		-	-	347	347	-	347
Exchange gain	-	-	-	-	(579)	-	-	-	(579)	-	(579)
Total comprehensive income for the year	-	-	-	-	345	-	-	2,683	3,028	414	3,442
Balance at 31 May 2023	**1,612**	**15,979**	**1,299**	**28,949**	**1,170**	**1,457**	**(4,235)**	**59,812**	**106,043**	**2,413**	**108,455**

Consolidated statement of changes in equity (continued)
at 31 May 2024

	Share capital £'000	Share premium account £'000	Capital redemp-tion reserve £'000	Merger reserve £'000	Trans-lation reserve £'000	Other reserves £'000	Invest-ment in own shares £'000	Retained earnings £'000	Total Attributable owners of the Group £'000	Non-controlling interest £'000	Total Equity £'000
At 1 June 2023	1,612	15,979	1,299	28,949	1,170	1,457	(4,235)	59,812	106,043	2,413	108,455
Ordinary shares issued	42	3,026	-	-	-	-	-	-	3,068	-	3,068
Dividends paid	-	-	-	-	-	-	-	(1,441)	(1,441)	-	(1,441)
Share-based payments	-	-	-	-	-	-	-	324	324	-	324
Total transactions with owners	42	3,026	-	-	-	-	-	(1,117)	1,951	-	1,951
Profit for the year	-	-	-	-	-	-	-	3,662	3,662	(17)	3,645
Investment in subsidiary with non-controlling interest	-	-	-	-	410	-	-	(585)	(175)	175	-
Other comprehensive income											
Actuarial gain for the year on pension scheme	-	-	-	-	-	-	-	(493)	(493)	-	(493)
Deferred tax on actuarial movement on pension scheme	-	-	-	-	-	-	-	123	123	-	123
Exchange gain	-	-	-	-	(667)	-	-	-	(667)	-	(667)
Total comprehensive income for the year	-	-	-	-	(257)	-	-	2,707	2,450	158	2,608
Balance at 31 May 2024	**1,654**	**19,005**	**1,299**	**28,949**	**913**	**1,457**	**(4,235)**	**61,402**	**110,444**	**2,570**	**113,014**

Consolidated Cash Flow Statement for the year ended 31 May 2024

	Note	2024 £'000	2023 £'000
Operating activities			
Cash flows from operating activities	5	**3,604**	10,682
Finance costs paid		**(1,294)**	(620)
Income tax paid		**(952)**	(331)
Contributions to defined benefit plan		**(24)**	(164)
Net cash inflow from operating activities		**1,334**	9,567
Investing activities			
Acquisition of subsidiary undertakings, net of cash acquired	6	**(1,548)**	(852)
Investment in unlisted undertaking		**-**	(4,000)
Disposal of a subsidiary undertaking, net of cash disposed		**-**	877
Finance income		**364**	109
Purchase of intangible assets		**(8,430)**	(5,401)
Purchase of property, plant and equipment		**(3,967)**	(3,291)
Proceeds from sale of property, plant and equipment		**4**	34
Net cash used in from investing activities		**(13,577)**	(12,524)
Financing activities			
Equity dividends paid		**(1,441)**	(1,331)
Repayments of bank loans		**(3,213)**	(2,843)
Repayment of leases		**(3,863)**	(1,771)
Proceeds from issue of ordinary shares		**563**	291
Proceeds from borrowings		**14,734**	2,254
Net cash inflow/(outflow) from financing activities		**6,780**	(3,400)
Net decrease in cash and cash equivalents		**(5,463)**	(6,356)
Cash and cash equivalents at beginning of year		**17,386**	23,902
Effect of foreign exchange rate changes on cash		**(130)**	(160)
Cash and cash equivalents at end of year		**11,793**	17,386

1 Segmental analysis

Year ended 31 May 2024	Energy AES £'000	Medical MII £'000	Unallocated central items £'000	Total £'000
Original Equipment	**81,044**	**3,322**	**-**	**84,336**
After Market	**51,893**	**356**	**-**	**52,249**
Revenue	**132,937**	**3,678**	**-**	**136,615**
Operating profit/(loss)	10,961	(3,990)	(1,335)	5,636
Net finance (expense)/income	(968)	(78)	235	(811)
Taxation (charge)/credit	(1,350)	291	(121)	(1,180)
Profit/(loss) after tax from continuing operations	**8,643**	**(3,777)**	**(1,221)**	**3,645**
Segment non-current assets	**60,771**	**34,163**	**-**	**94,934**
Segment current assets	**79,798**	**4,913**	**6,694**	**91,405**
	140,569	**39,076**	**6,694**	**186,339**
Segment liabilities	**(71,163)**	**(19,763)**	**17,602**	**(73,324)**
Net assets	**69,406**	**19,313**	**24,296**	**113,014**
Non-current asset additions				
Intangible assets	**2,220**	**6,210**	**-**	**8,430**
Tangible assets	**4,277**	**1,720**	**-**	**5,997**
	6,497	**7,930**	**-**	**14,427**
Other income statement items:				
Depreciation and amortisation	**(4,741)**	**(1,114)**	**-**	**(5,855)**

Unallocated assets/ (liabilities) consist primarily of interest-bearing assets and liabilities and income tax assets and liabilities.

Year ended 31 May 2023	Energy AES £'000	Medical MII £'000	Unallocated central items £'000	Total £'000
Original Equipment	66,802	3,595	-	70,397
After Market	46,006	34	-	46,040
Revenue	112,808	3,629	-	116,437
Operating profit/(loss)	10,145	(1,010)	(1,159)	7,976
Net finance (expense)/income	(496)	(39)	35	(500)
Taxation (charge)/credit	(1,311)	(17)	82	(1,246)
Profit/ (loss) after tax from continuing operations	8,338	(1,066)	(1,042)	6,230
Segment non-current assets	54,136	11,043	8,000	73,179
Segment current assets	71,928	2,544	7,760	82,242
	126,064	13,597	15,760	155,411
Segment liabilities	(42,534)	(4,073)	(349)	(46,956)
Net assets	83,530	9,524	15,411	108,455
Non-current asset additions				
Intangible assets	1,714	3,848	-	5,562
Tangible assets	2,821	470	-	3,291
	4,535	4,318	-	8,853
Other income statement items:				
Depreciation and amortisation	(3,980)	(314)	-	(4,294)

1 Segmental analysis (continued)

Geographical

The following tables provides an analysis of the Group's revenue by destination and the location of non-current assets (excluding deferred tax assets and defined benefit pension surplus) by geographical market:

	2024 Revenue £'000	2023 Revenue £'000	**2024 Non-current Assets £'000**	2023 Non-current Assets £'000
United Kingdom	**60,851**	53,076	**37,454**	34,954
Europe (excl. UK)	**7,011**	7,411	**-**	-
United States of America	**35,615**	28,955	**40,680**	27,473
Africa & Middle East	**6,031**	2,705	**-**	-
Americas & Caribbean (excl. USA)	**3,501**	5,059	**-**	-
China	**16,979**	10,297	**595**	723
Asia Pacific (excl. China)	**6,627**	8,934	**12,404**	8,837
	136,615	116,437	**91,133**	71,987

2 Adjusted Earnings before interest, tax, depreciation and amortisation

	2024 £'000	2023 £'000
Profit before tax from continuing operations	**4,825**	7,476
Share based payment expense	**324**	237
Acquisition costs	**347**	14
Restructuring costs	**1,041**	232
(Gain)/loss on derivatives	**(15)**	14
Amortisation of intangibles from business combinations	**819**	993
Adjusted profit before tax from continuing operations	**7,341**	8,966
Finance income	**(364)**	(109)
Finance cost	**1,175**	609
Gain/(loss) on derivatives	**15**	(14)
Adjusted profit before interest, tax and amortisation from business combinations ('EBITA')	**8,167**	9,452
Depreciation	**4,817**	3,720
Amortisation of other intangible assets	**904**	444
Amortisation of contract assets	**137**	130
Adjusted Earnings before interest, tax, depreciation and amortisation ('EBITDA') from continuing operations	**14,025**	13,746

The Directors believe that the above adjusted earnings are a more appropriate reflection of the Group performance.

All costs noted above, apart from the share based payment expense, depreciation and amortisation of intangibles had a reduction in the cashflow in the year. The tax impact on the above costs is relatively immaterial.

3 Taxation

	2024	2023
	£'000	£'000
Continuing operations		
Current tax		
Corporation tax – current year	**-**	-
Corporation tax – prior year	**219**	77
Overseas tax – current year	**418**	970
Overseas tax – prior year	**(275)**	210
Total current tax	**362**	1,257
Deferred tax		
Deferred tax – current year	**479**	(15)
Deferred tax – prior year	**339**	4
Deferred tax – rate	**-**	-
Total deferred tax	**818**	(11)
Tax charge on continuing operations	**1,180**	1,246
Tax (credit)/charge on discontinued operations	**-**	-
Total tax charge in the year	**1,180**	1,246

Corporation tax is calculated at 25% (2023: 20%) of the estimated assessable profit/loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

4 Earnings per ordinary share

Basic and diluted earnings per share have been calculated in accordance with IAS 33 which requires that earnings should be based on the net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares, being the CSOP and ExSOP share options.

	2024 Number	2023 Number
Weighted average number of shares – basic	**32,733,107**	32,187,135
Share option adjustment	**628,002**	820,074
Weighted average number of shares – diluted	**33,361,109**	33,007,209

	2024 £'000	2023 £'000
Profit from continuing operations	**3,645**	6,230
Share based payment expense	**324**	237
Acquisition costs	**347**	14
Restructuring costs	**1,032**	232
Other exceptionals	**9**	-
(Gain)/loss on derivatives	**(15)**	14
Amortisation of intangibles from business combinations	**819**	993
Adjusted profit after tax from continuing operations	**6,161**	7,720
From continuing operations:		
Basic earnings per share	**11.1p**	19.4p
Adjusted basic earnings per share	**18.8p**	24.0p
Diluted earnings per share	**10.9p**	18.9p
Adjusted diluted earnings per share	**18.5p**	23.4p
Earnings from discontinuing operations:	**-**	(1,168)
From discontinuing operations		
Basic earnings per share	**-**	(3.6)p
Adjusted basic earnings per share	**-**	(3.6)p
Diluted earnings per share	**-**	(3.5)p
Adjusted diluted earnings per share	**-**	(3.5)p
Earnings attributable to shareholders including non-controlling interest	**3,645**	5,062
Basic earnings per share	**11.1p**	15.7p
Adjusted basic earnings per share	**18.8p**	20.4p
Diluted earnings per share	**10.9p**	15.3p
Adjusted diluted earnings per share	**18.5p**	19.9p

The Directors believe that the above adjusted earnings per share calculation for continuing operations is a more appropriate reflection of the Group's underlying performance.

At 31 May 2024, we have excluded 1,700,000 share options from the diluted EPS calculation (2023: Nil) as these options are not expected to vest, given that the exercise price exceeds the market price.

5 Notes to the consolidated cash flow statement

Cash flows from operating activities:

	2024 £'000	2023 £'000
Continuing operations		
Profit before income tax from continuing operations	**4,825**	7,475
Loss before income tax from discontinuing operations before disposal	**-**	(616)
Adjustments for:		
Depreciation	**4,817**	3,720
Amortisation of intangible assets	**904**	444
Amortisation of intangibles from business combinations	**819**	993
Loss on disposal of property, plant and equipment	**23**	-
Loss on disposal of intangible assets	**-**	373
Finance income	**(364)**	(109)
Finance expenses	**1,175**	609
Share based payment charge	**324**	237
Changes in working capital		
Increase in inventories	**(4,818)**	(729)
Increase in trade and other receivables	**(8,003)**	(3,628)
Increase in trade and other payables	**3,825**	2,814
Increase/(decrease) in provisions	**107**	(857)
Other non cash changes	**(30)**	(44)
Cash flows from operating activities	**3,604**	10,682

	2024 £'000	2023 £'000
Cash and cash equivalents		
Cash	**12,115**	17,717
Overdrafts	**(322)**	(331)
	11,793	17,386

6 Acquisitions and disposals

Acquisition of Slack and Parr Limited

On the 6 August 2023, Hayward Tyler Fluid Handling Limited, a subsidiary of Avingtrans, completed the acquisition of the trade and assets of Slack and Parr Limited, along with its overseas subsidiaries in the USA and China.

Slack and Parr is renowned for its specialism in manufacturing high-precision gear metering pumps, hydraulics flow dividers, and industrial pumps, is a market leading supplier catering to a global customer base.

This strategic acquisition enhances Hayward Tyler's existing businesses by introducing additional products, expanding market reach, and in bringing in valuable expertise and equipment from Slack and Parr.

	£'000
Cash consideration	1,867
Total consideration	**1,867**

Consideration was transferred in stages. All consideration has been paid by 31 May 2024.

The provisional assets and liabilities recognised as a result of acquisition were as follows:

	£'000
Property, plant and equipment	5,209
Inventories	2,005
Trade and other receivables	399
Current tax asset	8
Cash	164
Trade and other payables	(1,599)
Provisions	(206)
Amounts owing to group undertakings	(481)
Lease liabilities (related to plant and equipment acquired and property lease)	(3,686)
Net identifiable assets acquired	1,812
Goodwill	55
Consideration	1,867

Amounts owing to group undertakings represents loans issued from Hayward Tyler Fluid Handling at the point of acquisition.

Goodwill is attributable to Slack and Parr's workforce, brand and future growth potential, plus synergies with our existing Hayward Tyler businesses.

The acquired business contributed revenues of £10,025,000 and a net loss of £144,000 to the Group for the period ended 31 May 2024.

Cashflow

	£'000
Outflow of cash to acquire subsidiary:	
Cash consideration paid in the period	1,867
Cash acquired	(164)
Net cash outflow from investing activities	**1,703**

Acquisition related costs of £201,000 have been presented as exceptional costs in the income statement and in operating cashflows in the statement of cashflows.

Acquisition of Adaptix Limited

On 15 September 2023, the Group acquired the remaining 82% of Adaptix Limited's ("Adaptix") share capital, thereby gaining control. In exchange for the 82% of shares in Adaptix, Avingtrans issued shares valued at £2,505,000 on the date of acquisition. Immediately prior to the acquisition, the Group held an 18% shareholding in Adaptix, which was purchased for cash consideration of £6,005,000.

Adaptix are an emerging Medtech business, developing 3D x-ray technologies. The product launch plans of Adaptix align with the Group's Magnetica business, which is developing compact magnetic resonance imaging technology. This alignment enables both businesses to mutually benefit by coordinating their commercialization activities.

Consideration has been calculated using the accumulated cost method, and comprises:

	£'000
Cash consideration	6,005
Issued shares	2,505
Total purchase consideration	**8,510**

The fair value of the 642,355 issued shares was based on the published closing share price on the 15th September 2023 of 390 pence per share.

The provisional assets and liabilities recognised as a result of acquisition were as follows:

	£'000
Other intangible assets: technology	8,219
Property, plant and equipment	1,883
Inventories	323
Trade and other receivables	567
Current tax asset	701
Cash	152
Trade and other payables	(1,931)
Amounts owing to group undertakings	(3,299)
Provisions	(157)
Lease liabilities	(626)
Borrowings	(3,563)
Net identifiable assets acquired	**2,268**
Goodwill	6,242
Consideration	**8,510**

Amounts owing to group undertakings represents loans issued to Adaptix prior to the acquisition.

Goodwill is attributable to Adaptix's workforce and future growth potential, plus synergies with our existing medical imaging businesses.

The acquired business contributed revenues of £244,000 and a net loss of £4,507,000 to the Group for the period ended 31 May 2024.

Cashflow

	£'000
Inflow of cash to acquire subsidiary:	
Cash consideration paid in the period	-
Cash acquired	152
Net cash inflow from investing activities	**152**

All cash consideration paid for Adaptix was transferred in previous accounting periods, so does not impact the current period cashflow.

Acquisition related costs of £147,000 have been presented as exceptional costs in the income statement and in operating cashflows in the statement of cashflows.

7 Net (debt)/cash and gearing

	2024 £'000	2023 £'000
Cash	**12,115**	17,717
Overdrafts	**(322)**	(331)
Loans	**(13,581)**	(3,416)
Lease liability – finance leases under IAS17	**(4,293)**	(951)
Net (debt)/cash - excluding IFRS 16	**(6,081)**	13,019
Lease liability – under IFRS 16	**(5,762)**	(3,879)
Net (debt)/cash	**(11,843)**	9,140
Equity	**113,014**	108,455
Net (debt)/cash to equity ratio	**(10.5)%**	8.4%

8 Preliminary statement and basis of preparation

This preliminary statement, which has been agreed with the auditors, was approved by the Board on 24 September 2024. It is not the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Financial information set out in this announcement does not constitute the Company's Consolidated Financial Statements for the financial years ended 31 May 2024 or 31 May 2023 but are derived from those Financial Statements. Statutory Financial Statements for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's AGM. The auditors Cooper Parry Group Limited have reported on the 2024 financial statements. Their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006 in respect of the Financial Statements for 2023.

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK and those parts of the Companies Act 2006 that apply to companies reporting under IFRS. The principal accounting policies adopted by the company, which remain unchanged, are set out in the statutory financial statements for the year ended 31 May 2024.

9 Annual report and Accounts

The Report and Accounts for the year ended 31 May 2024 will be available on the Group's website www.avingtrans.plc.uk on or around 11 October 2024. Further copies will be available from the Avingtrans' registered office:

Chatteris Business Park, Chatteris, Cambridgeshire PE16 6SA.

10 Annual General Meeting

The Annual General Meeting of the Group will be held at Shakespeare Martineau LLP, No1 Colmore Square, Birmingham, B4 6AA on 19 November 2024 at 11:00am.