



Annual Report and Accounts 2026



Why Filtronic?



Market leading expertise in high performance RF technology

Founded in 1977, Filtronic, underpinned by a strong patent base, is the proven market leader in mission-critical RF solutions for high-capacity satellite comms, a rapidly growing market with \$160bn projected spend by 2030.

Strategically positioned at the intersection of Space and Aerospace & Defence

Surface, Sky and Space positioning spans all high-performance RF domains, aligning Filtronic with multi-decade investment cycles as systems move to higher frequencies and data rates, e.g. \$3bn V Band SAM in ground stations over next 10 years.

Established and growing relationships with tier-one global customers

Strategic relationships with global customers and defence primes (including SpaceX, Viasat, Airbus and Leonardo) validate capability and provide access to long-term programmes, with 26 major projects currently underway.

Strong financial position and operational discipline

Strong balance sheet underpinned by £12.9m of cash, a record order book, and disciplined additions to opex. A highly invested and low-capex business model, delivers operational gearing as customer programmes layer and grow.

Innovation roadmap driving next-generation connectivity

Focused five-year growth strategy targets leadership in high-capacity datalinks, supported by a product-led roadmap, including GaN, technologies with 20x the power output for solid state solutions, and sustained R&D investment.

Scalable infrastructure ready to support growth

2 global manufacturing sites and 3 engineering centres enable rapid prototyping, tight quality control and high reliability, with the new HQ doubling capacity and being a size capable of supporting £200M+ annual revenue.

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A trusted leader in high performance Radio Frequency systems

We design and manufacture mission critical RF components and subsystems where reliability, precision and resilience matter most.

**We are embedded
in every step of the
communication journey**



SPACE



AEROSPACE & DEFENCE

Our mission to enable creative solutions for highly complex RF challenges, creating value for customers through technology leadership and innovation.



Transceivers

Transmit and receive modules enabling secure, high-speed data transfer.



Solid State Power Amplifier

High-power, high-efficiency amplification for long-distance, high-capacity links.



Switched Filter Banks

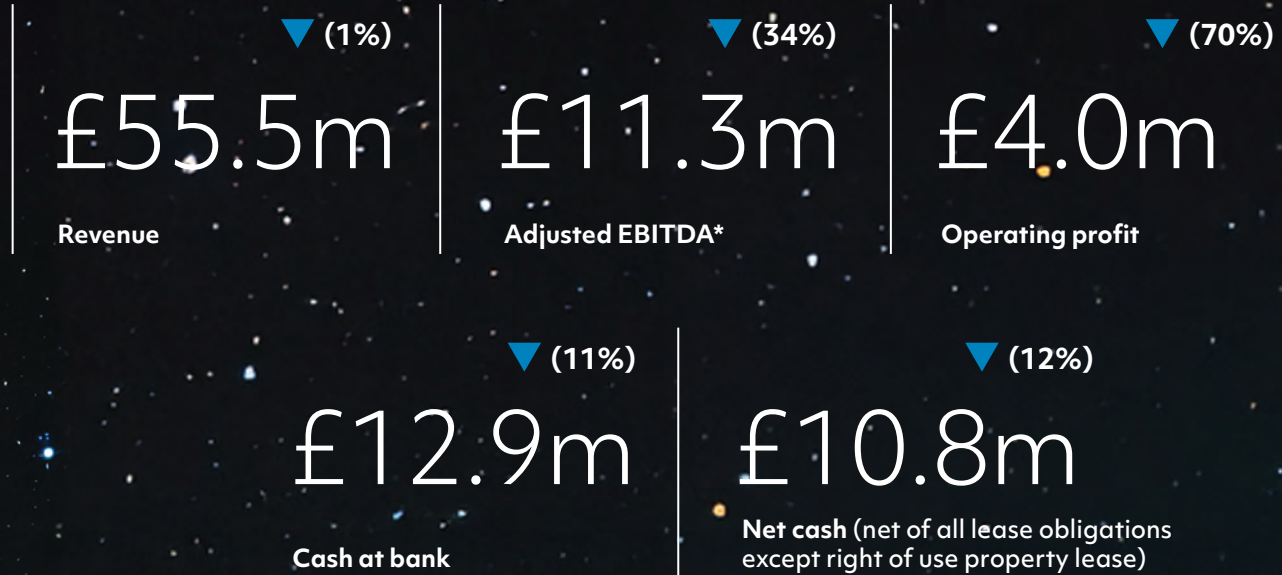
Signal integrity and interference control in complex RF environments.

**Engineering quality and capability supported
by world class facilities and talent**

Our mission to enable creative solutions for highly complex RF challenges, creating value for customers through technology leadership and innovation.

Operational Highlights

Financial highlights



Operational Highlights



Expanded strategic relationship with SpaceX for the deployment of next-generation GaN E-band technology, with the Group's largest single order to date, valued at \$62.5m.



Secured an \$8.0m contract with a US-based customer for the development of high-performance amplifier systems.



Accelerated diversification of customer base, with new multi-year contract wins including a €7.0m agreement with a European space customer and a £13.4m contract with a leading European defence prime.



Continued expansion into higher-frequency spectrum bands, including development activity across V-band and adjacent opportunities, increasing Filtronic's addressable market.



Completed transition into the new Sedgefield headquarters and manufacturing facility, materially increasing production capacity and supporting future programme growth.



Continued investment across engineering capability, programme management and commercial engagement to support an increasing number of concurrent customer programmes.



Entered FY2027 with a strong order book providing approximately 90% coverage of current market expectations for FY2027 revenue.



Structural growth drivers across space and defence remain supportive, underpinned by increasing demand for high-capacity communications infrastructure and resilient RF technologies.



Chair statement

Dear Fellow Shareholder

FY2026 has been another important year in Filtronic's evolution. While the financial performance reflects a deliberate period of investment following several years of significant growth, the progress made across our customer base, technology roadmap, operational capabilities and strategic positioning gives the Board increased confidence in the scale of the opportunity ahead. Filtronic enters its next phase of development with stronger foundations, broader market exposure and enhanced long-term growth potential.

As a Board, our role is to provide effective oversight, constructive challenge and long-term stewardship. We continue to ensure that management is positioned not only to deliver today's objectives but also to build a business capable of sustaining success over many years. During FY2026, the Board remained focused on those priorities: supporting investment in future growth, maintaining strong financial discipline, strengthening governance and ensuring that the organisation continues to evolve as the business scales.

Filtronic is a very different company from that of only a few years ago. Today, Filtronic operates a higher-value, increasingly scalable and more strategically significant business model, characterised by greater levels of repeat production revenue, longer duration programmes, deeper customer relationships and growing participation in critical communications infrastructure. These characteristics provide increased visibility, resilience and opportunity as the business continues to scale. The increasing scale of the business opportunities ahead, the strategic importance of our customer relationships and the complexity of our programmes require the Company to continue maturing in every aspect of its operations. The Board has therefore placed considerable emphasis on organisational capability, leadership development, succession planning and ensuring that the Company's governance and control environment develops in line with its ambitions.

One of the Board's responsibilities is to balance opportunity with risk. Throughout the year we carefully considered the pace of investment in technology, facilities and people against the need to preserve the Group's strong financial position. We remain convinced that disciplined investment is essential to securing Filtronic's long-term competitive advantage and creating sustainable shareholder value. At the same time, we continue to maintain a rigorous approach to capital allocation and risk management.

The Board also continued to engage actively with shareholders during the year. We greatly value the constructive dialogue we have with both existing and prospective investors, whose feedback provides valuable insight into how the Company is perceived and where we can continue to improve. We remain committed to maintaining high standards of transparency, governance and communication as the Company continues to grow.



The Board recognises that our success is built upon technical excellence, innovation and a commitment to customers. As the organisation grows, preserving these qualities while developing the leadership, processes and capabilities required of a larger international technology business remains a key priority.

On behalf of the Board, I would like to thank all our employees for their continued commitment and professionalism and commitment to excellence. Their contribution is fundamental to Filtronic's success. I would also like to thank our customers, suppliers and shareholders for their continued trust and support.

Looking ahead, the Board believes Filtronic is entering its next five years from a position of strength. The Group has established strong relationships with world-leading customers, expanded its addressable market, significantly



enhanced its manufacturing capacity and developed a technology roadmap aligned with some of the most attractive growth themes across space, defence and advanced communications. Together, these factors underpin our confidence in the Company's long-term prospects. Supported by a strong balance sheet and net cash position, the Group retains the flexibility to continue investing in technology, capacity and capability while maintaining appropriate financial discipline.

The foundations that have been established over recent years provide confidence that the Company is well placed to deliver sustainable long-term growth and create enduring value for all of its stakeholders. The Group enters FY2027 with a strong order book and multi-year customer commitments which gives the Board a high level of confidence to deliver the current market expectation. To address a key strategic priority, the customer concentration of our lead client is expected to reduce further whilst increasing revenue, reflecting the progress we are making on new customer acquisition. The market phasing and timing of our product road maps will mean that revenue and profitability are expected to be weighted towards the second half of the year as we ramp to volume on our next-generation E band Gallium Nitride monolithic microwave integrated circuit technology ("GaN") programme. We look to the future with confidence while remaining committed to the disciplined governance and long-term stewardship that will continue to underpin the Company's success.



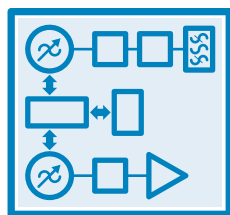
Pictured: Cerus 32 V - Market Leading Linear Power

Jonathan Neale
Chair
3 August 2026

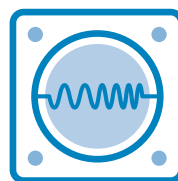
What we specialise in:



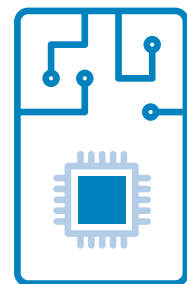
**Mission critical
communications**



**Customised
RF Sub-systems**



**300MHz to 300GHz
design, manufacture
& test**



**Hybrid
manufacturing
services**



Chief Executive's review

When I reflect on FY2026, I see a business that has reached an important inflection point in its evolution.

While our reported revenue of £55.5 million was marginally below last year's record performance, we saw year on year organic sales growth and delivered adjusted EBITDA marginally ahead of adjusted expectations at £11.3 million (FY2025: £17.0m). While FY2026 reflects a year of continued investment, customer diversification and operational scaling, I believe the fundamental strength of the business has never been greater. We enter FY2027 with enhanced visibility, broader market opportunities and significantly improved strategic positioning. Over the past twelve months we have continued to broaden our customer base, expand our technology leadership, invest in manufacturing capacity and strengthen the organisation for the next phase of growth. As a result, we enter FY2027 with greater strategic momentum, improved visibility and a business that is materially stronger than it was a year ago.

The market backdrop for Filtronic is arguably the most compelling it has been in the Company's history. Rapid growth in satellite communications, increasing defence expenditure and the escalating demand for secure, high-capacity communications infrastructure are driving sustained investment in the advanced RF technologies that sit at the core of our expertise. The convergence of the space and defence sectors is fundamentally changing the communications landscape. Governments are increasing defence spending at unprecedented levels, commercial space continues to scale rapidly, and both markets are demanding higher performance, greater bandwidth and more resilient communications networks. These long-term structural trends are creating a sustained increase in demand for advanced RF technology, particularly at mmWave frequencies where Filtronic has built a reputation as one of the industry's leading specialists.

Our strategy has always been straightforward: develop technologies that solve the most difficult RF engineering challenges, build deep partnerships with world-class customers, and continually invest ahead of demand. The progress we have made during FY2026 demonstrates that this strategy is working.

Despite the significant progress made over recent years, I believe we are still in the early stages of our journey. The markets in which we operate continue to expand rapidly, our technology roadmap is strengthening, and our ambition remains unchanged: to establish Filtronic as a globally recognised leader in advanced RF solutions for the world's most demanding communications applications.

Perhaps the clearest evidence of this is the increasing diversification of the business, both in terms of customers and the products we are delivering in our focus markets. Several years ago, we recognised that whilst our strategic relationship with our primary customer represented a transformational opportunity, long-term shareholder value would ultimately be created through broadening



our customer base and applying our technologies across multiple markets and applications. During FY2026 we made significant progress against this objective. Revenue from our largest customer reduced to 68% of Group revenue (FY2025: 83%). Importantly, this diversification has been achieved while continuing to grow our engagement with our largest customer, demonstrating that expansion of the business is being driven by the addition of new programmes and customers rather than a reallocation of existing revenue streams. This not only reduces customer concentration risk but demonstrates that Filtronic's technologies are increasingly recognised by multiple global leaders.



Pictured: Opened in 2026 - Our new purpose built design and manufacturing centre of excellence

Importantly, our growth is not being driven by a single product or programme. We continue to expand our technology portfolio, extending our capabilities across higher frequency bands and investing in next-generation gallium nitride ("GaN") solutions that we believe will underpin the next wave of satellite communications and defence systems. In 2026 we launched new products in E, V and W-band, and sampled our first full SSPA system at world leading 200W for a solid-state V-band amplifier. As spectrum utilisation continues to migrate towards higher frequencies, our expertise in RF design and complex manufacturing positions us exceptionally well to address markets where technical barriers to entry remain high.

Technology leadership alone, however, is not sufficient. Customers increasingly require partners capable of delivering both innovation and industrial scale. During FY2026 we therefore continued to invest heavily in the capabilities required to support substantially larger programmes. The successful relocation into our new headquarters represents far more than additional manufacturing space; it provides the operational platform from which we can support the significant growth opportunities we see ahead, future proofing our business to support in excess of £200 million revenues in the future. Alongside this investment, we have strengthened our engineering capability, enhanced programme management disciplines and continued to develop the talent that differentiates Filtronic.

A key highlight in the year was the ongoing development of our strategic relationship with our largest customer, including the award of a second major contract valued at \$62.5m (£47.3m). The programme marks the first production deployment of our E-band GaN technology and supports the transition of this platform from development into volume manufacture.

We also continued to broaden our presence across the wider space sector. During the year, we secured an \$8.0m contract with a US-based customer for the development and qualification of high-performance amplifier systems. This was followed, post year end, by a further contract award from the same customer to design a state-of-the-art, high frequency transmit/receive ("Tx/Rx") module.

Together, these awards strengthen our position within the broader US space ecosystem and demonstrate the growing recognition of Filtronic as a trusted partner for advanced RF solutions to Tier 1 space players. They also reflect increasing demand for our differentiated technology across a widening range of satellite communications applications, supporting our strategy to diversify our customer base and create multiple long-term growth opportunities within the global space market.

Alongside our continued progress in the US, we secured further aerospace and defence contracts across Europe, including multi-year programmes supporting Low Earth Orbit satellite constellation deployments and advanced defence electronics applications. These contract wins demonstrate our growing penetration of adjacent

markets and further strengthen the diversification of our customer base.

One of the characteristics I value most within Filtronic is our willingness to invest for the long term. We have consistently prioritised sustainable value creation over short-term optimisation, investing in technology, facilities and people ahead of revenue. Whilst this inevitably creates periods where investment runs ahead of financial returns, I believe it is precisely this discipline that has enabled Filtronic to establish itself as a trusted strategic partner to some of the world's most demanding technology organisations.

Our financial position provides us with the flexibility to continue executing this strategy with confidence. We maintain a strong balance sheet and healthy profitability enabling us to continue investing organically while remaining disciplined in our allocation of capital.

Looking ahead, I believe Filtronic has never been better positioned. We enter FY2027 with a record order book providing approximately 95% visibility against current market expectations, an increasingly diversified customer base, expanded manufacturing capabilities and a growing portfolio of proprietary technologies addressing attractive end markets. Combined with a strong balance sheet and a substantial pipeline of opportunities, these factors provide us with confidence in both the near-term outlook and our longer-term growth potential. We possess the technology, customer relationships, manufacturing capability and talented people required to convert the plentiful opportunities we see into sustainable long-term growth.

None of this would be possible without the commitment, expertise and determination of our people. Their passion for engineering excellence, innovation and customer success continues to define Filtronic and remains our greatest competitive advantage. I would like to thank every member of the team for their outstanding contribution throughout the year, together with our customers, partners and shareholders for their continued trust and support.

The opportunities ahead are significant. We remain focused on disciplined execution, continued innovation and delivering sustainable long-term value for all our stakeholders. I have every confidence that Filtronic is exceptionally well placed to build on the strong foundations established during FY2026 and create substantial value in the years ahead.

Nat Edington
Chief Executive Officer
3 August 2026



Market review

SPACE

Filtronic is focused on delivering high-performance datalinks to address the growing demand for advanced satellite communications infrastructure. The Company serves a diverse customer base spanning government, military and civil ground stations and commercial satellite networks. Leveraging its deep RF expertise, advanced manufacturing capabilities and agile operating model, Filtronic is well positioned to support the evolving requirements of next-generation satellite communications.



FLIGHT



AIR



GROUND

Structural Drivers



Greater connectivity



Spectrum usage at higher frequencies



System complexity growing



Growth of mega constellations



Direct to Device

DEFENCE



FLIGHT



AIR



GROUND

Filtronic is targeting growth in the defence market through high-performance RF and microwave solutions for mission-critical applications.

Its portfolio supports advanced radar, electronic warfare, tactical communications and payload systems across air, land, maritime and space domains. Working closely with system integrators, prime contractors and government agencies, Filtronic is well positioned to meet growing demand for resilient and sovereign defence capabilities.

Structural Drivers



System complexity growing



Sovereign supply



Speed of development



High Frequency



Growth of space as a domain

TELECOMS

Filtronic is focused on high-value telecommunications applications, delivering advanced, high-performance, high-frequency solutions that enable reliable, high-capacity communications networks.

STRUCTURAL DRIVERS



Greater connectivity



Higher performance



High frequency



Low latency



Large bandwidth



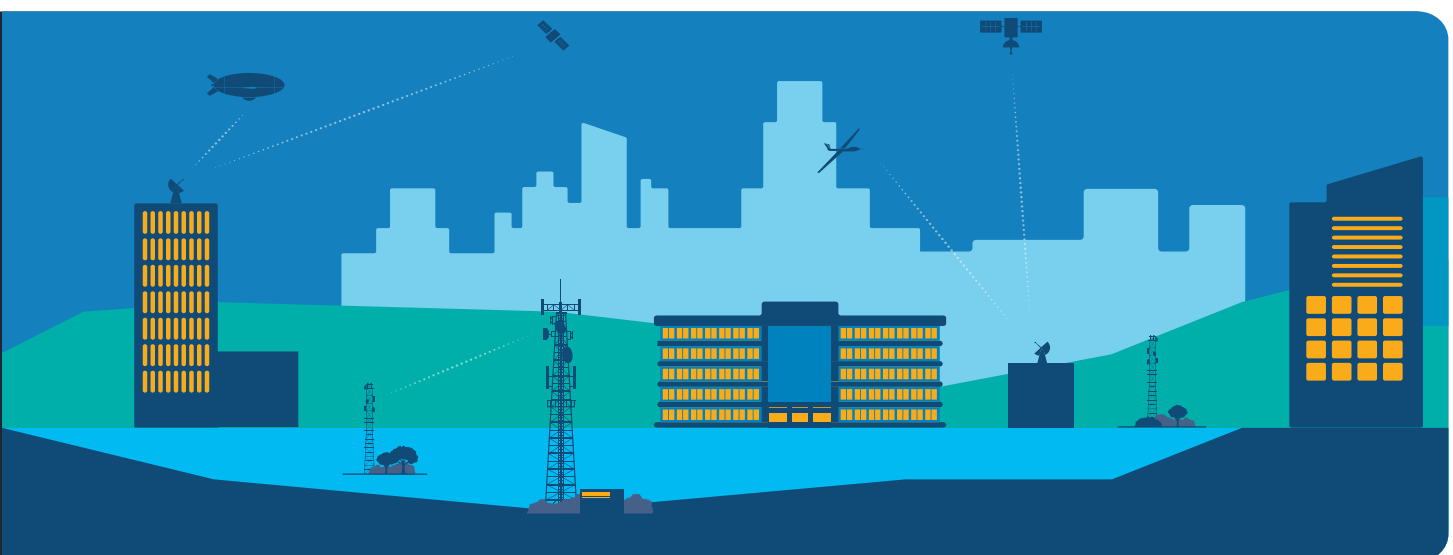
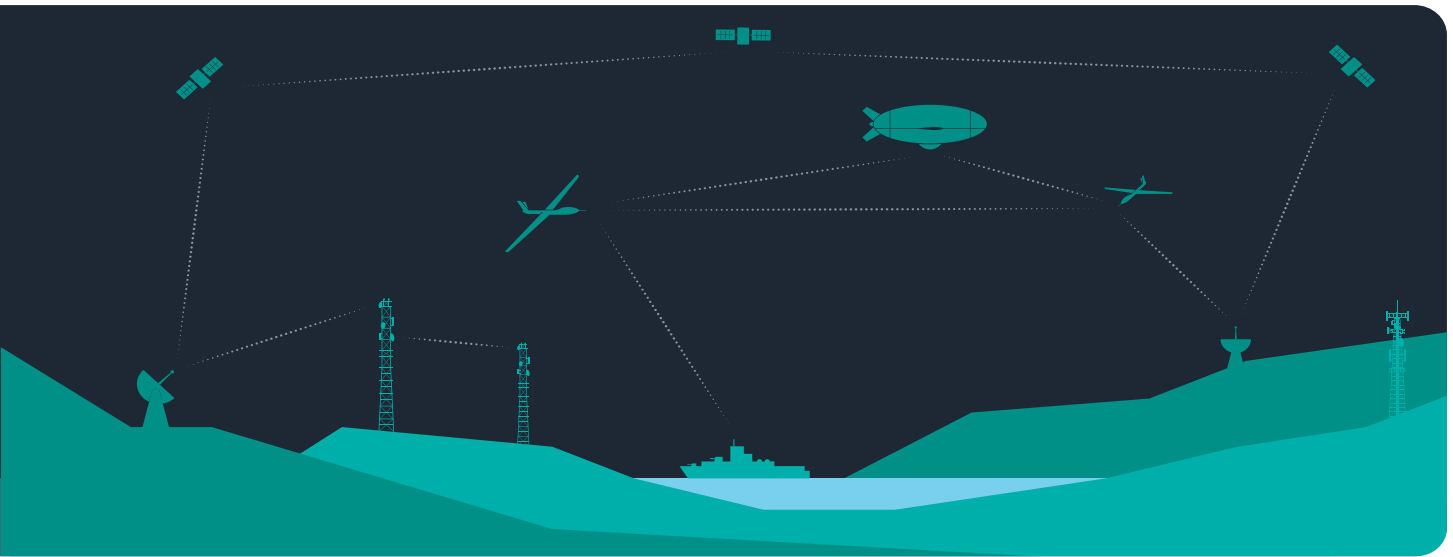
FLIGHT



AIR



GROUND





Strategy

Filtronic's strategy is centred on becoming the partner of choice for high-performance connectivity solutions across the most demanding communications environments. As demand for higher bandwidth, lower latency and greater resilience continues to grow, we are investing in the technologies, markets and people that will enable the next generation of ground, air and space connectivity.

Technology leadership

We will continue to expand our market-leading portfolio of millimetre-wave ("mmWave") products, developing a comprehensive range of RF front-end and digital solutions spanning **Ka-band through to W and D-band**. This roadmap builds on our established strengths in **Q/V and E-band** technologies, enabling us to address an increasingly diverse range of applications across satellite communications, defence and terrestrial networks. By combining advanced RF engineering with digital technologies, including RF-over-IP, we aim to provide customers with scalable, high-performance solutions that support future communications architectures.

Accelerating growth in space

Space remains our largest strategic growth opportunity. We will continue to strengthen relationships across both established ("Old Space") and emerging ("New Space") organisations, supporting the evolution of increasingly sophisticated satellite constellations and ground infrastructure. Particular focus will be placed on high-growth markets including **Very Low Earth Orbit ("VLEO")**, **Low Earth Orbit ("LEO")**, **Medium Earth Orbit ("MEO")** and **Geostationary ("GEO")** connectivity and the emerging demand for **Direct-to-Device ("D2D")** services. Alongside securing new programmes, we will continue to increase our share of wallet with existing customers while expanding our portfolio of Tier 1 global space customers.

Expanding our defence position

Building on recent programme successes, we will continue to grow our defence portfolio by developing technologies that address increasingly complex communications, sensing and electronic warfare requirements. Strategic collaboration will remain central to this approach, including participation in initiatives such

as **Team Fortitude**, enabling Filtronic to work alongside complementary technology leaders to deliver integrated capability for UK and allied defence programmes. Our focus remains on creating sovereign, high-performance technologies that support long-term national security objectives.

Diversifying across communications markets

While space and defence remain our primary growth sectors, we will continue to strengthen our position within terrestrial communications, including telecommunications infrastructure, private networks and mission-critical communications. Across every market, our objective is to further establish Filtronic as a leading provider of high-performance connectivity solutions, delivering mission-critical technologies that operate across **ground, air and space**.

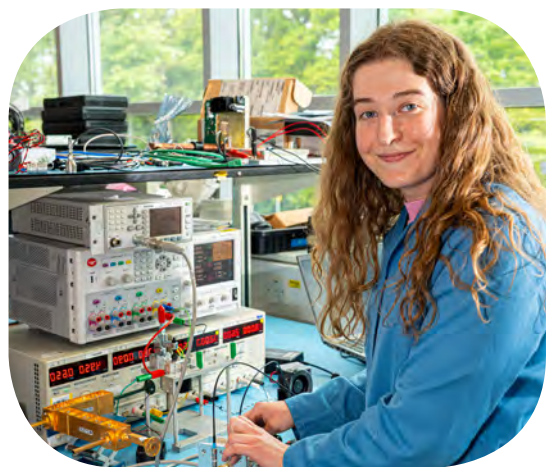
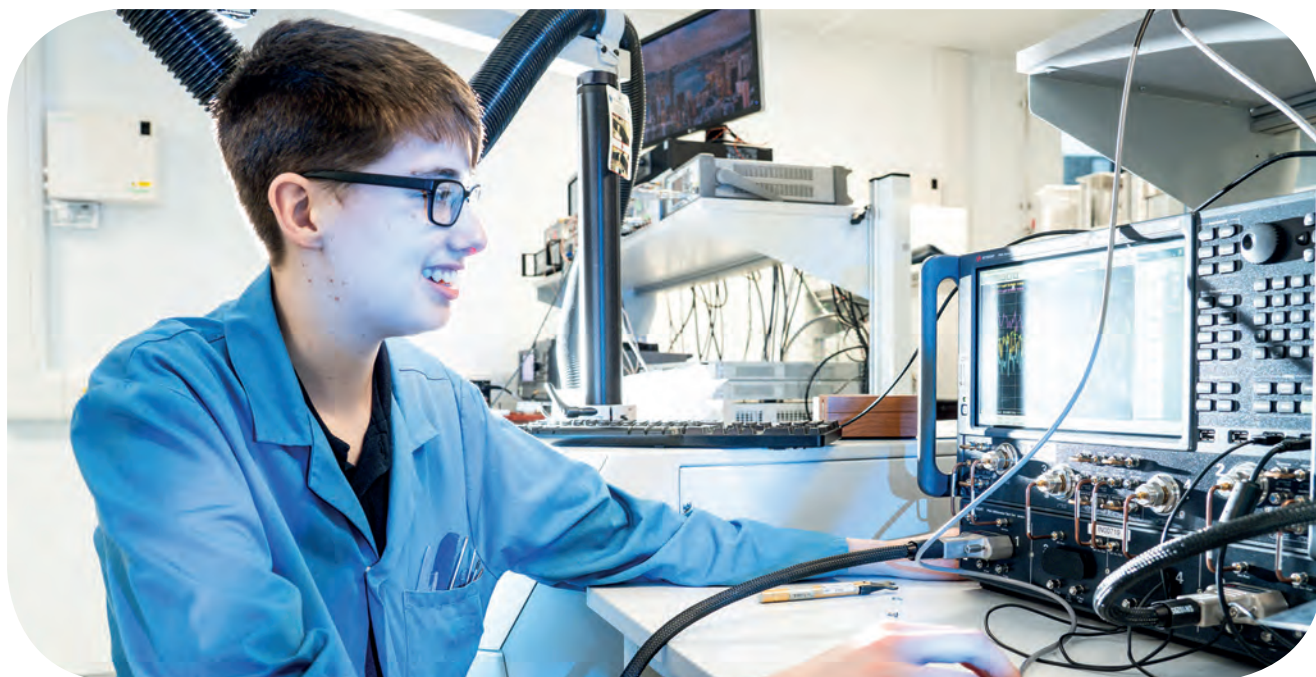
Investing in our people

Our ability to deliver sustained growth depends on attracting, developing and retaining exceptional people. We will continue investing in a high-performance culture that enables innovation, collaboration and agility across the organisation. This includes expanding apprenticeship and graduate programmes, strengthening STEM engagement and creating clear pathways for future engineering talent. By investing in both leadership capability and technical excellence, we are building the skills required to support the next phase of Filtronic's growth.

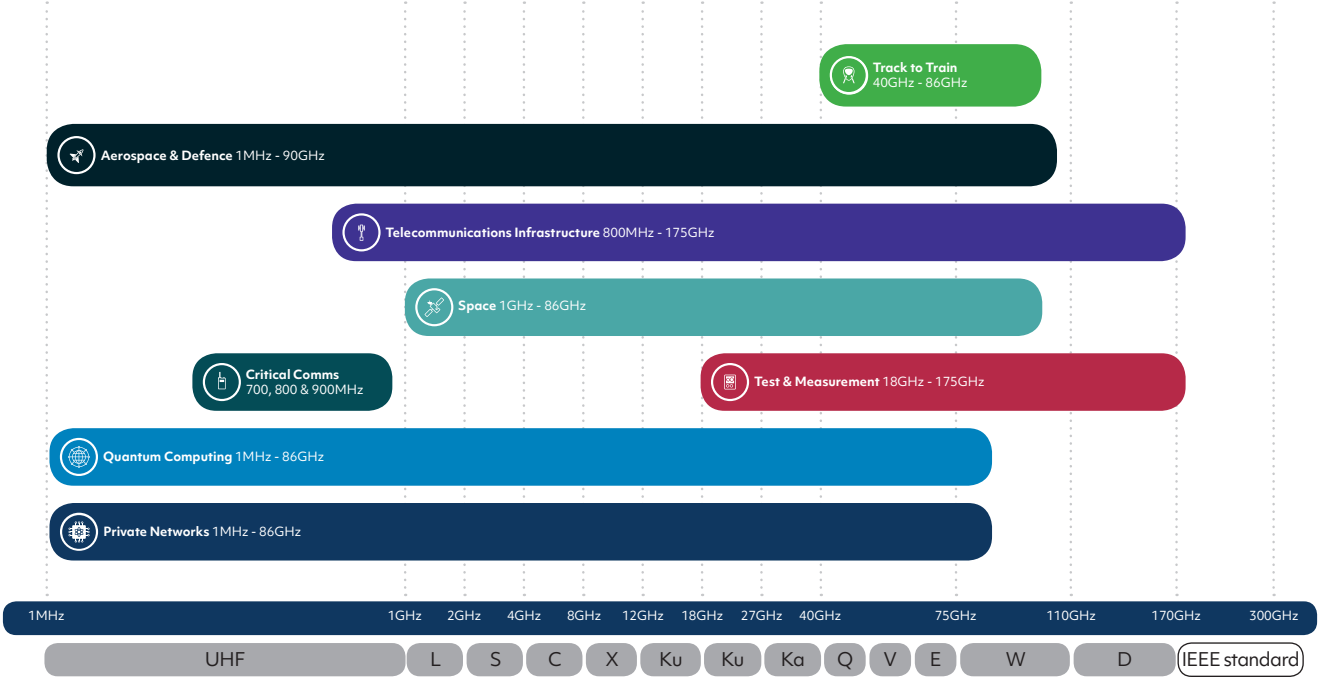
Delivering long-term value

Our strategy is underpinned by continued investment in technology, manufacturing capability and customer relationships. By combining world-class engineering expertise with an expanding product portfolio and a disciplined approach to execution, we are positioning Filtronic to capture long-term growth opportunities in the world's fastest-growing high-frequency connectivity markets. By doing so we will create sustainable value for our customers, employees and shareholders.





Frequency table



Strategic report



Financial review

I am pleased to present the financial review for the year ended 31 May 2026.

This has been a year in which strategic investment and financial discipline have moved in step with one another. The Group operates in a large and growing market opportunity, across space, defence and aerospace, and the Board's clear priority this year has been to invest ahead of that opportunity with conviction, while maintaining the financial rigour that has always underpinned the Group's performance.

Investment has been deliberate and targeted at a number of strategic areas including the internal capabilities needed to convert our growing opportunity pipeline. This includes the commercial capacity to broaden the customer register, engineering resource to advance our technology roadmap and customer programmes, and a new enlarged manufacturing facility in Sedgefield to support the business at greater scale. The Group has continued to maintain healthy cash reserves, despite this significant investment for growth, and as a result enters the next phase of development with a strengthened balance sheet, a broader customer base, and the operational capacity to capitalise on the opportunity ahead.

New customer acquisition has translated into a natural reduction in the dependency of our largest customer. This is evidenced through a series of contract wins, each to a different customer, demonstrating execution against the objective of broadening the customer base. Importantly, this has been achieved alongside further entrenchment within our lead customer, as the period includes the Group's largest ever contract win with SpaceX for next-generation E-band GaN products. As a result of this work, the Group enters the new financial year with a strong order book that substantially underwrites the current forecast numbers.

Revenue

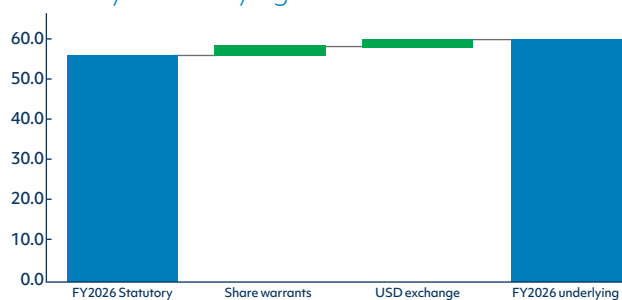
As anticipated, this year represented a natural pause in the Group's recent trajectory of exceptional growth, with headline revenue decreasing marginally to £55.5 million (2025: £56.3 million).

Excluding the impact of the factors outlined below, the Group delivered underlying year-on-year organic sales growth of 6% to £59.7m.

- An amortisation charge to revenue of £3.5m (FY2025: £1.3m) for the SpaceX share warrant agreement reducing revenue by £2.2m year-on-year; and
- A drag from the US dollar, in which a significant portion of revenue is recognised, which weakened across the financial year making each dollar sale less valuable than that of prior year by £2.0m.



Statutory to underlying revenue



Importantly, there was also a sizeable reduction in customer dependency risk during FY2026 as the revenue from our largest customer reduced to 68% (2025: 83%), due to the commercial success described above, in widening our customer base as planned. We expect this to reduce further as a percentage in the outlook period as we convert our pipeline into order book with other major players across our markets.

The space market continues to perform well, and this year has benefitted from new customers including Airbus, Viasat and our recently acquired, but confidential, US customer, adding meaningful revenue. The addition of these new logos will drive further growth in the space market into the next financial year and beyond. Overall, this year saw a decline in space revenue of 12%, despite a volume increase due to the FX headwinds already mentioned, a charge to revenue of £3.5m for the share warrant charge and a planned strategic pricing strategy.

Revenue from the aerospace and defence sector grew by 135%, demonstrating our ability to enhance our reach in this core market, in line with our guidance to the market. A large element of this revenue relates to the contract to supply airborne radar systems to our lead defence customer as is a result of the two large contract

wins commencing which were announced in the year. The momentum continues to build, and we expect to deliver further year-on-year growth in the coming year to this sector.

Demand in the critical communications market benefitted from the rollout of the new platform for use in P25 networks although this is likely to replace the legacy combiner product going forward rather than being additive. This resulted in a 28% increase in revenue to this market.

IFRS 15 'Revenue from Contracts with Customer' requires the SpaceX share warrants to be treated as a non-cash variable consideration payable to the customer. The charge to revenue in the year was £3.5m (2025: £1.3m). Further information can be found in note 28.

Operating costs and headcount

Operating costs increased by 19% in the year to £25.1m (2025: £21.0m) demonstrating the controlled investment we continue to make to ensure we capitalise on the significant market opportunity ahead. Most of this investment was people related particularly within engineering disciplines, business development, bid management and the manufacturing function.

Engineering headcount has again increased substantially to support both product development and customer delivery. We now service a considerably larger portfolio of programmes, reflecting the growing opportunity within the space sector and the corresponding demand placed on our supply capabilities. Recruitment remains an area of active risk management, given the ongoing industry-wide challenge relating to the skills shortage in RF engineering. However, we are encouraged by recent success in attracting new talent and on-boarding across our four UK engineering development sites, particularly at our Cambridge site, which has provided access to a deeper talent pool. To further strengthen our workforce, we are focused on building an organisation fit for the future by increasing graduate recruitment and expanding our apprenticeship programme, ensuring a pipeline of skilled engineers to support our growth ambitions. This also aligns well with our sustainability strategy to provide high-quality jobs in the local community.

To maintain flexibility and manage workload peaks, we continue to partner with external engineering firms and contract engineering resource on a variable cost basis, especially where niche skills or additional capacity is required. This is a cost-effective method of securing the relevant skills without the long-term commitment of hiring permanent employees.

Manufacturing headcount increased as we converted temporary production staff to permanent roles, allowing us to retain the skills developed within the team. This was particularly important as pipeline opportunities converted into firm orders and forward demand became more visible.

The business development team has been substantially strengthened during the period to capitalise on the significant market opportunity we see, and to expand coverage in terms of both customer volume and geographic reach, with Asia excluding China, now identified as a key territory for growth. To further professionalise the organisation, we have also established a bid management function to support sales and marketing, enabling us to service a greater number of bids in a timely and efficient manner. This has the added benefit of protecting capacity within the engineering team, allowing them to prioritise design rather than bid work.

Salary-related costs remain the Group's largest overhead, representing 74% of total operating costs, increasing by 28% and totalling £4.1, million which is a significant driver of the overall rise in operating costs. This increase is reflected in headcount, which grew to 236 employees (2025: 186) as at 31 May 2026, and is analysed further below:

Number	2026	2025
Manufacturing	109	89
Research and development	92	72
Sales and marketing	12	6
Administration	21	19
Total headcount	236	186

Engineering spend as a percentage of revenue is a critical key performance indicator ("KPI") for the Group, reflecting its importance in driving long-term, sustainable growth. We have previously guided that we aim to control this R&D spend at around 13% of revenue; however, given the scale of the opportunity we are seeing and the position the Group has secured in the market, underpinned by its deep understanding of high-frequency RF engineering, we are pursuing the technology roadmap more aggressively to maintain our competitive advantage and position ourselves for success, in this substantial market opportunity. Consequently, spend has temporarily increased to 17% (2025: 12%).

Other costs increased by 3%, in line with inflation, to support the ongoing scale-up of the business. Maintaining financial discipline to tightly control these costs remains important in ensuring we deliver strong returns on both the top and bottom line. The increase reflects additional headcount in support functions, along with recruitment fees associated with ongoing headcount growth and higher insurance costs.

Other operating income benefitted substantially from the UK R&D tax regime. The Group recognises R&D tax credits, through the new merged scheme, within operating profit. Within the year, operating income included a benefit of £1.2m.



Financial review continued

Adjusted EBITDA

The Group utilises an alternative performance measure ("APM") to provide a clearer view of underlying business performance. The APM adopted is adjusted EBITDA as it measures the quality of earnings without the impact of non-cash expenses such as depreciation, amortisation and share-based payments, including the charge associated with SpaceX share warrants which is recognised against revenue.

Adjusted EBITDA for the year was £11.3m (2025: £17.0m), representing a 34% decrease, while operating profit was £4.0m (2025: £13.4m), representing a 70% decrease. This reduction was driven partly by softer gross profit, reflecting the deliberate pricing strategy to secure increased volumes, which resulted in a slight dilution in earnings quality, and partly by increased overheads arising from headcount growth.

The table below shows the reconciliation of operating profit delivered at £4.0m (2025: £13.4m) to adjusted EBITDA of £11.3m (2025: £17.0m).

Reconciliation of operating profit to Adjusted EBITDA	2026 £000	2025 £000
Operating profit	3,971	13,442
Depreciation	2,359	1,315
Amortisation	586	537
Share warrant charge	3,504	1,303
Share-based payments	837	414
Adjusted EBITDA	11,257	17,011

Taxation

Our tax strategy is aligned with our core values and fits within our overall corporate governance structure. Our strategy ensures that we comply with all tax laws wherever we do business and that we pay all taxes that we are legally required to pay when they fall due. To safeguard our reputation as a responsible taxpayer we do not participate in any tax planning arrangements that do not comply with either the legal interpretation or the spirit of tax laws.

A tax credit of £0.8m (2025: £0.7m) was recognised in the year. The Group benefits from R&D tax credits and the Patent Box regime, reflecting the advancement of science and technology embodied in the new products we develop, which reduce taxable profit on qualifying R&D activities and products. We also make use of the Annual Investment Allowance ("AIA"), which provides tax relief on capital expenditure, and utilise first-year allowances on capital purchases above the AIA threshold.

Research and development costs ("R&D")

Total R&D costs in the year before capitalisation and amortisation of development costs were £9.3m (2025: £6.7m). The Group incurred engineering costs on a mix of customer funded developments and progression of the technology roadmap.

The Group remains committed to investing in R&D as a key driver for future revenue growth and consequently measures R&D spend as a KPI. Key areas of spend in the year included product development for space applications, in both the ground station and the payload, and aerospace and defence. The year ahead will see us continue to invest in the development of our own strategic technology roadmap and proprietary intellectual property ("IP"), enabling us to build long-term shareholder value in the years ahead.

Where product development is customer specific, we seek to receive a Non-Recurring Engineering ("NRE") charge to maintain a healthy cashflow during the development phase of engineering projects and ensure commitment from our customer. When developing our own technology roadmap and IP, we invest from our own cash reserves unless we have successfully secured grant financing. Technology developed for the LEO space market, across multiple frequency bands, in both ground station applications and the payload have been developed exclusively from internal funds this year. Consequently, we capitalised £2.3m of development costs in the year (2025: £1.5m).

The Group capitalises its development costs in line with IAS 38 as set out in note 1 to the financial statements. A reconciliation of R&D costs before capitalisation and amortisation can be seen in the table below along with details of our conservative approach to capitalisation of R&D:

Reconciliation of R&D costs	2026 £000	2025 £000
R&D costs in income statement	7,481	5,625
Capitalisation of development costs	2,303	1,496
Amortisation of development costs	(452)	(440)
R&D cash spent	9,333	6,681

When capitalising development costs, an impairment review is undertaken of each development programme to test the carrying value does not require impairment in line with IAS 36.

Capital expenditure – plant and machinery and right of use assets (excluding property leases)

An elevated level of capital expenditure was undertaken in the year to support expansion plans, including completion of construction work on the new, state-of-the-art facility at Sedgefield, which will serve the business well through the next phase of growth. Investment in plant and machinery

related primarily to automated test equipment, providing the capability to service additional frequency bands under development, as well as new production lines to support the scale-up of operations. Total capital expenditure for the year was £10.3m (2025: £4.0m).

Warranty provision

In line with industry practice, the Group provides warranties to customers over the quality and performance of the products it sells. Reflecting a full risk analysis of current commercial contracts at 31 May 2026, the warranty provision was £0.4m (2025: £0.2m).

Dilapidation provision

The Group leases facilities at four sites in the UK and one in the USA with each of the leases requiring the site to be restored to its original condition. At 31 May 2026, the dilapidation provision was £0.3m (2025: £0.3m).

Cash position and banking facilities

The Group recorded a decrease in cash and cash equivalents to £12.9m (2025: £14.5m) at the year-end. Cash generated from operating activities in the year was £11.8m (2025: £13.8m) as adjusted EBITDA performance and advance customer payments drove cash generation, albeit with an offset from an increase in working capital synonymous with improved trading.

Net cash, when including all debt except property leases at the end of the period, was £10.8m (2025: £12.3m), whilst overall net cash including property leases was £7.3m (2025: £10.8m) due to the addition of the 10-year lease agreement signed in the year for the new state-of-the-art site at Sedgfield.

The Group's banking facilities are provided by Santander UK plc ("Santander"). The Group has a £10.0m Revolving Credit Facility ("RCF") with Santander, which was uplifted from £5.0m in January 2026. This provides a high-level of cash headroom to facilitate future growth of the business should further financing be needed. As at 31 May 2026 the facility was undrawn (2025: undrawn). Our covenants under this facility are debt service cover and interest cover measures, which have both been met throughout the year with substantial headroom available.

Regular reviews take place of our foreign currency cash flows. The Group undertakes hedging only where there are highly probable future cash flows and to hedge working capital exposures. The Group does most of its trading with customers in US dollars which creates a requirement to put in place a level of hedging contracts against the US dollar surplus that is expected to arise.

Going concern

In assessing going concern, the Board have considered:

- The principal risks faced by the Group which are discussed within the 'Risk management' section of the Annual Report;
- The financial position of the Group including forecasts and financial plans;

- The healthy cash position at 31 May 2026 of £12.9m (2025: £14.5m) and the additional headroom available through the undrawn RCF of £10m (2025: undrawn); and
- Economic headwinds with the potential for customers to reassess their priorities, with opportunities postponed or curtailed.

Following the above considerations, the directors are satisfied that the Group has adequate financial resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, the going concern basis has been adopted in the preparation of the Annual Report for the year ended 31 May 2026.

Michael Tyerman
Chief Financial Officer
3 August 2026

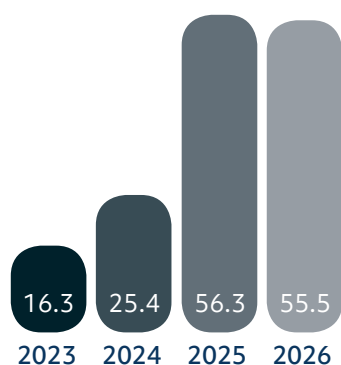


Key performance indicators

The Group's management team uses various Key Performance Indicators ("KPIs") to monitor the financial and non-financial performance of the business. Below are the measures and metrics which the Board believes best indicate the financial performance of the Group's continuing operations.

Revenue (£m)

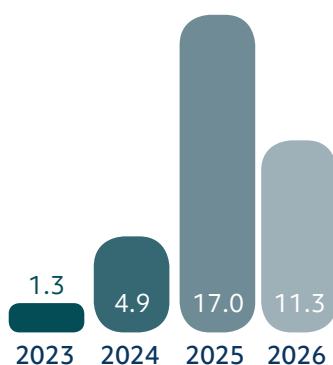
£55.5m



The total amount the Group earns from the sale of products and services.

Adjusted EBITDA (£m)

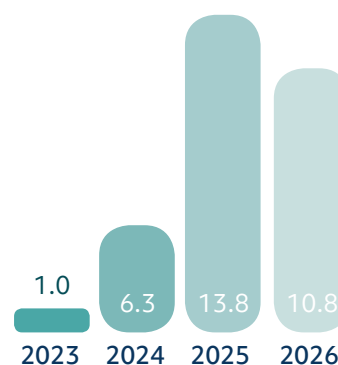
£11.3m



The Board recognises adjusted EBITDA as a key metric of the underlying health of the business.

Cash generated from operating activities (£m)

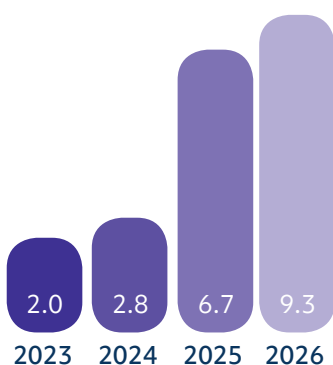
£10.8m



The Board recognises that cash flow from operating activities indicates whether the Group is able to generate sufficient positive cash flow to maintain and grow its operations, or it may require external funding for financing.

R&D costs (£m)

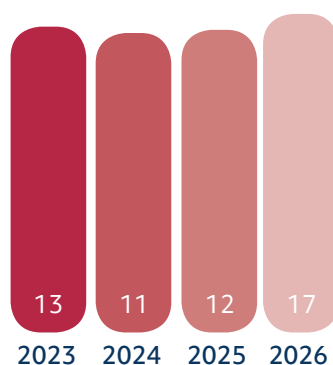
£9.3m



The Board recognises that the Group needs to invest in new products, capabilities and technologies to participate in a technology-driven market and measures the investment made in research and development.

R&D costs as percentage of revenue (%)

17%



The Board recognises that the Group needs to invest in new products, capabilities and technologies to participate in a technology-driven market and measures the investment made in research and development.

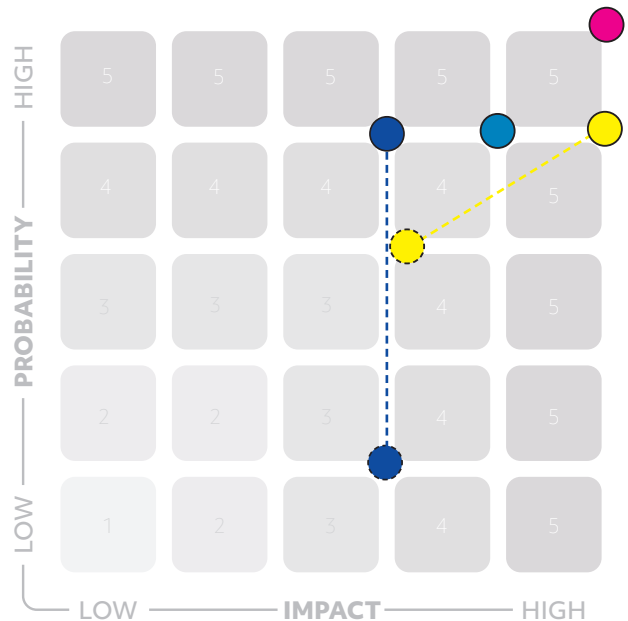
Risk management

The Board recognises strong risk management is key to the success and achievement of our strategic objectives. A rigorous assessment of the principal risks facing the Group is regularly undertaken with prompt and effective responses taken where needed. These principal risks carry financial, operational and compliance impacts including those that threaten the business model, strategy, future performance, solvency and liquidity. These risks are identified based on the likelihood of occurrence and the severity of impact on the Group that could result in damage to our reputation or business performance.

Approach to managing risk

The Board is ultimately responsible for the overall risk management system and internal controls applied throughout the Group to ensure a structured and appropriate approach to risk is taken in line with strategic priorities and risk appetite. The Audit and Risk Committee has oversight of risk management and reports to the Board with its findings. The directors recognise that risk is inherent in any business so actively manages rather than eliminates risk to achieve business objectives which includes review of the effectiveness of these controls.

Risk management within the Group is managed by the Risk Management Committee made up predominantly of the Senior Leadership Team including the Executive Directors.



Key:

- Engineering delivery
- Reliance of key customers
- Recruitment
- Cyber risk
- Risk score for prior year

The team is responsible for:

- Identifying the risk(s) and the negative and positive risk circumstances;
- Assessing and evaluating the likelihood and impact of those risks;
- Reporting the risk(s); and
- Managing the key risk(s) in accordance with established processes under the Group's operational policies and controls.

This process includes a regular review of the Group's risk register considering existing and emerging risks, risk scores and mitigation action plans prepared by risk owners to manage and reduce the risk. Reporting within the Group is structured so that key issues can be escalated rapidly through the management team to the Board where appropriate.

Risk management continued

Managing emerging risks

In addition to the principal risks set out in the table overleaf, the Board maintains oversight of emerging risks - those which are not yet sufficiently established or understood to be classified as principal risks, but which the Board believes could have a significant impact on the Group's strategy, operations or reputation over the medium to long-term. Emerging risks are identified through horizon-scanning, engagement with industry bodies, regulators and advisers, and discussion at board and Audit and Risk Committee meetings. Where an emerging risk crystallises, or its likelihood and impact become better understood, it is incorporated into the Group's principal risk framework and managed accordingly.

In the year, we have been monitoring the introduction of a number of emerging risks including the transition to next-generation E-band GaN technology, Artificial Intelligence ("AI") and automation, as well as geopolitical instability.

These emerging risks are not exhaustive and are reviewed periodically as part of the Group's ongoing risk management process.

Transition to next-generation E-band GaN technology

As part of the technology roadmap, the Group has progressed the transition of its core E-band products from established Gallium Arsenide ("GaAs") processes to next-generation Gallium Nitride ("GaN") to service a substantial contract award from SpaceX for the proprietary E-band GaN SSPA. While this represents a significant technical and commercial advancement, the Board recognises that the introduction of E-band GaN technology gives rise to a number of emerging risks including execution and scale up to meet customer demand. This is being managed as a specific risk under the principal risk of 'failure to deliver projects on time or to specification'.

Artificial intelligence and automation

The accelerating adoption of artificial intelligence, including generative AI, presents both opportunity and risk for the Group. Risks include the potential for flawed or biased outputs, data privacy and intellectual property concerns, regulatory uncertainty as legislation develops, and the risk of competitive disadvantage if the Group is slow to adopt the technology responsibly. The Board is monitoring developments in this area and considering their implications for the Group's operations, workforce and risk profile. During the year an AI policy was introduced.

Geopolitical instability

Ongoing geopolitical tensions, including trade disputes and regional conflicts, could affect the Group's supply chains, market access, input costs and the security of its operations in certain jurisdictions. The Group continues to monitor the geopolitical landscape and has assessed contingency options for affected markets and suppliers.

We have downgraded the failure to identify market requirements from our register of principal risks and uncertainties as this is a general business risk and our market intelligence suggests the Group has a strong grasp of what the market requires, evidenced by the growing opportunity pipeline and high relevance of our technology in the core strategic markets.

Alongside the risks set out above, the Board considers that mitigation of these risks present substantial opportunities for the Group. For example, GaN's superior power, efficiency and thermal performance relative to legacy GaAs processes positions Filtronic to capture a greater share of high-value programmes across its strategic end markets at a time when demand for higher-frequency, higher-bandwidth connectivity continues to grow. Equally, recruitment risk presents an opportunity to build our internal capacity to manage more projects and speed up our growth plans.

To reduce our respective business risks, we have mitigation plans in place; the Risk Management Committee meets regularly to discuss these.

In the year ahead, our priorities remain focussed on broadening the customer base in our strategic markets. We will also continue to build capacity in our engineering teams to minimise the risk that project timelines are not met, given the volume of programmes we are actively managing, to both support customers and develop our own technology roadmap. We experienced significant success in the prior year on each of these matters with development of the sales order book and opportunity pipeline, whilst our engineering headcount has increased significantly to sufficiently resource our programmes as seen in the Financial review section.

Our principal risks and uncertainties

Risk	Risk description	Mitigation actions	Change in year
Reliance on key customers 	Our revenue is currently weighted to a small number of key customers. The loss of any of these customers, a material reduction in orders from these customers or the timing of projects may have a material adverse effect upon Filtronic's financial condition.	Our largest customers are very successful in their respective markets, and each has a long-established relationship with Filtronic. We continue to win further contracts with our existing customers and have good outlook visibility as well as being actively engaged with them on new opportunities. With strong fundamentals in the markets we serve, we remain confident we can reduce this risk and develop a customer base that is more diverse. The Group has strong account management strategies which deepens strategic and long-term partnerships by working closely with customers. We have been able to secure multi-year agreements and early engagement on next-generation platforms. Customers are provided with a well-resourced programme and a high level of service with a focus on product quality and delivery which enables high customer retention rates. To broaden the customer base, we won several contracts with new customers in the year across space and defence markets. The business development function was strengthened further in FY2026, with tangible success already delivered, giving confidence this risk can be reduced in the next year.	
Failure to deliver projects on time or to specification 	The markets we supply into are time-sensitive and opportunities may be lost if we fail to achieve customer specification or meet the timescales required to match market demand. This may also impact on future revenue. For products in the production cycle, technology insertion is often required as a means of achieving cost reductions to improve product margins. Our product competitiveness is heavily influenced by technology choices at product concept stage and throughout the execution of design to product launch. If the technology we develop is inappropriate this could result in missed opportunities.	Our ability to remain competitive in terms of technology and product design is underpinned by retaining key employees, talent acquisition and effective design methodologies. We work closely with our customers and suppliers to gain a thorough knowledge of the technology being developed in the marketplace. We are also members of key technology forums. By staying close to the market, we position ourselves to react quickly to any technology changes that develop. When undertaking new product developments, we follow a structured programme management framework with defined stage gates, milestone reviews and sign off criteria at each phase. This methodology is designed to ensure the product has no design defects, meets the required specification and is on time to exploit the market opportunity. Formal design reviews and qualification testing are embedded before progression to production, reducing the risk of late-stage specification failures. The project management team ensure compliance with our engineering development process and drive the project through to completion on time and within budget. Regular customer and programme reviews ensure specification changes are captured, costed, and re-baselined into the schedule through formal change control, preventing scope creep from silently eroding margin and delivery dates. In order to protect our intellectual property, we maintain and apply for patents when appropriate and actively encourage innovation in the engineering team through a reward process. The risk score associated with project delivery has been increased during the year, reflecting the growing number of projects being delivered concurrently across the Group. The Board recognises this increases the potential for resource conflicts, dilution of management oversight, and knock-on effects should any individual project encounter delivery challenges.	



Risk management continued

Risk	Mitigation actions	Change in year
Recruitment 	The Group's growth strategy is reliant on the key skills and knowledge of its people in a range of areas especially in the engineering function. Failure to recruit, develop and retain an appropriate number of suitably qualified people in critical areas could affect our ability to design new products and meet our customers' needs. Due to the highly technical nature of our activities, these skills are not always readily available which could have an adverse effect on the Group. The Group has a competitive remuneration package and incentive arrangements including share-based schemes. This is reflective of market conditions for key roles and is appraised as conditions change. For an insight into the benefits package the Group offers please see the 'Our people' section of this report. The Group also operates a long-term incentive plan for key employees and a SAYE scheme for all UK employees. We continue to invest in our people to ensure we have the right skills to execute our strategy. We also provide regular communications to all employees through communication meetings in each of our business locations along with a newsletter to employees giving updates about business performance. By giving our employees an understanding of our strategic direction and objectives, we believe it enables them to make meaningful contributions to the achievement of our goals. The Cambridge site has been an important mitigation of this risk as it opened another rich talent pool. This has enabled us to meet the supply requirement of RF engineers to resource key programmes.	
Cyber security and data integrity 	There is a risk to the Group if there is unauthorised access to, or integrity issues with, our data systems. This could cause significant reputational damage as well as service disruptions and potential impact on orders, revenue and profit. As a supplier to the defence industry the Group has accredited cyber security credentials including IASME Governance Gold, Cyber Essentials Plus and DART. We also work with a third party to undertake penetration tests of our system and network to ensure the integrity of all our defensive systems. In the year ahead we intend to upgrade our cyber accreditation to ISO 27001. Regular reviews are undertaken of the network security arrangements and training is provided regularly to users on cyber threats and other data loss/integrity risks. The Group also limits access to data and access is only provided to those users with a genuine business need. Data shared externally is conducted under contractual arrangements. Despite this, we are mindful of the elevated global volume of cyber incidents and the frequency of these attacks and therefore increased the risk in the year.	

Risk key

 Increased risk

 No change

 Decreased risk

Our people

Our people remain at the heart of Filtronic's continued success. As the business evolves and grows, we are committed to creating an environment where our employees can thrive, contribute and develop, ensuring we have the capability and culture to support our long-term strategic ambitions.

During the year, we have continued to strengthen our focus on building a high-performing culture that encourages collaboration, innovation and accountability. We recognise that a strong organisational culture not only supports employee engagement and retention but also enables us to respond effectively to the changing needs of our customers, markets and business.

Strong leadership is fundamental to sustaining our growth. We are investing in developing leaders at all levels of the organisation, equipping them with the skills to inspire high performance, foster engagement and lead through change. By strengthening leadership capability, we are building resilience across the business and preparing the organisation for future opportunities.

As we continue to scale, we are also embracing technology and automation to enhance the employee experience and improve operational efficiency. By modernising our people processes, using data to support informed decision-making and automating routine activities where appropriate, we are creating capacity for our teams to focus on higher-value activities that drive innovation and business performance.

Together, these priorities ensure that Filtronic is well positioned to attract, develop and retain the talent needed to support our continued growth, while maintaining the collaborative, agile and customer-focused culture that underpins our success.

Our strategic focus on building and retaining skilled colleagues, alongside targeted investments in our technology, has enabled us to enhance productivity and meet the evolving needs of our customers. This has significantly contributed to the growth of our business.

This report highlights some of the key achievements of our team, and the progress made throughout the year, highlighting our commitment to building a high performing team. As we look to the future, we remain dedicated to building on this strong foundation, advancing innovation, and delivering value to our stakeholders.

Our people KPIs continue to be positive with our retention rate during the last 12 months remaining at 87%.

Employee Communication and Engagement

Understanding the views of our employees and responding to their feedback is fundamental to building an engaged, high-performing organisation. In December 2025, we launched a new organisation-wide employee engagement survey, providing valuable insight into the employee experience and establishing a baseline against which we will measure future progress.

The survey findings have informed a dedicated engagement action plan focused on four key themes:

- Behaviours and Leadership;
- Communication and Collaboration;
- Systems and Processes; and
- Employee Wellbeing.

These themes reflect the areas identified by our employees as having the greatest opportunity to enhance their experience at Filtronic. Clear actions have been developed under each theme, with progress regularly monitored by the leadership team to ensure meaningful improvements are delivered.

To maintain momentum and ensure we continue to listen to our people throughout the year, we have introduced a mid-year pulse survey. This provides an opportunity to assess and ensure our employees remain motivated, engaged and committed as the business continues to grow.

Communication and recognition continue to play an important role in strengthening our culture. During the year, we introduced the shout out feature within our HiBob HR platform, enabling colleagues to recognise and celebrate the contributions and achievements of individuals and teams.

We also enhanced our monthly Town Hall meetings by introducing a dedicated people section. This regular update provides colleagues with greater visibility of people initiatives, organisational developments, and employee achievements, while creating an open forum for communication between employees and leaders. Together, these initiatives support a culture of transparency, collaboration and continuous improvement, ensuring our people remain informed, connected and engaged.



Our people continued

Team Growth

As Filtronic continues to grow, attracting and retaining talented people remains central to delivering our strategic objectives. During the last year, our workforce increased by more than 35%, reflecting the continued expansion of the business and the investment being made to support future growth.

To enable this growth, we have strengthened our recruitment approach, enhancing our employer proposition and refining our recruitment processes to attract high-quality talent across a range of technical and business functions. By improving candidate engagement, streamlining recruitment activities and working closely with hiring managers, we have reduced time to hire while maintaining a strong focus on identifying individuals who align with our culture.

To support this period of rapid organisational expansion, the People team has also grown in capability and capacity. This ensures we are able to effectively meet the evolving needs of the business, providing stronger support across recruitment, employee experience, learning and development, and wider HR operations. This investment in the People team enables us to scale our processes and maintain a high-quality employee experience as the organisation continues to expand.

Recognising that a positive employee experience begins before an individual joins the organisation, we have also introduced a new onboarding process designed to support successful integration into the business.

The enhanced onboarding programme provides new colleagues with an automated, consistent and engaging introduction to Filtronic.

Equality, Diversity and Inclusion ("EDI")

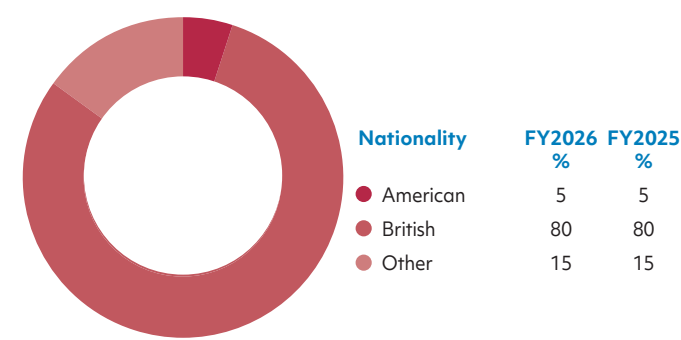
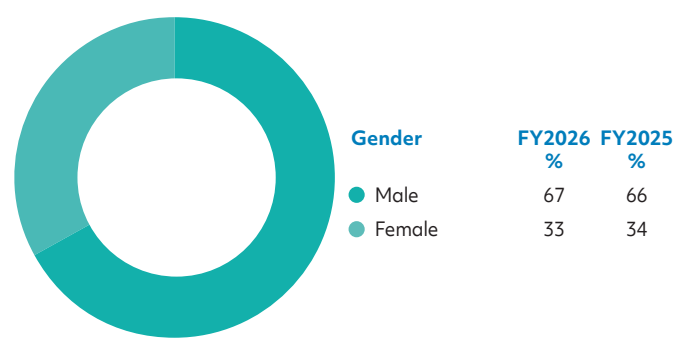
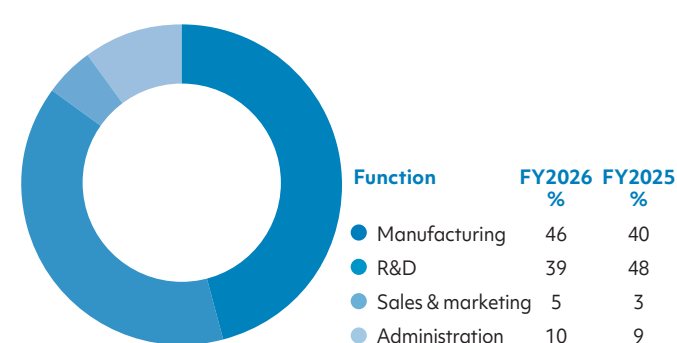
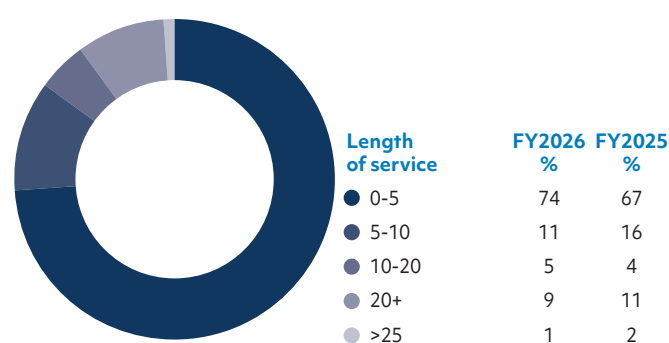
At Filtronic, we recognise that a diverse, inclusive and respectful workplace drives innovation, strengthens collaboration and enables our people to perform at their best. During the year, we continued to embed equality, diversity and inclusion ("EDI") across the organisation through a range of initiatives focused on awareness, education and engagement.

We celebrated International Women's Day ("IWD") through a dedicated campaign, recognising the valuable contributions of women across our business and highlighting the diverse career opportunities available within engineering and technology, supporting our local women's charities, involving some of our female colleagues in a session: Elevating Voices: IWD Special with our Chair and CEO.

We also continued to support STEM outreach activities. We have appointed new STEM ambassadors including female representatives, working to inspire future generations to consider careers in science, technology, engineering and mathematics while strengthening our links with local schools, colleges and the wider community.

Internally, we have invested in developing inclusive leadership by providing EDI training for both employees and managers. This training has focused on increasing

Current headcount metrics



awareness, promoting inclusive behaviours and equipping leaders with the knowledge and confidence to create supportive, respectful and high-performing teams.

In addition, we are leveraging technology to strengthen our ability to monitor key EDI and people metrics, enabling a more data-led approach to continuous improvement. Through enhanced reporting and analytics, we are able to track trends and identify areas for action across a range of indicators. This improved visibility allows us to take more timely and targeted action, supporting evidence-based decision-making and ensuring our initiatives continue to drive meaningful progress.

Employee Remuneration

During the year, we continued to strengthen our approach to remuneration to ensure it remains fair, competitive and aligned to market practice. We have access to Mercer benchmarking data, which provides robust external market insight and supports informed decision-making on pay positioning across the organisation. In addition, we introduced a bi-annual promotion committee to provide a structured and consistent approach to assessing career progression,

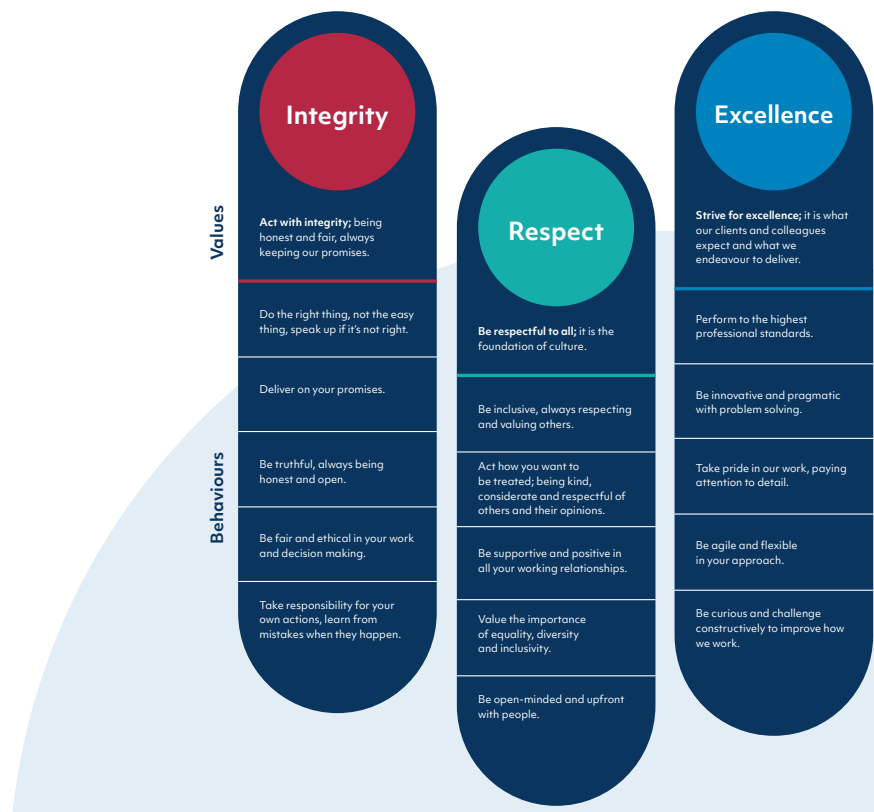
ensuring that promotion decisions are transparent, equitable and based on clear evidence of performance and contribution. This is complemented by an annual review of salaries, which considers both individual performance and broader market conditions, helping us to maintain internal fairness while ensuring we remain competitive in attracting and retaining talent as the business continues to grow.

Employee Share Plans

We have share option plans designed to align our colleagues interests with the Group's performance with those of our shareholders. They are also key initiatives to support with the recruitment, motivation and retention of our skilled people that the business depends on. For information on the share-based compensation plans please see note 31.

All UK-based employees of Filtronic continue to be eligible to participate in the Save As You Earn ("SAYE") Scheme allowing participants to invest in the Company through a convenient and tax-efficient programme. This initiative demonstrates our commitment to rewarding and engaging our people by fostering shared ownership in our growth and achievements.

Our values



Our people continued

The Group also operates a long-term incentive plan for key employees, targeted at senior management and other individuals whose contribution is critical to delivery of the Group's strategy. This scheme is used selectively to reward and retain those individuals most directly responsible for executing the Group's strategic priorities, ensuring incentive structures are proportionate to impact on Group performance. During the year, options were granted under this scheme to a number of key management and employees.

Health and Wellbeing

A new Health and Wellbeing strategy has been developed to further strengthen our commitment to supporting the physical, mental and emotional wellbeing of our employees. The strategy takes a more structured and proactive approach, with a focus on embedding wellbeing into the everyday employee experience.

It includes a programme of learning and development for all employees, supported by dedicated line manager sessions to ensure leaders are equipped to have meaningful conversations and provide appropriate support to their teams.

In addition, we will deliver a series of webinars covering key wellbeing topics, alongside the appointment and training of Health Advocates across the business to promote awareness, signpost support and encourage open dialogue. The strategy also sets out a roadmap of targeted initiatives focused on specific priority areas, ensuring our approach remains relevant, practical and responsive to the evolving needs of our people.

New Sedgefield Head Office

During the year, we successfully transitioned into our new facilities, providing colleagues with a modern and enhanced working environment designed to support both current needs and future growth. The new space offers significantly greater capacity, ensuring we are well positioned as the business continues to expand. It has been designed to encourage collaboration, knowledge sharing and informal learning, with open and flexible areas that bring teams together and support more effective ways of working. This investment reflects our commitment to creating a workplace environment that enables our people to perform at their best while fostering innovation and engagement.

Looking to the Future and Key Priorities- FY2027

As our team continues to grow, our people will continue to be a real focus for the business. Our recruitment plans continue this year, to enable delivery of our ambitious growth plans which relies on attracting and retaining high-calibre talent.

As Filtronic continues to grow and evolve, our People strategy will focus on strengthening our foundations while enabling sustainable scale and performance. Key priorities for the year ahead include:

- Further development of a commitment culture, underpinned by colleague co-designed, non-negotiable trademark behaviours that define how we work together and deliver high performance.
- Delivery and embedding of our Health and Wellbeing strategy, ensuring a consistent and proactive approach to supporting the physical and mental wellbeing of all employees.
- Development of a structured salary and competency framework, providing clearer career pathways, succession plans, supporting fair and consistent reward decisions, and strengthening progression opportunities.
- Continued growth of the workforce to meet increasing business demand, ensuring we attract, recruit and retain the skills required to deliver our strategic objectives.
- Ongoing investment in technology and automation to streamline HR processes, improve data insight, and enhance the overall employee experience.
- Strengthening our leadership capability and People team, ensuring managers are effectively supported to deliver a high-quality, consistent and people-focused service across the organisation.
- Introduction of an employee forum to strengthen employee voice and support more effective two-way communication, enhancing both bottom-up and top-down engagement across the organisation.
- Continue to develop strategic partnerships with institutions such as UTC Durham and the Northeast Space Skills and Technology Centre to support skills development and drive innovation in our sector.

Stakeholder engagement

The Board carefully considers stakeholder interests when making decisions on strategically important matters as the directors discharge their duties in alignment with Section 172.

Section 172 (1) Statement UK Companies Act 2006

In compliance with the Companies Act 2006, the Board are required to act in accordance with a set of general duties. The Board consider that they have individually and collectively acted in a way they consider, in good faith, would be most likely to promote the success of the Company.

To achieve long term success, the Board recognises the importance of building and maintaining relationships with key stakeholders as well as considering the likely consequences of its decisions in the long-term.

Regular updates from the executive Senior Leadership Team ("SLT")

Throughout the year, the SLT updated the Board with information on important areas of business focus, in particular those relating to our key stakeholders. The SLT is made up of the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Chief Operating Officer, Chief Technology Officer, Director of Engineering, Chief Scientist, Director of Programmes, Chief of Staff, General Counsel and Director of HR. They submit a report each month providing comprehensive operational updates and progress against strategic milestones. They are periodically invited to board meetings to present this information and update the Board on key points. This ensures the Board have a good understanding of the priorities of each stakeholder group to aid decision making at board level.

Direct engagement of Board members

The Executive Directors are in daily contact with employees from across the business to understand key topics involving employees, customers and suppliers which are regularly shared with the Board. Regular reporting of customer engagement keeps the Board up to date on customer trends and feedback. A number of board members had meetings with shareholders during the year to discuss strategy, business performance and executive incentives.

Board considerations and decisions

Given the updates from the SLT, some of the topics considered throughout the year are presented below demonstrating how the Board discharged their duties:

Strategy

- Considered company performance against the strategy.
- Considered the technology roadmap and investment required to undertake the developments.
- Updated on new customer acquisition, strategic milestones and consideration of shareholder value.
- Considered and approved the FY2026 interim report.
- Considered and approved the FY2027 business plan and long-range forecast accompanied by the revised strategy.

Employees and culture

- Approved the recruitment of new senior hires.
- Approved the issue of share options to senior colleagues and a company wide SAYE scheme.
- Received updates from the remuneration committee.
- Considered succession planning at senior levels of the business.
- Received updates from the Director of HR on people and culture strategy.

Governance

- Approved the updated Group Policies.
- Received regular updates from the Audit and Risk Committee relating to risk management issues.
- Updated on shareholder communication in relation to strategy and remuneration matters.

The Group's engagement with key stakeholder groups and the impact our business operations have on the local community and the environment are considered within the implementation of the Group's Strategy and the Sustainability report.



Stakeholder engagement continued

The Board recognises its responsibility to take into consideration the needs and concerns of Filtronic's key stakeholders as part of its decision-making process. The table demonstrates how the Group engages with its stakeholders and the outcomes of this during the year:

Stakeholder	How we engage	Key outcomes
Customers	The Board receives feedback from its customer facing teams. Each key account and prospective customer have dedicated account management who act as "the voice of the customer". The Chief Commercial Officer briefs the Board as to how we are performing with each of our customers.	Increased levels of engagement with customers at a strategic level. A greater understanding of both customer and market trend requirements better informs the development and refinement of our own strategy and technology roadmap to ensure we support our customers to the best of our ability and invest in the right capability to meet their needs.
	The Executive Directors, along with senior members of the sales and engineering teams attend meetings with strategic-level influencers within our customer's organisation.	Board-level engagement with our customers helps convey our commitment to understand and meet their business needs. Having customers onsite enables them to see our capability and production facilities demonstrating our credibility as a leading technology company.
	We continually seek opportunities to collaborate at a product and technology strategy level with our key clients, but all collaborations are under Non-Disclosure Agreements ("NDA") and require director-level approval.	Disclosure of our product development and technology roadmaps to customers increases the opportunity to align our mutual interests and demonstrate we are the 'go-to company' when it comes to leading technology; the NDA protects our intellectual property interests.
	Customer feedback is regularly sought and collected by the business through a wide range of channels. This information is processed and analysed as part of our business improvement initiatives.	Listening to the customer enables us to be more effective in pre-empting and meeting their evolving requirements. We periodically undertake a Voice of the Customer ("VoC") exercise where the Marketing Manager speaks to a large number of existing and former customers to gain an understanding of their customer experience, the positives of working with Filtronic and areas where we could improve. The information was anonymised, collated and analysed to find trends to identify consistent feedback. This exercise proves invaluable, enabling the Board to use the information to shape the strategic plans and develop the areas of the business where we are able to improve customer satisfaction.
	We regularly participate in a wide range of trade shows, conferences and symposia. They play an important role in our business development planning.	Attendance at trade exhibitions and conferences to actively promote the business is essential for customer engagement. This has facilitated key engagement, not only with prospective customers, but also having useful discussions with our existing clients.
Employees	The Executive Directors and SLT communicate with employees through communication sessions and town hall meetings to update them on the performance of the business and progress on key initiatives. Employees are encouraged to ask questions in a Q&A session at the end of the meetings.	Broad ranging and meaningful communication leads to greater transparency throughout the business and facilitates a more engaged, motivated and effective team. This is done through a range of communication channels including newsletters, emails to all employees and discussion groups with management flow down to employees and informal factory floor-walks.
	The Group relies upon highly specialised skill sets that are in increasingly short supply. We are therefore continually developing our talent management strategy.	The Group is an attractive employer, providing a rewarding long-term personal development opportunity environment, recognising and rewarding those that have demonstrated strong performance. We have also funded a number of training initiatives to develop our employees and enhance the skills in the business including the Filtronic Leadership Academy to upskill all staff who have managerial responsibility.

Stakeholder	How we engage	Key outcomes
Employees (continued)	The Executive Directors are required to be actively visible across our sites to take the pulse of the business and offer an open-door policy to employees who would like to ask a question or offer a view. Participation in the Company Sharesave scheme.	A better informed and consulted workforce is more likely to be both better motivated and more effective. The Group operates a T-card system where employees can offer ideas for business improvements which are shared with the Executive Directors with the aim of offering feedback to those that have taken the time to share their views and a quarterly prize is given for the best idea. The Board have also approved an annual employee engagement survey to gain insight into employees' thoughts and attitudes towards their work and overall environment. Share scheme participation aligns the interests of employees with shareholders giving staff the opportunity to hold a stake in the company. The Company has a SAYE scheme in place which is open to all UK employees.
Investors	The Chief Executive Officer and Chief Financial Officer hold analyst and investor meetings throughout the year both on request and specifically following the release of the annual and half year results. Feedback from these meetings is shared with the Board. Major shareholders are regularly engaged to hear their views on a range of issues such as strategy, remuneration and corporate governance. The Annual General Meeting is a key method of engagement with private investors along with the Annual Report. We encourage investors to attend and ask questions they may have. At the end of the meeting, the Board engage in an open and informal forum with attendees. The Group's Annual Report and Accounts is available to shareholders in both hard copy form and online. All announcements and presentations are available on the Company's website whilst we also engage on social media platforms such as LinkedIn. There is also a regular newsletter which is sent to those individuals that sign-up on the company website. The Company's NomAd and broker, Cavendish Capital Markets ("Cavendish"), and joint broker Joh. Berenberg, Gossler & Co. KG, London ("Berenberg") provide briefings to the Board on shareholder opinions and independent feedback from investor meetings. Their views are sought on all market related matters or announcements.	A wide range of communication channels are used to engage with investors during the year. Feedback from investors has informed the Board's discussions and decisions on the Company's strategy. All material information that is worthy of investor announcement is made available simultaneously to both shareholders and potential shareholders. Meetings with shareholders and potential investors were held during the year with meetings offered both in person and virtually. We value the opportunity to meet with our shareholders and engage in an exchange of views and ideas and, post AGM, we review the feedback we have received. We were delighted to welcome shareholders to the 2025 AGM which was physically held in Sedgfield with private investors encouraged to attend. We respect that not everyone is online and continue to provide shareholders with a choice to receive a hard copy of the report. Regular and frequent interaction between the Company and our brokers ensures we receive regular guidance and remain aligned on our engagement with the investment community. A report collated by Cavendish and Berenberg, after the business results investor roadshow, giving shareholders feedback from each meeting is shared with the Board.
Suppliers	Meetings are held with key suppliers at both their facilities and ours. This ensures a more intimate knowledge of each other's capabilities and objectives and leads to closer alignment of values. Our Supplier Code of Conduct is flowed down to our supply chain to ensure compliance with social responsibility and good governance policies.	The Group's supplier base is a key part of the Company's ecosystem and effective relationships with our suppliers are essential to the delivery of Group performance. We engage with our suppliers through our engineering and operations team, which includes procurement and supply chain, and we work closely with key suppliers to ensure we take advantage of innovative technical and commercial solutions in the supply chain in order to secure a competitive advantage. We have enjoyed meetings at a number of suppliers' sites in the year, both nationally and internationally. We minimise our exposure to supplier related risks by requiring them to adhere to our Supplier Code of Conduct and group policies. They are required to confirm they are not in conflict with these policies before or during engagement.



Stakeholder engagement continued

Stakeholder	How we engage	Key outcomes
Suppliers (continued)	Supply contracts of material significance to the Group are subject to internal controls with a summary of the key terms being provided to the Executive Directors for approval. The Group aims to play fair with its suppliers and pay in line with the contractual payment terms.	Supplier gating processes ensure management is kept abreast of supplier risks, opportunities and governance matters and able to act promptly when required. The Board receives regular updates, from the Chief Operations Officer, regarding key supplier performance metrics and any issues under review. By playing fair with our suppliers we gain their respect, support and commitment to meeting our own business objectives.

Standards of business conduct

The Board is committed to a culture of integrity and openness. The Board is confident that through our people, our values, our policies and processes we are fostering the right culture to make a positive impact on the business, our employees, our customers, our suppliers, the environment and the communities in which we operate. The Board is committed to identifying other means to drive further positive impact through our products, processes and foremost our people, all of which will contribute to the success of the business.

The Group's engagement with key stakeholder groups and the impact our business operations have on the local community and the environment are considered within the implementation of the Company's Strategy and the Sustainability report.



Sustainability report

At Filtronic, we believe that responsible and sustainable business practices are fundamental to the creation of long-term value and the continued success of the Group. Our sustainability strategy supports our corporate objective of delivering value for customers through technology leadership and innovation.

Sustainability considerations are increasingly important to our customers, employees, investors, suppliers and wider stakeholders. We therefore seek to identify, manage and mitigate environmental, social and governance ("ESG") risks and opportunities responsibly, embedding sustainability considerations into decision-making while maintaining a strong focus on business performance, innovation and sustainable growth. ESG-related matters are considered as part of the Group's risk management framework, with material sustainability risks and opportunities assessed alongside other principal business risks.

During the year, the Group established an ESG Committee to support the development and implementation of the sustainability strategy and ESG reporting framework. The ESG Committee comprises representatives from key business functions and is Chaired by the CFO who acts on behalf of the Board. The output from the ESG Committee is reported to the Board on a quarterly basis as a specific agenda item.

The ESG Committee is responsible for coordinating ESG activities across the Group, monitoring performance against sustainability objectives and providing oversight of the Group's ESG programme. The ESG Committee periodically reviews the sustainability matters most relevant to the Group and its stakeholders to ensure that our ESG priorities remain aligned with business strategy, risk management and stakeholder expectations.

Its responsibilities include:

- Reviewing ESG-related risks, opportunities and emerging regulatory developments.
- Monitoring progress against the Group's ESG objectives, priorities and key performance indicators.
- Overseeing the collection, validation and reporting of ESG data.
- Supporting the development and implementation of environmental, social and governance initiatives across the business.
- Reviewing the effectiveness of ESG-related policies, procedures and controls.
- Making recommendations to the Board on ESG priorities, targets and future areas of focus.

To further strengthen our ESG approach, Filtronic has partnered with Addidat, a specialist ESG data and advisory provider, to support the development of our sustainability framework, improve ESG data collection and reporting processes, and help identify opportunities to enhance our ESG performance. Through this partnership, we are working to establish a baseline of ESG metrics, improve transparency and ensure our sustainability activities remain aligned with evolving stakeholder expectations and reporting requirements.

To support the delivery of our sustainability strategy, we have established a focused set of objectives aligned with our corporate priorities and the sustainability matters most relevant to our business and stakeholders.



Sustainability report continued

Key Objectives



ENVIRONMENTAL

1. Minimise the environmental impacts of our activities and reduce energy consumption per £ of revenue generated, lowering carbon intensity while supporting growth.
2. Improve the efficient use of resources across our operational sites.
3. Reduce paper consumption and packaging waste.
4. Reduce Scope 1 and Scope 2 greenhouse gas ("GHG") emissions and support the Group's longer-term Net Zero ambitions.



SOCIAL

1. Promote equality, diversity and inclusion ("EDI") throughout the workplace and encourage greater gender balance.
2. Provide a positive working environment where employees can learn, develop and access professional growth opportunities.
3. Engage with employees, maintain open communication and provide fair and competitive remuneration.
4. Support STEM initiatives within local communities and provide quality employment opportunities through apprenticeship and graduate recruitment programmes.



GOVERNANCE

1. Maintain a robust cyber security framework to protect the Group's data, systems and intellectual property.
2. Ensure compliance with export control requirements and other applicable regulatory obligations.
3. Maintain effective policies, procedures and internal controls, while promoting high standards of ethical behaviour and business conduct.

These objectives provide a clear framework for action, helping us to manage risk, operate responsibly and create sustainable value for our customers, employees, shareholders, suppliers and communities. Progress against these objectives is overseen by the ESG Committee, senior leadership team and Board. We will continue to evolve our sustainability approach in response to changing stakeholder expectations, regulatory developments and business priorities.

Environmental Objectives



The Group is committed to protecting the environment through the prevention of pollution, the responsible use of natural resources and the continual reduction of environmental impacts arising from its operations. We comply with all applicable environmental laws, regulations and other relevant requirements. Through our environmental management systems and operational controls, we seek to minimise environmental impacts and drive continual improvement in environmental performance.

We support, train and encourage employees to act responsibly and sustainably in all matters relating to the environment. We regularly assess our activities, processes and operations to identify opportunities to improve energy efficiency, reduce waste generation, conserve resources and minimise emissions. We also work collaboratively with customers, suppliers and other stakeholders to promote high standards of environmental stewardship throughout our value chain. Employee engagement is an important factor in achieving our environmental objectives and fostering a culture of environmental responsibility.

The Group is committed to understanding, measuring and reducing its greenhouse gas ("GHG") emissions and supporting wider industry efforts to achieve a lower-carbon future. Our environmental objectives include reducing energy consumption and carbon intensity relative to revenue growth, improving the efficient use of resources

across our operational sites and reducing waste arising from our activities.

We will continue to monitor environmental performance, assess climate-related risks and opportunities, and implement initiatives that support the reduction of Scope 1 and Scope 2 GHG emissions in line with our longer-term Net Zero ambitions.

	What we do already	FY2027 initiatives
Reduce our energy usage	• Head office relocated to a new state-of-the-art facility designed with energy efficiency at its core • Facility includes a significant array of solar panels • Built with energy conservation from the start • Energy metering and monitoring in place across key operational areas • LED lighting in place • Motion sensors on all our lighting • Invested in newer, more-efficient manufacturing machinery	• Optimise the new facility for additional energy efficiencies • Energy saving equipment evaluation and potential purchase • Continue to raise employee awareness of energy efficiency and responsible energy consumption
Sustainable resources	• Sedgefield, Leeds and Manchester supplied with 100% sustainable energy • Cycle-to-work scheme in place • Electric vehicle salary sacrifice scheme with strong employee participation • Electric vehicle charging points • Adopted a hybrid working policy	• Convert our Cambridge and Salisbury sites to 100% sustainable energy • Explore opportunities for additional onsite renewable energy generation • Promote wider adoption of the electric vehicle scheme we have implemented to our employees • Continue to increase the use of recycled and recyclable materials and reduce reliance on single-use resources where practicable
Reduce paper and packaging waste	• Replaced foam-based shipping packaging with recyclable cardboard alternatives • Implemented electronic signature solutions to reduce paper consumption • Implemented digital systems with workflow for HR processes, expense management and timesheets • Removed single use plastics from our operations	• Identify and monitor key waste-generating activities at each site to support targeted waste reduction initiatives • Continue to digitise business processes to reduce paper usage and improve operational efficiency



Sustainability report continued

Environmental updates

Environmental sustainability remains an important consideration in the way we operate our facilities and conduct our business. During the year, we continued to invest in energy-efficient infrastructure, renewable energy, sustainable resource use and waste reduction initiatives, including the transition to our new headquarters and the continued digitisation of business processes. These actions have helped reduce our environmental impact while supporting operational efficiency.

Looking ahead to FY2027, we will continue to focus on reducing energy consumption, increasing the use of renewable energy, promoting sustainable transport solutions and minimising waste across our operations. Through a combination of investment, innovation and employee engagement, we aim to further improve our environmental performance and support the Group's commitment to sustainable growth.

A number of our employees, including the CEO and CFO, have switched their vehicles to electric using the Company's electric vehicle ("EV") scheme. There are now 14 employees with EVs (FY2025: 4 employees).

SECR reporting

This year represents the Group's first year of comprehensive greenhouse gas ("GHG") emissions reporting in accordance with the Streamlined Energy and Carbon Reporting ("SECR") framework.

Through the oversight of the ESG Committee and support from our ESG partner, Addidat, we have strengthened our approach to environmental data collection and reporting. This work will help improve the quality, consistency and transparency of our environmental disclosures and support the development of future emissions reduction initiatives.

We have therefore reported UK energy use (covering gas, purchased electricity and transport), and associated GHG emissions. Reporting covers all UK operating locations for the reporting period from 1 June 2025 to 31 May 2026.

Calculation methodology

Reporting, and the organisational boundary to which it applies, uses the operational control approach as defined in the GHG Protocol Corporate Standard (GHG Protocol). The UK Government GHG Conversion Factors for Company Reporting (2026) are used for UK emissions, and all GHG emissions have been calculated and categorised in line with the GHG Protocol.

GHG sources and assumptions

Scope 1: direct GHG emissions from sources owned or controlled by Filtronic. The only applicable source for Filtronic is gas consumption at our UK sites.

Scope 2: indirect GHG emissions from the consumption of purchased electricity across Filtronic's UK sites. Two calculations have been performed for this category:

1. Location-based emissions have been calculated using the UK national grid average emissions factor

2. Market-based emissions have been calculated using supplier specific emissions factors, which more accurately reflect Filtronic's electricity procurement and tariff choices. Our Sedgefield, Yeadon and Cambridge sites sourced some carbon free electricity, however we have limited control over the electricity source at our Torr Vale Mill site.

Scope 3: in line with SECR guidance, this only includes 'grey fleet' emissions, these are emissions associated with fuel consumption related to the use of employee-owned or rental vehicles for business purposes.

UK Energy use (kWh)	FY2026 ¹
Scope 1 Fuel consumption	382,112.50
Scope 2 Purchased electricity	1,158,342.74
Scope 3 Grey fleet	51,795.19
Total Energy Consumption	1,592,250.43

UK Emissions (tCO ₂ e)	FY2026 ²
Scope 1 Fuel consumption (gas usage in offices)	69.91
Scope 2 Purchased electricity (location-based)	205.03
Scope 2 Purchased electricity (market-based)	5.68
Total Scope 1 and 2 (location-based)	274.94
Total Scope 1 and 2 (market-based)	75.59
Scope 3 Grey fleet	12.60
Total Scope 1, 2 & 3 (location-based)	287.54
Total Scope 1, 2 & 3 (market-based)	88.19

UK GHG Emission Intensity (tCO ₂ e/£million turnover) ³	FY2026 ¹
Scope 1 & 2 (location-based)	4.95
Scope 1 & 2 (market-based)	1.36
Total Scope 1, 2 & 3 (location-based)	5.18
Total Scope 1, 2 & 3 (market-based)	1.59

¹ FY2026 is the first year in which Filtronic is required to report under the SECR framework and, in accordance with the SECR guidance, no prior-year comparatives are presented. While the Group compiled certain energy and emissions data for FY2025 on a voluntary basis, this was prepared using a materially different methodology and is therefore not directly comparable with the figures presented in this report. Including it could be misleading. FY2026 will accordingly serve as the Group's baseline year, against which performance will be reported in future periods.

² For certain sites, we have not been able to source all activity data. Where appropriate we have proxied using 2025 data or spend-based estimates.

³ Total turnover for the year, £55.5 million.

Filtronic has chosen tCO₂e per £m of turnover as the most appropriate intensity metric for its business model. Normalising emissions by turnover allows performance to be tracked consistently over time in line with business growth.

Energy efficiency action

Our manufacturing operations are energy-intensive and account for the majority of the Group's energy consumption. We are committed to improving energy efficiency and reducing the carbon intensity of our operations through two principal measures:

- We continue to invest in modern, energy-efficient manufacturing equipment. During the reporting year, Filtronic installed new machinery incorporating energy-saving technologies, which is expected to reduce energy consumption in future periods
- Where energy use cannot be reduced, we seek to lower our emissions through other means. During the year, we relocated our manufacturing operations to a new, purpose-built facility with substantial on-site solar generation, enabling a proportion of the site's energy demand to be met from renewable sources. The relocation required us to operate two sites in parallel for a seven-month period, which increased energy

consumption in FY2026; the move has now concluded, and we expect this effect to phase out in future reporting.

As our sustainability programme evolves, we will continue to review our reporting approach, including the relevance and materiality of broader value chain emissions, while maintaining a focus on improving the accuracy and completeness of our environmental data.

Social objectives



Our people are fundamental to the success of Filtronic. Our core values of integrity, excellence and respect, together with a strong culture and clearly defined behaviours, underpin the way we operate and support the achievement of our strategic objectives. We are committed to creating an inclusive, engaging and supportive working environment where all employees are treated fairly, valued for their contributions and provided with opportunities to develop and succeed.

We recognise that employee wellbeing is an important

What we do already	FY2027 initiatives
Actively promote equality, diversity and inclusion ("EDI") in the workplace • Regular analysis of workforce demographics • EDI training and surveys • Non-discriminatory working practices and policies • Promote a culture where individual differences are valued and respected • Female representation within our engineering function remains above the national industry average • Annual awareness and engagement initiatives, including International Women's Day activities • Support for charities focused on supporting women and vulnerable individuals	• Wellbeing strategy with specific initiatives e.g. Wellbeing advocates • Engagement surveys and pulse surveys (inclusivity) and action plans • Introduce and embed new policies, including a menopause policy • Management training in discrimination and harassment
Learning and development culture • Technology Leadership Awards for patents, conference papers and peer reviewed publications • Encourage networking and industry event attendance • Comprehensive induction process for all new starters • Graduate Programme • Apprenticeships programmes with sponsored degrees • Access to expert speakers and industry specialists	• Expand the apprenticeship and graduate programmes • Strengthen knowledge sharing and collaboration across teams and locations. • Leadership Development Programme for all people managers • Launch a quarterly performance and development review cycle to support continuous feedback and career progression



Sustainability report continued

	What we do already	FY2027 initiatives
Learning and development culture (cont.)	- Regulatory and mandatory training - Filtronic Leadership Academy - Provide training and development programmes for all colleagues - Career development opportunities and guidance for all colleagues	
Engage our employees and provide fair and competitive reward	- Fair pay and reward structure with regular benchmarking - Competitive benefits package, including access to wellbeing and employee assistance support - Flexible and agile working arrangements where operationally appropriate - Celebrate long-term service with awards - Regular town hall meetings and team meetings - T-card system for continuous improvement and worker participation - Employee engagement surveys, including questions on pay and reward - Introduced Promotion Committee - New HR system to support the employee voice - HiBob	- Undertake comprehensive employee engagement survey - Develop the Filtronic culture as part of the Culture 26 initiative - Implement a competency framework and transparent salary banding structure informed by external market benchmarking. - Establish an employee forum to strengthen employee voice and consultation. - Meet the Leadership Team sessions for new employees - Focus groups with senior executives to improve communication channels with employees
Support STEM initiatives in the local community and provide quality employment for young people	- One day of paid volunteering leave available to all employees supporting charitable and community initiatives - Graduate recruitment programmes - Apprenticeship programmes - Newly appointed STEM Ambassadors with a STEM committee	- Implement a structured graduate career framework - Continue to support local organisations like the North-East STEM Foundation - Increase our pool of STEM Ambassadors - Create meaningful skills development and employment opportunities for local young people. - Strengthen partnerships with schools, colleges and universities to support STEM engagement and future talent development. - Work experience placements

component of a productive and sustainable workplace. We seek to promote a positive working environment that supports the physical, mental and emotional wellbeing of our employees through open communication, flexible and supportive working practices, employee engagement and access to development opportunities. By prioritising wellbeing alongside professional growth, we aim to foster a motivated, resilient and high-performing workforce.

The Our People section of this Annual Report and Accounts outlines how we engage with employees and foster a culture that promotes collaboration, accountability and continuous development. It also highlights our approach to employee reward, wellbeing,

learning and development, diversity and inclusion, and the standards of conduct expected throughout the Group.

Filtronic recognises that its social responsibilities extend beyond its own workforce. As a technology business operating within local communities, we have an important role to play in supporting education, skills development and employment opportunities. Through apprenticeship and graduate programmes, STEM initiatives and engagement with local schools, colleges and universities, we seek to develop future talent and contribute to sustainable economic growth.

We are also committed to supporting charitable and community initiatives that make a positive difference

to the areas in which we operate. By investing in our people and engaging with our wider community, we aim to create lasting social value for employees, customers, shareholders and society as a whole.

During the year, we continued to invest in creating an inclusive and engaging workplace through our focus on equality, diversity and inclusion, employee wellbeing, learning and development, and fair reward practices. We strengthened opportunities for career development through apprenticeships, graduate recruitment, leadership programmes and ongoing professional development, ensuring colleagues have the skills and support needed to succeed.

We also remained committed to supporting our local communities through STEM outreach, educational partnerships and opportunities for young people. By investing in future talent and fostering an environment where all colleagues can thrive, we are building a diverse, skilled and engaged workforce that will support Filtronic's continued growth and innovation. Looking ahead to FY2027, we will continue to enhance employee engagement, wellbeing, leadership capability and community impact as part of our commitment to being a responsible and sustainable business.

Governance objectives



Strong governance is fundamental to the long-term success and sustainability of Filtronic. We are committed to operating our business with integrity, transparency and accountability, ensuring that effective governance arrangements support the delivery of our strategic objectives and the creation of long-term value for stakeholders.

Our governance framework is designed to promote high standards of ethical behaviour, compliance with applicable laws and regulations, and effective management of risk across the Group. Through robust policies, procedures and internal controls, we seek to safeguard our people, assets, information and reputation.

Filtronic applies the principles of the QCA Corporate Governance Code 2023 and recognises the importance of effective governance, stakeholder engagement and sustainable long-term value creation. Our approach to ESG supports these principles by ensuring environmental, social and governance considerations are appropriately

	What we do already	FY2027 initiatives
Cyber security	- Cyber Essentials Plus - IASME Governance Gold - Annual cyber security awareness and phishing training for employees	- Implement ISO27001 - Continue the annual programme of independent penetration testing and vulnerability assessments
Export Control	- Robust internal control framework - Dedicated personnel trained in export control compliance - Regular communication with an export control expert	- Deliver specialist training for employees with export control responsibilities - Regularly review and enhance export control policies, procedures and internal controls to reflect evolving regulatory requirements
Strong and enforced policies and procedures	- Strong Boards and Committees providing strategic oversight and governance support - Adherence to QCA Corporate Governance Code - Strong suite of Group policies and internal controls annually reviewed - Clearly defined corporate purpose, values and culture - Maintenance of appropriate accreditations and internal audits - Robust document management and controlled information systems - Annual reporting providing transparent updates on strategic, governance and financial performance	- Review and approve our policies and procedures annually - Further develop and embed our sustainability strategy across the business - Deliver regular training on key policies, ethical conduct and compliance requirements to support a strong governance culture



reflected in decision-making and risk management processes.

The Board has overall responsibility for governance and risk management, supported by the ESG Committee, which monitors ESG-related risks, opportunities and performance. This governance structure helps ensure that sustainability considerations are appropriately integrated into decision-making processes and aligned with the Group's strategic priorities.

As a technology-focused business operating in international markets, we recognise the importance of maintaining strong cyber security, data protection and export control compliance frameworks. We continually review and strengthen our governance practices to respond to evolving risks, regulatory developments and stakeholder expectations.

We expect all employees, contractors and business partners to uphold our values and comply with the standards set out in our policies. Promoting ethical behaviour and responsible decision-making throughout the organisation is central to maintaining a strong governance culture and protecting the reputation of the Group.

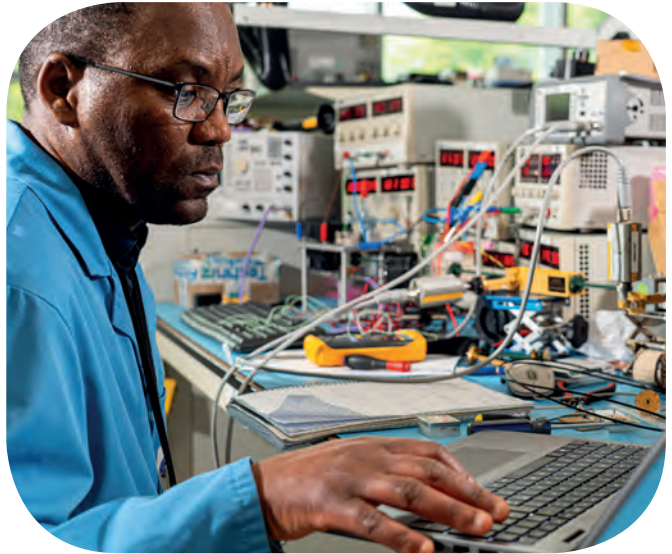
Strong governance remains fundamental to the way Filtronic operates. During the year, we reviewed our cyber security controls, export control framework and

wider governance processes through robust policies, internal controls, employee training and independent assurance activities. As our business grows and operates in increasingly complex markets, maintaining high standards of compliance, information security and risk management remains a key priority.

Looking ahead to FY2027, we will continue to enhance our governance framework through the implementation of ISO 27001, ongoing review of our export control processes, regular policy and compliance training, and the further development of our sustainability strategy. By fostering a culture of integrity, accountability and responsible business conduct, we aim to support sustainable growth while maintaining the trust of our customers, employees, shareholders and wider stakeholders.

This Sustainability Report was reviewed and approved by the Board on 3 August 2026 and signed on its behalf by

Nat Edington
Chief Executive Officer
3 August 2026



Board of Directors

Executive Directors



Nat Edington
Chief Executive Officer
Appointed to the Board
13 May 2024

Nat brings extensive experience in the high-tech and semiconductor industries. Before joining Filtronic, Nat was CEO of Dukosi Ltd., where he successfully built a fabless semiconductor company in Scotland, transforming it from an early-stage venture into a global technology leader. As CEO of Cambridge CMOS Sensors, he also steered the company through significant growth phases and exited the business to AMS. He has held strategic leadership positions at AMS AG and Wolfson Microelectronics and steered them through periods of rapid expansion. Nat also holds a non-executive position at AIM-listed Concurrent Technologies plc.



Michael Tyerman
Chief Financial Officer
Appointed to the Board
1 April 2016

Michael joined Filtronic in 2007 as Financial Controller of the Broadband business and was promoted to the position of Group Financial Controller in 2009. He served this position until his appointment to the Board. Prior to joining Filtronic, Michael held various positions within Procter and Gamble, Huntsman and Komatsu which included time working in the Benelux and Nordic regions. Michael is a Chartered Management Accountant.

Non-Executive Chairman



Jonathan Neale
Non-Executive Chairman
Appointed to the Board
15 November 2021
Committees: (A) (N) (R)

Prior to becoming Non-Executive Chairman at Filtronic Jonathan Neale had been Chief Operating Officer of McLaren Group for the previous five years. Between 2001 and 2016, he held a number of executive positions, including Chief Executive Officer of McLaren Racing F1. Prior to McLaren, Jonathan had been at BAE Systems, UK, as Managing Director – Hawk Military Aircraft. Jonathan graduated from the University of Nottingham with an honours degree in physics and is a Fellow of the Institute of Directors; a Trustee of the charity The Foundation for Science and Technology; a Fellow of the Institute of Engineering and Technology; and a Chartered Engineer.

Non-Executive Directors



Peter (Pete) Magowan
Senior Independent
Non-Executive Director

Appointed to the Board
19 November 2018

Committees: (A) (N) (R)

Pete was previously an early employee and main board member of ARM Holdings, an Executive at Fidelity International Ltd and General Partner at Alta Berkeley Venture Partners. Pete’s early operational career was in sales and marketing at leading technology companies. He received a BSc degree in Electrical and Electronic Engineering from UMIST and has a Diploma in Marketing. He is also a Non-Executive Director of Solid State Group plc.



John Behrendt
Independent
Non-Executive Director

Appointed to the Board
1 January 2021

Committees: (A) (N) (R)

John was Head of Principal Investments with Eight Roads, part of the Fidelity network of companies, from 2015 until 2020. John has also held a number of leadership and operational roles, including CEO of Optegra, CEO/ CFO of Frontier Silicon Limited, CFO for Teraview Limited, and CFO for Alphamosaic Limited. John is a qualified accountant with the Chartered Institute of Management Accountants (CIMA).

Company Secretary and Board Observer



Sarah Shaw
Company Secretary and
Board Observer

Appointed as Company Secretary
2 September 2025

Sarah Shaw joined Filtronic plc as General Counsel in January 2025 and was also appointed Company Secretary in September 2025. At Filtronic she is responsible for leading global legal affairs. Across both of her roles, her remit includes commercial contracting, regulatory compliance, corporate governance and risk management. Sarah has over a decade of professional legal experience, previously holding a variety of senior legal and contracts roles within the Teledyne Technologies Incorporated group. Sarah graduated from Bristol Law School with a Bachelor of Law degree and is a practising Solicitor in England and Wales.



Governance report

Dear Shareholder

I am pleased to present the Filtronic plc Governance report for the year ended 31 May 2026.

The Board recognises the value of strong corporate governance as a foundation for promoting the long-term growth and sustainability of the business. Governance arrangements are kept under continuous review to ensure they remain appropriate and effective. The Board continues to consider that the Quoted Companies Alliance Corporate Governance Code 2023 (the "Code") provides the most suitable governance framework for the Company's size and complexity. During the year, the Company became an official member of the Quoted Companies Alliance, further reinforcing the Company's commitment to high standards of governance and best practice.

Throughout the year, we complied with all principles of the Code, except for the separation of the Company Secretary role which was undertaken by the Chief Financial Officer. As previously indicated, the Board's intention was to separate this responsibility, and I am pleased to confirm that this has now been implemented from 1 September 2025, with the Company's General Counsel also assuming responsibility for the role of Company Secretary. This change strengthens governance arrangements by enhancing independence and clarity of roles and responsibilities.

The Governance report includes the Corporate governance statement, the Audit and Risk Committee report, the Nominations Committee report, the Directors' remuneration report, the Directors' report and the Independent Auditors' Report to members. These sections describe how Filtronic has applied the principles of the Code during the year. Further information on the Company's governance framework and compliance can be found on the Filtronic website at www.filtronic.com/investors.

I recognise my responsibility to ensure that the Company maintains governance arrangements that support effective leadership and promote the long-term success of the Company, and to ensure that these arrangements are embedded and operating effectively in practice.

Jonathan Neale,
Chairman
3 August 2026

Corporate governance statement

Introduction

The Board recognises the importance of effective corporate governance in supporting the long-term success of the Company and in maintaining the confidence of shareholders and other stakeholders. The Board has adopted the QCA Corporate Governance Code 2023 as the framework for its governance arrangements.

The QCA Code's ten principles provide a practical and proportionate structure for companies quoted on AIM, and the Board believes that its application is appropriate to the Company's size, stage of development and resources. The section explains how the Company applies the principles.

Principle 1 – Establish a purpose, strategy and business model which promote long-term value for shareholders

As set out in the strategic report, Filtronic's strategy is focussed around two core markets:

- **Space:** positioning Filtronic in the emerging Low Earth Orbit ("LEO") market by further strengthening our market presence, building on the Strategic Partnership with SpaceX and broadening the customer base. With new technology developments we have also developed technology to participate in Geostationary ("GEO") and Medium Earth Orbit ("MEO") satellite communications substantially increasing the size of the addressable market; and
- **Aerospace and Defence:** leveraging established customer relationships to secure a greater role in next generation radar design and defence programmes;

The Board remains focused on the delivery of this strategy. Our objective is to drive sustainable shareholder value and achieve medium to-long term growth, through disciplined execution.

The Board regularly reviews strategic progress, monitors performance against objectives and challenges management to ensure that the strategy remains appropriate and effective in a dynamic market environment.

The Company's governance framework, as outlined in this section, underpins the effective delivery of the strategy and ensures that decisions are aligned with the long-term interests of shareholders and wider stakeholders.

Filtronic's strategy and its business model, which describes how the Company creates and preserves value, is detailed on page 11. The principal risks and uncertainties that may impact delivery of the strategy are described on page 19, together with the mitigating actions in place.

Principle 2 – Promote a corporate culture that is based on ethical values and behaviours

At Filtronic, we believe that a strong, ethical corporate culture is fundamental to the long-term success of the business and the delivery of our strategy.

Our purpose is to be the trusted partner in the design

and delivery of complex, innovative RF, microwave and mmWave solutions. This is underpinned by a commitment to acting responsibly, fostering innovation, and maintaining the highest standards of integrity in all our activities.

We have developed a values-based culture that supports ethical behaviours and decision-making across the organisation. All employees are encouraged and supported to:

- Act with integrity; - being honest, always keeping our promises.
- Be respectful to all; it is the foundation of our culture.
- Strive for excellence; it is what our clients and colleagues expect and what we endeavour to deliver.

These values guide how we interact with customers, suppliers, employees and other stakeholders, and form the foundation of our long-term partnerships in our core markets.

The Board recognises its responsibility for ensuring that Filtronic's culture remains aligned with its purpose, values and strategy. The Board actively monitors and promotes its corporate culture, supported by the Senior Leadership Team ("SLT"), which includes the Director of HR. In the year ahead the focus will be on developing our culture and creating an environment where our employees can thrive and develop. The emphasis of this work will be to strengthen the high-performance culture within the business.

The SLT plays a key role in embedding the Company's values through ongoing communication, employee engagement and leadership development. The SLT meets monthly, and its members are periodically invited to attend board meetings, which enables the Board to gain direct insights into organisational behaviours and cultural alignment.

Through this framework, the Board seeks to ensure that ethical values are consistently applied across the business and that Filtronic's culture supports sustainable long-term value creation.

Principle 3 – Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of maintaining an open and constructive dialogue with its shareholders and is committed to ensuring effective two way communication to understand their views and expectations.

Responsibility for shareholder engagement rests primarily with the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), supported by the Chair. The CEO and CFO undertake a regular programme of meetings with existing and prospective shareholders, typically following the publication of interim and full-year results, and at other appropriate times. Feedback from these meetings is formally reported to the Board to ensure

that shareholder views are considered in the Company's decision-making processes.

The Chair is available to meet with shareholders where requested, and the Senior Independent Director provides an additional channel of communication for shareholders who may wish to raise concerns that cannot be addressed through the usual executive contacts.

The Company also engages with the wider investment community through presentations to analysts and participation in investor events, which support the promotion of a clear understanding of the Group's strategy, performance and prospects. All market-sensitive information is released via regulatory announcements to ensure fair and timely disclosure in accordance with applicable regulations.

The Company's website contains a dedicated investor relations section, which includes financial reports, regulatory announcements and other relevant information. Shareholders are encouraged to communicate with the Company via the investor relations function (investor.relations@filtronic.com).

The Board periodically seeks shareholder input on key matters, including strategy, governance and remuneration, where appropriate. In addition, shareholders have the opportunity to engage directly with the Board at the Annual General Meeting, where all directors are available to answer questions.

Principle 4 – Take into account wider stakeholder interests, including social and environmental responsibilities, and their implication for long-term success

The Group takes its corporate social responsibility and stakeholder relationships seriously and is committed to maintaining and strengthening effective engagement with a broad range of stakeholders, including shareholders, employees, customers, suppliers and other key partners.

The Board recognises that constructive stakeholder engagement is fundamental to the delivery of the Group's strategy and long-term sustainable success. Accordingly, the Group seeks to foster open, transparent and regular dialogue, ensuring that stakeholder perspectives are appropriately considered in decision-making processes.

Further details on how the Board has had regard to stakeholder interests, including in compliance with Section 172 (1) of the Companies Act 2006, are set out in the Section 172 Statement and the Stakeholder engagement section of the Governance report.

Details of the environmental and social issues that the Board has identified as being material to the Company are set out in the Sustainability report on pages 31 to 38. To further augment its work, the Company has partnered with Addidat, a leading ESG data and advisory provider.



Governance report continued

Principle 5 – Embed effective risk management, internal controls and assurance activities, considering both opportunities and targets, throughout the organisation

The Board is responsible for the Group's risk management and internal control framework, which is designed to manage and mitigate risk and support delivery of strategy, targets and opportunities, providing reasonable, but not absolute, assurance.

The Audit and Risk Committee has been delegated responsibility to oversee risk management, and undertake a regular review of the Group's risk register with a view to:

- (i) ensuring the risk register is complete, appropriate and up to date;
- (ii) ensuring adequate processes are in place to detect new or emerging risks;
- (iii) reviewing risk exposures and any changes to the status of risks in the risk register;
- (iv) reviewing risk management assessment and processes;
- (v) reviewing risk mitigation measures and the appropriateness of responses to risks;
- (vi) reporting its findings to the Board.

Established financial, operational and compliance controls are supported by defined policies and procedures and are kept under regular review. The Risk Management Committee, made up of the Senior Leadership Team in the business, meet on a regular basis to maintain and review the risk register.

The Board keeps the framework under continuous review and is committed to its ongoing improvement.

Principle 6 – Establish and maintain the board as a well-functioning, balanced team led by the Chair

The Board is comprised of:

- the Non-Executive Chair;
- two Executive Directors; and
- two Non-Executive Directors
- Supported by the Company Secretary who attends the meetings

The Board considers that its Non-Executive Directors are independent and that the current composition provides an appropriate balance of skills, experience and independence to promote effective decision-making and constructive challenge.

The Chair is responsible for leading the Board, ensuring its effectiveness and setting its agenda, while promoting a culture of openness and debate. The Executive Directors are responsible for the day-to-day management of the Group's operations, supported and constructively challenged by the Non-Executive Directors. The Board is satisfied that it operates as a cohesive and effective team.

The role of Company Secretary was previously undertaken by the CFO. In compliance with the Code, the

Board recognises the importance of maintaining a clear separation of the roles of CFO and Company Secretary and confirms that this separation was fully implemented during FY2026, by appointing the Company's General Counsel to Company Secretary.

All directors have access to the advice and services of the Company Secretary, who supports the effective functioning of the Board, and may seek independent professional advice at the Company's expense in the proper discharge of their duties.

A formal schedule of matters is reserved for the Board, ensuring that key strategic, financial and operational decisions are subject to the Board's oversight.

Board meetings

The Board meets regularly with a structured annual timetable and ad-hoc, as required. Board meetings are held at the Group's operational sites to enable local management teams to present operational and strategic programme progress to the Board. The Board believes this arrangement gives greater transparency and enhanced relationships between the management and the Board.

Directors' attendance FY2026

The Board normally schedules at least 10 meetings during the year and met formally on 10 occasions during FY2026.

	Meetings attended
Jonathan Neale	10/10
Nat Edington	10/10
Michael Tyerman	10/10
Pete Magowan	10/10
John Behrendt	10/10
Sarah Shaw (Board Observer)	7/8

Principle 7 – Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that its governance structures are appropriate for the size, complexity and stage of development of the Company and composition reflects an appropriate balance of sector, financial and public markets skills and experience. The composition of the Board is reviewed at least annually by the Nominations Committee, with a view to ensuring it comprises the skills necessary for executing the Company's strategy.

Details of each director's skills and experience can be found in the directors' biographies section. The members of the Board bring a range of complementary skills and experience from across markets in which the Group operates.

Each member of the Board takes responsibility for maintaining their skill set, which includes formal training and seminars. The directors have also received briefings and training in respect of AIM rules compliance and Market Abuse Regulations. The Board undertakes annual

training on a range of subject matters that are proposed by the directors where they feel it would be beneficial.

When necessary, external advice is sought, on legal, HR, financial and governance matters. The primary sources are the Company's NomAd and the Company's lawyers.

Principle 8 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board is committed to maintaining high standards of governance and ensuring its effectiveness in supporting the delivery of the Company's strategy. To this end, the Board undertakes a formal evaluation of its performance annually, together with reviews of its Committees and individual directors.

At the end of each financial year, the Board carries out an evaluation of its own performance, reviewing its performance in that year. The Chairman and the Company Secretary prepare an evaluation questionnaire reflecting the considerations of the corporate governance code as well as significant events over the year.

The performance of the Board and its Committees is assessed. Board members are asked to provide feedback for assessment by the Chairman. The combined feedback is discussed by the Board and actions agreed with progress updates during the year.

As part of the Director's induction process the Company Secretary arranges an induction session with each new director covering such matters as:

- Group and organisation structure,
- Filtronic's values and group policies,
- an introduction to the AIM Rules for Companies,
- the QCA Code,
- Market Abuse Regulation ("MAR") and
- the terms of reference for the Board's committees.

Where specific training needs are identified, including as a result of the Board evaluation process and individual director appraisals, the Company will organise the relevant training. The Company Secretary supports the Chairman in addressing the training and development needs of directors.

Principle 9 – Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture

The Board is committed to ensuring that the Company's remuneration framework is aligned with its long-term purpose, strategy and culture, and supports sustainable value creation for shareholders.

The Remuneration Committee is responsible for setting and overseeing executive remuneration. The Committee seeks to ensure that remuneration outcomes are fair, responsible and linked to the Company's performance, while also enabling the Company to attract, retain and motivate high-calibre management.

The Company's remuneration policy is designed around the following key principles:

- **Alignment with strategy:** Executive remuneration is closely linked to the Company's strategic objectives, with a significant proportion of variable pay contingent on the achievement of financial and non-financial performance targets that drive long-term value creation.
- **Long-term focus:** Incentive arrangements include a meaningful equity component to align executives' interests with those of shareholders and to encourage a long-term perspective in decision-making.
- **Simplicity and transparency:** The remuneration framework is structured to be clear and understandable for shareholders and other stakeholders.
- **Company culture and values:** Remuneration outcomes reflect not only what is achieved, but how it is achieved, supporting the Company's culture and expected behaviours.
- **Proportionality and fairness:** The Committee considers wider workforce remuneration and conditions when reviewing executive pay, ensuring a balanced and responsible approach.

The Company currently operates a combination of fixed remuneration (base salary, benefits and pension) and variable remuneration (annual bonus and long-term incentive arrangements). Performance measures are reviewed annually to ensure they remain aligned with the Company's evolving strategy and market conditions.

Introduction of shareholder vote

The Board recognises the importance of shareholder engagement and accountability in relation to executive remuneration. Accordingly, the Company intends to introduce a formal shareholder vote on its remuneration policy at the next Annual General Meeting. This will provide shareholders with the opportunity to express their views on the structure and operation of the Company's remuneration arrangements.

In advance of the AGM, the Company will engage with key shareholders and proxy advisers, where appropriate, to seek feedback on its remuneration policy and proposed incentive structures. The Board will take this feedback into account when finalising the policy to be put to a vote.

Following the introduction of the shareholder vote, the Company will continue to maintain open dialogue with shareholders on remuneration matters and will disclose, in its Annual Report, how shareholder feedback has been considered and reflected in remuneration decisions.

The Board believes that this approach reinforces strong governance and ensures that the Company's remuneration framework remains aligned with shareholder interests and supportive of long-term, sustainable growth.



Governance report continued

Principle 10 - Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

The Company is committed to open communication with all of its stakeholders. Communication with shareholders is driven primarily through:

- the regulatory news service ("RNS"),
- the Filtronic website;
- the Annual General Meeting; and
- meetings after the Group's interim and full year preliminary accounts.

All shareholders receive a copy of the Annual Report and Accounts either as hard copy or electronically depending on shareholder preference. Copies of historic annual reports and notices of general meetings for the last five years are available on the Filtronic website, as are the half-year results and investor presentations.

Engaging with our employees helps to ensure the values and culture the Board wants to promote are embraced throughout the Group. The Company encourages open two-way communication to promote innovative and collaborative working. Communication with employees takes place ordinarily through town hall meetings at each of the Company's sites, the HR system, team meetings, health and safety meetings and training sessions.

The longevity of our business can only be secured through maintaining and expanding our customer base. Communication with customers is a priority and is mediated through dedicated commercial managers and directors, overseen by the Chief Commercial Officer. Customers are solicited for feedback on products and business operations performance, market landscape and demand trends.

Regular contact and openness is key to maintaining good and stable relations with our supply chain. The procurement department, aided by clear website sections, ensures that Filtronic's key policies and values, or their equivalent, are adopted by the supply chain with all suppliers issued with the Filtronic Supplier Code of Conduct which includes, but is not limited to, its policies on issues such as bribery, modern slavery and conflict minerals. Engagement with suppliers is overseen by the Chief Operations Officer.

The group policies were reviewed by the Board during the year and, as a priority for the business, were communicated, via management cascade, to all employees.



Nominations

Committee report

Membership

The members of the Nominations Committee and the meetings attended in the year are:

	Meetings attended
Jonathan Neale (Chairman)	3/3
Pete Magowan	3/3
John Behrendt	3/3

Roles and responsibilities

The Committee's role and responsibilities are set out in full in the terms of reference, which are available on the Filtronic website and set out the Committee's responsibilities as follows:

- Ensure the balance of board members remains appropriate as the Company implements its strategy to ensure the business can compete effectively in the marketplace;
- Identify and nominate candidates to fill board vacancies as and when they arise;
- Before such appointments are made, evaluate the overall balance and composition of the Board and in the light of that evaluation, preparing a description of the roles and capabilities required for the appointment; and
- Ensure that each new appointee receives a formal and customised induction to the Group via the Company Secretary and other board members as appropriate.

For terms of reference go to www.filtronic.com/investors/aim-rule-26/



Dear Shareholders

I am pleased to present the Nomination Committee report for FY2026.

The Committee's role is to ensure that the Board, and the senior leadership that sits beneath it, has the right blend of skills, experience and diversity of perspective to support the Group's strategy and govern it effectively. As the Company has grown, both in scale and in the complexity of the markets we serve, from satellite and space to defence and critical communications, the importance of getting this right has only increased.

This has been an active year for succession planning and Board composition. We have continued to focus on ensuring that the Non-Executive Directors collectively bring the right balance of independence, sector expertise and commercial judgement, while supporting the Executive team through a period of rapid growth and operational change. The Committee has also kept a close eye on management succession below board level, recognising that strength and depth in the senior team is critical as Filtronic scales.

One specific change the Committee oversaw this year was the transfer of the Company Secretary role from the Chief Financial Officer to the General Counsel, reflecting the natural alignment of company secretarial duties with the legal and governance function as the Group has grown, and allowing the CFO to focus fully on the financial demands of an expanding business. This follows best practice recommended by the QCA Code which states "Given the importance of this role, companies where an executive director is also the Company Secretary should have plans in place to separate the role at the earliest appropriate time".

Maintaining an effective board is a continuing priority for the Committee. During the year, the Board carried out its annual performance evaluation, covering the Board as a whole and its principal Committees. This was conducted by way of a structured questionnaire completed by all board members, with the results discussed openly at board level and used to identify practical areas for improvement, including gender and cognitive diversity at board level, functional succession gaps, executive bandwidth stretched due to growth and the opportunity for external board evaluation.

We were pleased that the review confirmed the Board continues to operate effectively, with constructive challenge and a good working dynamic between Executive and Non-Executive Directors. As in previous



years, we have considered whether an externally facilitated evaluation would add value at this stage of the Company's development, and the Committee has decided to undertake an external board evaluation in the coming year. The Committee will oversee any actions coming out of the process and ensure they are effectively implemented.

The Committee also has regard to culture in its work. We believe the tone set at Board level has a direct bearing on the culture of the wider organisation, and we look for evidence that the values we expect of the Group are genuinely reflected in how the Board itself operates and in the leadership behaviours we seek when making senior appointments. As Filtronic has grown, including the expansion of our colleague base, we have placed particular emphasis on ensuring that incoming senior leaders understand and actively support this culture.

The Board receives updates on workforce engagement, and the Committee considers this feedback, alongside other indicators such as employee turnover and health and safety performance, when assessing whether the culture of the organisation is developing in the way we intend as the Company scales. We recognise that maintaining a strong, consistent culture becomes more challenging as headcount grows and the business becomes more geographically and operationally complex, and this will remain an area of ongoing focus for the Committee and the Board as a whole.

Finally, I would like to thank my fellow Committee members for their continued diligence and constructive challenge throughout the year. The Board remains committed to high standards of governance, and we

believe the composition and effectiveness of the Board are key foundations for the Company's continued success.

Jonathan Neale
Chairman, Nominations Committee
3 August 2026

New appointments and induction of directors

When identifying suitable candidates for board and senior executive appointments, the Committee uses the services of external advisers to facilitate the recruitment search and considers candidates on merit and against objective criteria. The Committee recognises the value of a diverse board and will consider all candidates with the necessary capabilities in accordance with the Company's policies including considerations of equality and diversity.

When a new director joins the Board a full and formal induction process is undertaken including a briefing session on AIM rules with our Company's Nominated Advisor ("NomAd"). The Company Secretary is tasked with providing the new director with the following information to fast-track a new director's understanding of the Group to equip them to perform their role:

- information about the Group including board and committee minutes along with board papers from at least the last six months;
- the Group's policies, procedures and governance information;
- analysis of the Company's key shareholders and share capital;

Activities of the Nominations Committee during the year

The Nominations Committee discharged its responsibilities during the year by:

Area of review	Activities undertaken
Board appointments	• Continue to support the development of the Senior leadership team to ensure the Group has the right skills and experience to execute its plans. • Appointed the Group's General Counsel to the role of Company Secretary in line with the guidelines of the QCA code. • Oversaw the succession planning of directors and other key executives.
Board performance evaluation	• Conducted a rigorous board performance evaluation exercise and fed the results back as a group and individually.
Governance	• Assessed the structure, size and composition of the Board. • Reviewed and approved the Committee's terms of reference. • Reviewed compliance with the QCA code. • Reviewed the time required from Non-Executive Directors to sufficiently discharge their duties. • Reviewed the independence of the Non-Executive Directors and any potential conflict of interest for all Directors.

Nominations Committee report continued

- guidance for directors on their legal and regulatory responsibilities in an AIM-quoted company;
- guidance on corporate governance and board effectiveness; and
- relevant information about the markets we operate.

As part of the induction process, the new director also:

- Attends a business briefing with the CEO and CFO;
- Has meetings with the other members of the Senior Leadership Team; and
- Attends meetings with any other employees they would like to see.

Diversity and inclusion

The Committee recognises the importance of a diverse board and is mindful of the issue of board diversity in its succession plans. Company policy ensures that the selection of directors and, in a wider context, employees throughout the Group, as well as opportunities to progress and develop will be based upon a range of factors including skills, experience, qualifications, background and values. There will be no discrimination or less favourable treatment of employees or job applicants in respect of age, race, religion, gender, sexual orientation, pregnancy, disability or marital status.

Board evaluation

The Nominations Committee undertakes an annual evaluation of the Board's performance and effectiveness. The results of the evaluation exercise are shared with board members and any recommendations are discussed and implemented if deemed to be an improvement.

Ongoing director training

The directors have the opportunity to participate in an ongoing training programme organised by the Company Secretary. This includes the Company Secretary keeping the Board briefed on relevant regulatory changes, and arranging external training, as required.

Audit and Risk Committee report



Membership

The members of the Audit and Risk Committee and the meetings attended in the year are:

	Meetings attended
John Behrendt (Chairman)	4/4
Jonathan Neale	4/4
Pete Magowan	4/4

Roles and responsibilities of the Audit and Risk Committee

The Audit and Risk Committee operates within a framework of approved terms of reference which are reviewed annually along with its effectiveness; recommendations made to the Board of any changes required from the review. The terms of reference are available on the Filtronic website, and include the following roles and responsibilities:

- Monitor and make recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- Advise the Board on whether the Committee believes the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Monitor and make recommendations to the Board in relation to the Company's internal financial controls and financial risk management systems;
- Consider the need for an internal audit function, determine the scope of outsourced internal audit activities, appoint a provider, agree fees and review the results of these activities;
- Make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration the relevant UK professional and regulatory requirements;
- Monitor the extent to which the external auditor is engaged to supply non-audit services; and
- Ensure that the Company has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.
- Review the company's risk management systems and processes to ensure their adequacy and regularly review the risk register to ensure it is complete and up to date with appropriate risk mitigation measures in place where required.

For terms of reference go to www.filtronic.com/investors/aim-rule-26/

Dear Shareholder

On behalf of the Board, I am pleased to present the report of the Audit and Risk Committee for the year ended 31 May 2026.

The Audit and Risk Committee plays an important role in the governance of the Company with its principal activities focused on fulfilling its oversight responsibilities for financial reporting, internal control, risk management and the quality and effectiveness of the Group's internal and external audit.

This report provides insight regarding the role of the Committee, outlines how the Committee has discharged its responsibilities during the year, the main matters it has considered, and the conclusions drawn. It also aims to provide shareholders with a clear understanding of the work we have undertaken to provide challenge and assurance on the integrity of the Group's regulatory reporting requirements.

Meetings are generally held quarterly, aligned with board meetings, to facilitate immediate and efficient reporting to the Board, with additional meetings where necessary. The normal pattern of meetings follows the public reporting and audit cycle, with meetings to consider the external audit plan; the half year announcement and the full year Annual Report and Accounts, the latter with the external auditors' observations and opinions.

The Committee is composed of myself as Chair and my two fellow Non-Executive Directors; the Executive Directors may attend the meeting by invitation, along with other members of the executive team who the Committee would like to speak with, whilst the external auditors attend when requested, as do outsourced internal audit providers when used.

As Chair of the Committee, I maintain regular dialogue with the Chief Financial Officer and have direct access to the Company's external auditor, Crowe LLP. The Committee meets separately at least once a year with the external auditor, without others being present, to facilitate open discussion and the opportunity to discuss any concerns.

Given the Group's growing footprint in the defence and space sectors, and the well-documented increase in cyber-attacks targeting defence supply chains and critical technology suppliers, the Committee commissioned a review of the Group's cyber security incident response capability during the year.

The review, supported by the internal IT department, assessed the Group's readiness to detect, contain and



Audit and Risk Committee report continued

recover from a cyber security incident, and included:

- A review of the Group's incident response plan, including escalation paths, roles and responsibilities, and the triggers for engaging the Board and the Committee in the event of a material incident.
- Testing of the plan through a tabletop exercise simulating various scenarios, to assess decision-making, internal communication and the adequacy of backup and recovery arrangements.
- A review of third-party and supply chain access to Group systems, reflecting the heightened risk that customer and supplier connections pose as an entry point for attackers.
- An assessment of staff awareness and phishing-resilience training across the Group.

The Committee was advised of a few improvement actions to aid the response which are now being implemented.

The Committee also reviewed papers prepared by management relating to the treatment of share warrants, the functional currency of the Group and revenue recognition of significant contracts.

Looking ahead, with a strong order book and continued investment underpinning the Group's growth strategy, the Committee will:

- Maintain its focus on ensuring that financial reporting, internal controls and risk management keep pace with the scale and complexity of the

business. We will pay particular attention to delivery and execution risk on the Group's largest contracts, the continued strengthening of the control environment, and the judgements arising from further significant contract wins, as part of our ongoing oversight.

- Monitor compliance with export control regulations, receive updates on regulatory changes and assess the effectiveness of customer due diligence and sanctions legislation.
- Continue to monitor the principal and emerging risks in the Group.

The Committee is satisfied that the Company's financial reporting is accurate, that the appropriate governance structures are in place, and that internal controls are operating effectively. The Committee is confident in the integrity of the financial statements for the year ended 31 May 2026 and supports their publication.

The Committee will continue to exercise rigorous oversight of the Company's financial reporting, controls and compliance framework, and remains committed to supporting the highest standards of corporate governance. As Chair of Audit and Risk I also make myself available at the Company's AGM to answer any shareholders questions relevant to the Committee.

John Behrendt
Chairman, Audit and Risk Committee
3 August 2026

Activities of the Audit and Risk Committee during the year

During the year, the Audit and Risk Committee discharged its responsibilities by:

Area of review	Activities undertaken
Financial reporting	• Reviewed the Annual Report and Accounts, Interim Report and interim management statements prior to Board approval. • Considered whether the Annual Report and Accounts was fair, balanced and understandable. • Reviewed the external auditor's detailed report to the Committee on the annual financial statements. • Reviewed critical accounting policies and significant accounting judgements and estimates, particularly in relation to the share warrants, revenue recognition and functional currency. • Reviewed changes in corporate governance and accounting standards and their impact. • Reviewed the going concern basis for preparation of the financial statements including consideration of the Group's latest business plan and five-year outlook, cash flow forecast and corresponding sensitivities on downside scenarios.
External auditors	• Reviewed the external auditor's plan for the audit of the Group's financial statements, including the identification of key risks. • Reviewed and approved the external auditor's terms of engagement, remuneration, independence and rep letter. • Reviewed the external auditors' compliance with ethical and professional guidance on Senior Statutory Auditor rotation. • Assessed the effectiveness of the audit process. • Committee-only meeting with the Senior Statutory Auditor.

Area of review	Activities undertaken
Risk management and internal controls	- Reviewed the Group's risk management register on numerous occasions. - Specific focus on risks relating to recruitment, delivery of engineering projects, cyber security as well as the risk relating to the strategic objective of broadening the customer base. - Reviewed the Group's internal control system and assessed the effectiveness of those controls in minimising the impact of key risks. - Reviewed the need for an internal audit function and determined what aspects of the Group's operations should be subject to outsourced internal audit scrutiny. - Ensured cyber security was regularly reviewed. - Reviewed the results of the internal audit undertaken.
Governance	- Reviewed the Committee's terms of reference. - Reviewed the size and structure of the Committee for appropriateness. - Monitored the Company's performance of debt financing and covenant management.

Key accounting matters

The following key areas of risk and judgement have been identified and considered by the Audit and Risk Committee in relation to the business activities and financial statements of the Group and Parent Company:

Significant issue	Committee action taken
Carrying value of goodwill	The Committee considered the judgements made in relation to the valuation methodology adopted by management and the model inputs used. These are set out in note 14 to the financial statements. The Committee agreed with the judgements made by management and concluded that no impairment of goodwill should be made in the financial statements of the Group.
Capitalisation and impairment of intangible development costs	The Committee considered the capitalisation of development costs and the impairment assessment prepared by management. It critically assessed the inputs, such as a consideration of the reasonableness of discount rates applied and of reviewing forecasts into individual development product projections. The Group's accounting policy for intangible assets is included within the accounting policies in note 1 and the components of intangible assets are set out in note 14. The products under development, and capitalised, are mainly mmWave technology focussing on space opportunities which are expected to give rise to future economic benefit. Intangible asset impairment calculations and sensitivities are undertaken at least annually by management.

Fair, balanced and understandable

The Company's management and the auditor confirmed to the Audit and Risk Committee that they were not aware of any material misstatements. Having reviewed the reports received from management and the auditor, the Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

After careful consideration of the advice of the Audit and Risk Committee, the Board concluded that the 2026 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for the Company's shareholders to assess the Group's risks, performance, business model and strategy.

Risk management and internal controls

Risk and risk management is delegated to the Audit and Risk Committee although the overall responsibility for the Group's system of risk management and internal controls remains with the Board.

The Group has well established risk management and internal control processes that have been developed since Filtronic was formed in 1977. The Audit and Risk Committee confirms that the effectiveness of the system of internal control, covering all material controls including financial, operational, commercial and compliance controls and risk management systems, have been reviewed during the year. Further details of risk management can be found in the Risk management section of this Annual Report on page 19.



Audit and Risk Committee report continued

Auditor independence

Both the Audit and Risk Committee and Crowe have procedures in place to avoid the auditors' objectivity and independence being compromised.

The Committee performs its own assessment of auditor independence satisfying itself on an annual basis that suitable policies and procedures are in place to safeguard the auditors' independence and objectivity. This includes having regard to length of service, provision of non-audit services and the existence of any conflicts of interest. On the latter point, the Company has a policy of not employing anybody from the audit firm within five years of their departure. The auditor also has open access to the Chair of the Audit and Risk Committee and open lines of discussion with the Committee to ensure there is no influence by management.

To safeguard the auditor's independence and objectivity, and in accordance with the 2019 FRC's ethical standard for best practice, the Group does not engage Crowe for any non-audit services except where it is work that they must, or are clearly best-suited to perform.

Rotation of lead audit partner

As part of their review of auditor independence, Crowe has confirmed that it is independent of the Company and has complied with applicable auditing standards. Crowe is in its third year as auditor and therefore the Senior Statutory Auditor is operating in accordance with professional guidelines of serving no longer than five years to maintain independence.

External auditor

The Committee considers that Crowe has carried out its duties as the auditor in a diligent and professional manner.

In assessing the auditor's effectiveness, the Committee:

- Challenged the work done by the auditor to test management's assumptions and estimates in the key risk areas;
- Reviewed reports received from the auditor on these and other matters;
- Received and considered feedback from management; and
- Held private meetings with the auditor that provided the opportunity for open dialogue and feedback between the Committee and the auditor without management being present.

Having completed its review, the Audit and Risk Committee is satisfied that Crowe remained effective and independent in carrying out its responsibilities up to the date of signing this report.

Internal Audit

The Committee has considered the need for an internal audit function and, taking into account the size, structure and complexity of the Group's operations, has concluded that a dedicated internal audit department is not currently required. The Group maintains a robust system of internal

controls and risk management processes designed to safeguard assets, ensure the reliability of financial reporting, and support compliance with applicable laws and regulations.

The Committee reviews the effectiveness of the Group's internal control framework on an ongoing basis. Management is responsible for identifying, assessing and managing key business risks, and reports regularly to the Audit Committee on the operation of internal controls and risk mitigation activities.

Where appropriate, the Group uses internal resource or engages external specialists to perform targeted reviews of specific areas of risk, control processes or regulatory compliance. The findings from these reviews are reported to management and the Audit and Risk Committee, together with recommendations for improvement and progress updates on remedial actions.

The Board and Audit and Risk Committee will continue to assess the appropriateness of establishing a formal internal audit function as the Group develops and its operational requirements evolve.

Whistleblowing

The Group has in place a Whistleblowing policy, which sets out the formal process by which an employee, or other stakeholder, may, in confidence, raise concerns about possible malpractice in financial reporting, conduct or other matters to an identifiable whistleblowing officer.

There were no incidents or concerns raised for consideration during the year.

Anti-bribery

The Group has in place an Anti-Bribery policy, which sets its zero-tolerance position. The policy provides the principles for employees and other stakeholders that acts as guidance on how to recognise and deal with issues that may be considered as giving rise to bribery.

During the period there were no incidents reported that required consideration.

Directors' remuneration report

Membership

The members of the Remuneration Committee and the number of meetings attended are:

	Meetings attended
Pete Magowan (Chairman)	4/4
Jonathan Neale	4/4
John Behrendt	4/4

The Remuneration Committee comprises the Non-Executive Directors, including the Chairman.

Role of the Remuneration Committee

The Remuneration Committee's role is to define and make recommendations to the Board on the Group's remuneration policy and the employment terms of Executive Directors and senior management along with the effective implementation of that policy. The Committee is also responsible for the review and approval of pay increases, performance related pay arrangements and share incentive plans along with the associated performance targets. The Committee's full terms of reference are reviewed regularly and approved by the Board.

For terms of reference go to www.filtronic.com/investors/aim-rule-26/



Dear Shareholder

On behalf of the Board, I am pleased to present the Filtronic Directors' remuneration report for the year ended 31 May 2026. The report explains the work of the Remuneration Committee during the year and sets out the payments and awards made to the Executive Directors and key senior employees as well as that of the Non-Executive Directors.

The Board has decided to put this Directors' remuneration report to shareholders for an advisory vote on an annualised basis, in line with the guidance for remuneration transparency and shareholder engagement. While not a mandatory requirement for AIM companies, the Committee believes that seeking shareholders' views in this way reflects good practice, supports our ongoing commitment to transparent governance, and provides shareholders with a clear and regular opportunity to express their views on our remuneration arrangements, particularly given the changes to our incentive structures described in this report. The vote is advisory in nature, and the result will not affect the entitlements of any individual director, but the Committee will take the outcome, and any feedback received, fully into account in shaping its future approach to remuneration. The first opportunity to vote will be the 2026 AGM in October.

This has been another year of progress for the business, with continued momentum on contract wins, alongside disciplined investment to capitalise on the rapidly emerging space market opportunity. The Committee's role is to ensure that our remuneration framework continues to attract, retain and motivate the management team capable of delivering this growth, while remaining proportionate, aligned to shareholder interests, and appropriate for a company of our size and stage.

Retaining critical talent has been a particular focus of the Committee during the year as RF and space/defence engineering expertise is highly competitive; the loss of any of these colleagues could set back our growth plans. Therefore, a significant amount of our work has been aligning incentives with long-term value creation so that management and key employees are rewarded for building sustainable capacity and securing long-term contracts that move the business forward rather than simply achieving near-term revenue targets.

The cadence of awards under the Group's Employee Share Option Plan ("ESOP") was reviewed and it was resolved that, going forward, ESOP awards will be



Directors' remuneration report continued

granted bi-annually rather than on a periodic basis. The Committee believes that moving to annual grant awards will support more consistent retention and motivation across the plan's life, smooth the dilutive impact of awards over time rather than concentrating it in occasional larger grants, and allow award levels and performance conditions to be recalibrated each year in line with the Group's evolving strategy and share price. This resulted in a further grant of share options in the year to senior management and key employees. The grant composition was to a mix of new employees who are new to the scheme, as well as top-up awards for colleagues already in the scheme, in recognition of their role in delivering the Group's growth plans and to strengthen retention. The Committee believes that extending equity participation beyond the Executive Directors helps to embed a shared sense of ownership across the wider leadership team at a time when their contribution to the Group's success is more important than ever.

Widening share ownership across the workforce has been another area of focus. The Committee oversaw the implementation of another Save As You Earn ("SAYE")

scheme, where it has also been resolved to grant on an annual basis, giving all eligible employees the opportunity to save towards the purchase of Filtronic shares at a discounted price, and to share directly in the value they help to create as the Group grows. The Committee views the SAYE scheme as an important incentive arrangement, extending the alignment between employee and shareholder interests well beyond senior management.

During the year, the Committee reviewed the annual bonus structure for FY2026 delivery and concluded that it should be broadened to include profit targets as well as revenue. The Committee considers this change appropriate given the Group's current growth phase as it ensures management is rewarded for translating the expanding order book and market opportunity into top-line growth, while retaining a clear link to profitable delivery and cost discipline, so that growth is not pursued at the expense of the Group's financial health.

The main activities of the Committee in FY2026 are set out in the table below. I hope you find the Directors' remuneration report gives a clear account of the Committee's approach and remuneration outcomes

Activities of the Remuneration Committee during the year

During the year, the Remuneration Committee discharged its responsibilities by:

Area of review	Activities undertaken
Executive Directors' and senior management remuneration	- Set the remuneration of the Executive Directors and senior management as part of the annual pay review. - Approved the pay of senior hires requiring oversight of the Committee. - Assessed and approved the FY2026 bonus outcomes. - Reviewed and approved the FY2027 performance-related bonus plan and assessed the performance criteria being set as an equal split of gross margin and adjusted EBITDA metrics. - Determined the performance targets for the 2027 annual bonus in line with The Group's strategic plans.
Share incentive plans	- Approved the grant of share options for key management and set stretching performance conditions based on share price growth. - Approved the issue of another SAYE scheme to all UK employees.
Governance	- Considered and approved the Directors remuneration report. - Reviewed and approved the remuneration policy. - Reviewed and approved the Committee's terms of reference.

for the year. We are committed to maintaining an open dialogue with shareholders with regards to remuneration and would welcome any comments or concerns, relating to this report, that shareholders may have.

In the year ahead, having reviewed the FY2026 bonus outcomes and consulted with the Executive Directors, the Committee has refined the annual bonus structure for the year ending 31 May 2027. The revised targets will measure performance against gross margin and adjusted EBITDA, subject to a minimum revenue gate. This ensures that continued top-line growth remains a precondition for any bonus award but with a focus on the quality of earnings and a clear link to overall Group profitability. The Committee believes this structure represents a deliberate evolution from the FY2026 approach, shifting the emphasis from straight revenue growth towards margin quality and profitability, to reward leveraging of the operational cost base and improve margins.

In line with the increase applied across the wider workforce, base salaries for the Executive Directors were increased by 3.5% with effect from 1 June 2026, reflecting the Committee's policy of applying a standard, consistent salary increase across the organisation rather than treating executive pay differently from that of the broader employee population. Full details of the remuneration policy, and how it will be implemented for the year ahead, are set out later in this report.

The 'Our People' section of this Annual Report and Accounts offers some greater insight into some of the additional benefits our Executive Directors and employees enjoy as well as some of the access to third-party services for support with health and wellbeing.

Pete Magowan
Chairman, Remuneration Committee
3 August 2026

Directors' remuneration policy

The objective of the Directors' remuneration policy is to attract, retain and incentivise a high calibre of Executive Director, Senior Management and Non-Executive Director who can direct the business and deliver the Group's core objective of growth in shareholder value, by building a business that is capable of delivering long-term, sustainable growth.

The Board has overall responsibility for the remuneration policy but delegates the operation of it to the Remuneration Committee ("the Committee") which is also responsible for ensuring our reward structure remains both competitive in our market and aligned with the interests of shareholders. It has spent a significant amount of time assessing the policy to ensure it aligns the interests of the Executive Directors and Senior Management with the Group's business strategy, growth ambition, culture and creation of long-term shareholder value. It is structured in compliance with Principle 9 of the QCA Code and ensures that appropriate incentives are in place to motivate and encourage enhanced performance, with rewards for contribution to the success of the Group being given in a fair and responsible manner. It supports and reinforces the desired corporate culture and aims to promote the right behaviours and decision making within the organisation.

Executive Directors and Senior Management

Pay structures for the Executive Directors and Senior Management have been implemented to be attractive to attract and retain whilst being aligned with shareholders' interests. To achieve this objective, remuneration packages are awarded with elements of fixed and variable pay with share incentives structured to help Executive Directors and Senior Management build and hold a meaningful shareholding in the company.

The table below summarises the key components of remuneration for Executive Directors and senior management:

Element	Objective and Link to Strategy	Operation	Opportunity	Performance Measures
Base Salary	To reflect the individual's skills and experience, providing a competitive base reward to recruit and retain people of the calibre needed to develop and deliver the Company's strategy.		While there is no maximum salary, any increase will typically be in line with those awarded to the wider employee population. The Remuneration Committee retains discretion to make exceptional salary increases in circumstances that it considers appropriate, for example: i) where the individual has been promoted or gains a clear increase in responsibility.	Base salary levels and corresponding increases are based on individual experience, skills and business performance along with competitiveness against similar companies.

Directors' remuneration report continued

Element	Objective and link to Strategy	Operation	Opportunity	Performance Measures
Base Salary (cont.)			ii) aligning pay with a market competitive rate. iii) There is a material change in the size or complexity of the business.	
Benefits	To provide market competitive benefits as part of a competitive total remuneration package.	Benefits include, but are not limited to, private healthcare, car allowance, life assurance and income protection.	The Remuneration Committee retains discretion to approve additional benefits taking into account the role and individual circumstances.	None.
Pension contribution	To provide a market competitive retirement benefit on the same basis as that available to other employees.	The Executive Directors are eligible to participate in the Group's defined contribution scheme. The Company has discretion to authorise cash payments in lieu of pension contribution.	The Group operates an employer matched plus 2% pension scheme for its UK employees, including the Executive Directors, up to a maximum of 8% of base salary if the employee contributes 6%.	None.
Annual Performance Related Bonus	To provide an incentive to deliver short-term stretching financial performance and growth targets.	Targets (financial and non-financial) are set and reviewed by the Committee annually. Actual bonus payable is determined by the Committee after the financial year-end, based on performance against these targets All employee bonuses are subject to malus and clawback provisions.	The bonus target is 50% of base salary in the case of both the CEO and the CFO, with the CEO able to earn a further 25% for achievement of personal objectives and the CFO a further 10% for achievement of personal objectives. Under the financial element of the annual bonus, threshold performance must be exceeded before any annual bonus becomes payable. The percentage payout then increases according to the level of achievement against targets. Bonuses start accruing from a minimum threshold at 20% to the maximum amount payable of 150% of bonus target for exceptional out performance.	The performance measures, weighting and targets are set annually by the Committee with reference to external expectations and internal financial forecasts.

Element	Objective and link to Strategy	Operation	Opportunity	Performance Measures
Employee Share Option Plan ("ESOP") and Long-Term Incentive Plans ("LTIP")	To drive and incentivise long-term value creation, support retention and promote share ownership by the Executive Directors.	The exercise price of the share option is generally set at the market price on the date of the grant other than in exceptional circumstances. Vesting of the option is conditional on achievement of pre-defined performance conditions, which the Committee considers to be appropriately stretching, and are measured over multiple financial periods. The Committee retains discretion to adjust the choice of performance measures to ensure they continue to be linked to the delivery of the Group's strategy.	The Committee has full discretion as to the participants of the scheme and the number of options granted to each participant.	Awards vest based on the achievement of performance measures. The performance criteria are financial and include measures such as share price growth and adjusted EBITDA. The Committee has discretion to adjust outcomes to ensure that payments accurately reflect underlying business performance over the period.
Participation in other all employee share-based plans including Save As You Earn ("SAYE")	To encourage all employees to make a long-term investment in share ownership of the Company in a tax-efficient way.	The Executive Directors can participate in the Company's SAYE scheme on the same terms as other UK employees. Options are periodically granted at a discount (currently up to 20%) to the market value of the share at the date of invitation. Awards may be adjusted to reflect a change in the capital structure of the company.	Up to the maximum monthly saving amount as permitted by HMRC.	N/A

Notes to the policy table

Performance measures and targets

It is the Board's intention to reward success. Therefore, the aim of the variable pay structure is to reward Executive Directors and Senior Management, over and above base salary, for the achievement of business objectives.

Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities in a given year. The Committee retains the ability to adjust performance measures or targets if events occur (such as a change in Group strategy, a material acquisition or a change in prevailing market conditions) which cause the Committee to determine that measures are no longer appropriate and that an amendment is required so that they achieve their original purpose.

Annual bonus

The bonus criteria is selected annually to reflect the Group's main KPIs for the year and are designed to

encourage continuous performance improvement for the Group.

Group financial performance targets relating to the bonus plan are set with reference to the Group's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year.

Share schemes

The Committee has determined that the performance metrics for the ESOP and LTIP scheme are share price growth and adjusted EBITDA performance over three financial periods to align business performance with the interests of the shareholders. Minimum and upper targets are set for achievement where vesting will only materialise if the lower target is met after the three years otherwise the share option will lapse. On achievement of the minimum threshold, the options vest at 50% of the total options granted and continue to vest on a straight-line basis until the upper target is achieved, at which point the maximum option potential will vest.



Directors' remuneration report continued

Limit on sale of share option

To promote share ownership of Executive Directors and Senior Management there is a restriction on the number of shares that can be sold in any six-month period to a maximum of 1% the total share capital of the Company.

Executive shareholding policy

Executive Directors are required to build up and retain a minimum shareholding in the Company equal to 200% of salary. A shareholding requirement promotes decision making that leads to the long-term sustainable success of the Company and aligns the interests to those of the Company's shareholders.

Only shares in the Company that are beneficially owned, both directly and indirectly, and not subject to outstanding performance conditions, are considered relevant shares for the purposes of this policy. Executive Directors are normally expected to reach the minimum shareholding requirement within 5 years of appointment as an Executive Director. Until the Executive has met the minimum shareholding requirement, they are expected to retain existing shares that count towards the shareholding requirement.

Remuneration policy for other employees

The approach to annual salary reviews is consistent across the Group, with consideration given to individual performance, skills, experience, responsibility, group performance, market conditions and salaries paid by similar companies. Pension participation is open to all employees and those enrolled receive life insurance and income protection (long-term incapacity benefit). UK employees are also invited to join the SAYE plan on the same terms as the Executive Directors.

Depending upon role and seniority, some employees may also benefit from private healthcare and inclusion in the Filtronic Annual Bonus Scheme. The level of participation in all bonus and share option schemes is determined by the Board via the Remuneration Committee in consideration of role, responsibility and individual performance contribution.

Consideration of AIM market practice

The Board aims to keep reward packages and policy in line with AIM market norms and will take soundings from time to time with external advisors to take account of changing governance requirements and tax policy in respect of scheme rules.

Consideration of shareholders' views

The Committee considers feedback received from all shareholders and seeks engagement to consult with major shareholders on key remuneration issues. The Committee engages proactively with shareholders and ensures that they are consulted in advance where there are any material changes to the remuneration policy or elements of it.

Recruitment remuneration policy

The Committee recognises the importance of attracting the best talent available to the Company to deliver the company strategy and long-term shareholder value.

The Company will, therefore, on recruitment or internal promotion, to Executive Director or Senior Management apply the remuneration policy in full. This includes making use of any, or all of the components of remuneration set out in the table above. The Committee retains discretionary authority to set first year annual bonus performance targets for new recruits different to those for the other participants, in order to reflect a commencement period after business plans have been set and to also offer at commencement the immediate participation in the share option scheme.

In determining appropriate remuneration for a new Executive Director or Senior Manager, the Committee takes into consideration all relevant factors including the quantum, nature of remuneration and jurisdiction from which the candidate was recruited to ensure that the pay arrangements are in the best interests of the Group and its shareholders.

The Committee may include additional elements of pay which it considers appropriate in circumstances which may include:

- Interim appointments;
- Non-Executive Directors taking on an executive function on a short-term basis; and
- Where the timing of the recruitment means that it would be inappropriate to provide a bonus or ESOP opportunity for the year, in which case the quantum in respect of the opportunity for the year of recruitment may be transferred to the subsequent year in order that reward is provided on a fair and appropriate basis.

However, the Committee's discretion is not unlimited. As noted above, salary, pension and benefits will be provided in line with the existing policy. The Committee may alter the performance measures and vesting periods of incentive remuneration and the deferral arrangements for the bonus or holding period for the share option to reflect the circumstances of the recruitment. The rationale for any exercise of this discretion will be explained in the following year's remuneration report.

In addition to the above elements of remuneration, the Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, to replace remuneration, benefits and/or incentive arrangements forfeited on leaving a previous employer.

External appointments

It is the Board's policy to allow each Executive Director to take up one non-executive position on the board of another company, subject to the prior approval. Any fee earned in relation to outside appointments is retained by the Executive Director. No such position is held by Michael Tyerman. Nat Edington currently has a Non-Executive role

with Concurrent Technologies PLC that he has held since joining the Company.

Directors' service agreements

The Executive Directors are employed under contracts of employment with the Group.

The Non-Executive Directors, including the Chairman, are retained under Letters of Appointment.

Executive Directors' contracts and Non-executive Directors' Letters of Appointment are available to view at the Company's Registered Office. Details of the service contracts currently in place for directors are as follows:

Non-Executive Directors

The policy table below summarises the key components of remuneration for the Chairman and Non-Executive Directors:

Element	Objective and link to strategy	Operation	Opportunity	Performance measures
Fees	To attract and retain high calibre individuals who have the experience to conduct both the statutory duties of a director, as well as advise on company strategy and oversee its implementation.	Fee reviews are conducted annually at the same time as the Executive Directors on 1 June of each financial year and consider economic conditions, market levels and the time commitment and contribution of each individual as well as the affordability for the Company. Fees are payable entirely in cash. Neither the Chairman nor the Non-Executive Directors are permitted to participate in the Company's performance-based incentive plans.	Increases to fee levels will typically be in line with market levels of inflation. In exceptional circumstances (eg. material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil the role of Non-Executive Director) the Board retains the discretion to make appropriate adjustments to fee levels to ensure they remain market competitive and fair to the director. Non-Executive Directors receive an additional fee for chairing a board committee.	N/A



Directors' remuneration report continued

Name	Executive service agreement appointment date	Key current terms	Notice period
Nat Edington Chief Executive Officer	Appointed to the Board on 13 May 2024	Base salary £279,000 Annual bonus Health insurance Long-term incentives Pension allowance	6 months
Michael Tyerman Chief Financial Officer	Appointed to the Board on 1 April 2016	Base salary £174,000 Annual bonus Health insurance Long-term incentives Pension	6 months

Name	Role	Non-Executive terms of appointment date	Fee	Notice period
Jonathan Neale	Chairman and Nominations Committee Chairman	Appointed to the Board on 15 November 2021	£80,000	6 months
Pete Magowan	Remuneration Committee Chairman	Appointed to the Board on 19 November 2018	£50,000	3 months
John Behrendt	Audit and Risk Committee Chairman	Appointed to the Board on 1 January 2021	£50,000	3 months

Exit payments

When determining any loss of office payment for a departing Executive Director or Senior Manager, the Committee will ensure that a consistent approach is adopted so that there is no reward for poor performance and the liabilities of the Group are minimised where appropriate.

The underlying principle to be applied is that payment to an individual shall be limited to their contractual

obligations and to honour any pre-established commitments with the exception that, for "good leavers" the committee will retain discretionary authority over the grant of pro-rata annual bonus, SAYE and ESOP awards.

No severance payment shall be made to any employee who is dismissed for serious breach of contract, serious misconduct or any acts or omissions that bring the Company into disrepute.

Annual bonus

Reason for leaving	Timing of vesting	Treatment of awards
"Good leaver" including redundancy, retirement etc	Usually paid at the same time as continuing employees. Pro rata payments may also be made early on compassionate grounds to a "good leaver".	Eligible for an award to the extent that performance targets are satisfied, and the award is pro-rated for the proportion of the financial year served.
"Bad leaver" including resignation, dismissal, etc	No annual bonus payable.	Not applicable.
Change of control	Paid immediately on the effective date of change of control.	Eligible for an award to the extent that performance targets are satisfied up to the change of control and the award is pro-rated for the proportion of the financial year served to the effective date of change of control.

Remuneration Report

Total single figure of remuneration for directors

The directors' total remuneration in respect of the year under review is shown below and compared to the previous year.

£000	Salary or fee		Bonus		Benefits		Long-term incentive		Total remuneration excluding pension contributions	
	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025
Executive Directors										
Nat Edington	270	260	145	240	22	22	347	347	784	869
Michael Tyerman	168	159	55	107	1	1	23	25	247	292
Non-Executive Directors										
Jonathan Neale	80	74	-	-	1	-	-	-	81	74
Pete Magowan	50	47	-	-	-	-	-	-	50	47
John Behrendt	50	47	-	-	-	-	-	-	50	47
Total	618	587	200	347	24	23	370	372	1,212	1,329

Notes to the single figure table of remuneration for directors

Taxable benefits

The Executive Directors are provided with private health insurance and life assurance whilst Nat Edington also receives an allowance in lieu of pension.

Incentive outcomes - FY2026

The Executive Directors were rewarded for delivering revenue and adjusted EBITDA targets aligned with the FY2026 Business Plan.

Annual performance-related bonus plan - FY2027

An annual performance-related bonus plan has been introduced for the year ending 31 May 2027 which will reward the Executive Directors and key management cash bonuses for delivering stretching gross margin and adjusted EBITDA targets aligned to the FY2027 business plan, whilst both Nat Edington and Michael Tyerman will also be incentivised on achievement of personal objectives that support the growth and development of the business, subject to the annual financial goals being met.

Nat Edington can earn up to a maximum of 100% of his base salary whilst Michael Tyerman can earn up to 85% of his base salary. Pay-out is determined by the Remuneration Committee which has discretion to vary the bonus based on performance.

Long-term incentives

The Executive Directors have long-term incentives as part of the Company's share option plan. More details relating to this can be found on page 64 in the 'Management share option scheme' section of the Directors' remuneration report.

Total single figure of pension benefits for directors

The Executive Directors' total pension benefits in respect of the year under review are shown below and are compared to the previous year.

	Pension contributions	
	FY2026 £000	FY2025 £000
Michael Tyerman	13	13
Total	13	13

Contributions were made to the Company's defined contribution scheme.

Nat Edington is not a member of the Company's pension scheme and opted to be paid an allowance in lieu of pension as an alternative.



Directors' remuneration report continued

Directors' and relevant senior management holdings of Filtronic shares

Directors are not required but are expected to have holdings in the ordinary share capital of the Company.

The interests of the directors, who were serving as at 31 May 2026, in the Company's ordinary shares, which excludes interests under the share option schemes, are set out below:

	FY2026		FY2025	
	Shares	%	Shares	%
Nat Edington	113,734	0.1%	113,734	0.1%
Michael Tyerman	250,000	0.1%	398,631	0.2%
Jonathan Neale	200,000	0.1%	265,151	0.1%
Pete Magowan	650,000	0.3%	750,000	0.3%
John Behrendt	170,000	0.1%	200,000	0.1%
	1,383,734	0.7%	1,727,516	0.8%

The above shareholdings include holdings of directors' connected parties.

Management share options scheme

The Executive Directors who were serving at 31 May 2026 held the following options over the ordinary shares of the Company:

	Plan	Year of grant	Exercise period	Option price	FY2026	FY2025
Nat Edington	ESOP	2024	04/09/2026—04/09/2033	17.25p	4,333,333	4,333,333
Michael Tyerman	ESOP	2021	24/06/2025—23/06/2031	11.12p	-	184,795
Michael Tyerman	ESOP	2023	04/09/2026—04/09/2033	17.25p	1,370,012	1,370,012
					5,703,345	5,888,140

There was no grant of options to the Executive Directors in the year.

The closing middle market price on 31 May 2026 was 390p, and on 31 May 2025 it was 125p. The range of middle market share prices during the year ended 31 May 2026 was 403p-70p.

There was no change in directors' interests between 31 May 2026 and 3 August 2026. The Company's register of directors' interests, which is open to inspection at the Registered Office, contains full details of directors' shareholdings.

Directors' report

The directors present their report together with the audited consolidated financial statements for the year ended 31 May 2026.

Going concern

The Group's business, and the factors likely to affect its future development, performance and position are set out in the Strategic report.

The revenue, trading results and cash flows are explained in the Financial review on page 14.

After a review of forecasts including projections of profitability and cash flows for the year to 31 May 2027 and a further two years, the directors believe that the Group has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the consolidated and Company financial statements. The basis of preparation, in note 1, provides more detail on this.

Directors and their interests

The directors of the Company during the year, and up to the date of signing this report, were as follows:

Executive Directors

Nat Edington (Chief Executive Officer)
Michael Tyerman (Chief Financial Officer)

Non-Executive Directors

Jonathan Neale (Chair)
Pete Magowan (Senior Independent Director)
John Behrendt

Details of directors' remuneration and interests in the share capital of the Company are set out in the remuneration report on page 55.

The Board adopted best practice, as recommended by the QCA Code 2023, so all the directors will stand for re-election at the Company's AGM.

Directors' indemnity

The Company has in place directors' and officers' liability insurance on behalf of its directors and officers in accordance with the provisions of the Companies Act.

Directors' conflicts of interest

There are no declarations to be made under Section 182 of the Companies Act 2006.

Financial results and dividend

The results for the year are set out in the income statement on page 72. The position at the end of the year is shown in the statement of financial position sheet on page 74.

The directors are not recommending payment of a dividend (2025: £nil).

Research and development expenditure

Research and development costs in the year are set out in the Financial Review on page 14.

Treasury policy

The Group's treasury policy aims to manage the Group's financial risk and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group. Note 35 sets out the particular risks to which the Group is exposed, and how these are managed.

Significant events and future developments

There have been no significant events since the reporting date. The Group's future developments are disclosed in the Strategic Report on pages 11 to 13.

Share capital

The Company's share capital consists of 0.1p ordinary shares. The rights and obligations attached to each share are equal. Each share carries the right to one vote at the Annual General Meeting of the Company and carries no right to fixed income. There are no limitations on holding or transfer of the shares. The Board has no powers to issue or buy back the Company's shares, other than those approved by the shareholders at the Annual General Meeting held in October 2025.

Substantial shareholdings

Up to 31 May 2026, the Company had been notified, by shareholders, in accordance with chapter 5 of the disclosure and transparency rules, of the voting rights they held as shareholders of the Company. An analysis of shareholders as at 31 May 2026 (as disclosed by shareholders via TR1) is set out in the table below. As at 31 May 2026, the Company had issued share capital of 219,942,723 ordinary shares of 0.1p each.

Top Investors

Rank	Investor	31 May 2026	%
1	David and Monique Newlands	17,552,500	7.70%
2	Canaccord Genuity Group Inc.	10,966,540	4.99%
3	Schroders PLC	10,908,184	4.96%
4	Dowgate Wealth Limited	9,429,557	4.29%
5	Diana Dixon	8,008,000	3.64%



Directors' report continued

Corporate governance

The Corporate governance statement can be found on pages 42 to 46 of this annual report and accounts.

Political and charitable contributions

No contributions were made for political purposes (2025: £nil).

The Group made charitable donations of £3,517 in the year (2025: £2,000).

Annual General Meeting

The Annual General Meeting of the Company will be held on 30 October 2026 at 11am at 1 Rosalind Franklin Way Netpark, Sedgefield, County Durham, TS21 3FR.

Full details of the business to be transacted at the meeting will be set out in the notice of the Annual General Meeting.

Renewal of authority to purchase the Company's shares

Last year, a resolution was passed at the Annual General Meeting to give the Company the authority to purchase its own Ordinary shares on the Stock Exchange. This authority expires eighteen months from the passing of the resolution. To avoid this authority expiring during the next year and the need to call an extraordinary general meeting to renew the authority, a resolution to renew the authority will be requested at the Annual General Meeting.

Under the terms of the resolution to be proposed at the Annual General Meeting, the maximum number of shares which may be purchased is 10% of the issued ordinary share capital of the Company. The minimum price payable by the Company for its ordinary shares will be 0.1p and the maximum price will be determined by reference to current market prices. The authority will automatically expire after a period of eighteen months from the passing of the resolution unless renewed.

It is not the Directors' current intention to exercise the power to purchase the Company's ordinary shares, but they believe that under certain circumstances it would be in the Company's best interests to do so.

The Directors consider the resolutions to be proposed at the meeting are in the best interests of the Company and its shareholders. Therefore, they unanimously recommend that all shareholders vote in favour of the resolution at the Annual General Meeting as they intend to do in respect of their beneficial holdings.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company

financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board

Michael Tyerman
Chief Financial Officer
3 August 2026

Independent auditors' report to the members of Filtronic plc

Opinion

We have audited the financial statements of Filtronic plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 May 2026, which comprise:

- the Consolidated income statement and Consolidated statement of comprehensive income for the year ended 31 May 2026;
- the Consolidated and Company statement of financial position as at 31 May 2026;
- the Consolidated and Company statements of changes in equity for the year then ended;
- the Consolidated and Company cash flow statements for the year then ended; and
- the notes to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

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 May 2026 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- 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 listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- Assessing Director's base case and severe but plausible downside cash flow forecasts, including challenging management on the key assumptions underpinning the models, which included sales forecasts, margin performance and working capital assumptions;
- Considering the mitigating actions included in the severe but plausible downside scenario to consider whether they reflected actions within management's control, as well as any costs associated with implementing these mitigating actions;
- Reviewing historic trading results and 'looking back' to compare them with management's original budget for the relevant period, to consider management's historical forecasting accuracy;
- Testing the mathematical accuracy and integrity of management's model;
- Performing additional sensitivity analysis of management's severe but plausible case; and
- Considering the disclosures provided in the financial statements with respect to going concern for consistency with the models that were subject to audit.

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 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.

Overview of our audit approach

Materiality

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



Independent auditors' report to the members of Filtronic plc continued

Based on our professional judgement, we determined overall materiality for the financial statements as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	£577,000 (2025: £775,000)	£154,000 (2025: £74,000)
How we determined overall materiality	5.2% of average of last two years Group EBITDA	1.5% of total assets
Rationale for benchmark applied	EBITDA was selected as the basis for materiality. The key considerations supporting our judgement for selection of this benchmark were: • EBITDA is a key metric of user focus. • Volatility of results in recent years • Consistency with materiality levels applied in previous audits.	Total assets was selected as the basis for materiality. This was due to the Company's main operations being that of a non-trading holding company.
Performance materiality	£404,000 (2025: £543,000)	£108,000 (2025: £52,000)
How we determined 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. Both Group and Parent Company measures represent 70% (2025: 70%) of overall materiality.	
Reporting threshold	We agreed with the Audit Committee to report to it all identified errors in excess of £28,850 (2025: £38,750). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.	

Overview of the scope of our audit

We performed our scoping of the Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls. We developed our Group audit plan by assessing the qualitative and quantitative risk characteristics of each significant classes of transactions, account balances and disclosures. We considered the relative contribution of each component to the financial statement line items to determine which components would be subject to audit procedures. Based on this assessment our work was focussed on three material components, which are Filtronic plc, Filtronic Broadband Limited and Filtronic Wireless Inc. We performed a full scope audit of the complete financial information to component materiality. For the remaining components, we performed analytical reviews and other audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements, either because of the size of these accounts or their risk profile. We also audited the consolidation process.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition Risk of fraud in revenue recognition We identified risk of fraud in revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. The Group generated total revenue of £55.5m (see note 3) which is recognised either at a point in time or over the period of time that the engineering service is performed. Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. Revenue recorded by the Group is also one of the key determinants of Adjusted Earnings before Interest, tax, depreciation and amortisation, which is the primary financial Key Performance Indicator ("KPI") for the Group. We have assessed this risk to reside primarily within revenues recognised at a point in time. We have pinpointed the occurrence and cut-off of revenue recognised in the period. There is an increased risk that these revenues did not occur if they fall outside of the expected transaction flow, or where they have not been paid.	In responding to the key audit matter, we performed the following audit procedures: • Updated our understanding of processes and controls relevant to revenue recognition. We performed walkthrough to assess the design and implementation of these controls; • Performed sample testing of revenue transactions, where revenue is recognised at a point in time, through agreement to relevant supporting documentation, such as proof of delivery to assess that revenue was only recognised once the performance obligation had been met; and • Performed sample testing of sales around the year-end and post-year-end, including post year-end credit notes raised, to determine whether the associated revenue was recognised in the correct period
Capitalisation of development costs amounting to £2.3m during the period Within the intangible assets held by the group (see note 14 of the consolidated financial statements), there are material balances relating to internally generated, capitalised development costs. The process of correctly identifying and capitalising this development expenditure in the year requires the critical application of judgement by management, and as such is considered a key audit matter.	We have gained an understanding of the group's process and controls around the capitalisation and carrying value of development costs. We have reviewed and challenged management's assessment of whether additions met the criteria for capitalisation and whether brought forward developments continued to meet the criteria for capitalisation. We corroborated a sample of the amounts capitalised in the year to supporting documentation including invoices for external costs and an approximate evaluation of internal resource/time capitalised. We reviewed management's assessment of capitalisation criteria in order to conclude if this was appropriate in accordance with IAS38.

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



Independent auditors' report

to the members of Filtronic plc continued

Other information

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 66, 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 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 these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group and Company operates. We also considered and obtained an understanding of the UK legal and regulatory framework which we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management including misstatement of revenue and misstatement of development costs. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, identifying and testing journal entries meeting specific fraud criteria, including

those posted to certain account combinations. We also reviewed and challenged accounting estimates, judgements and assumptions used by management, in order to verify that the calculations and models were reasonable and free of biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations. A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Michael Jayson (Senior Statutory Auditor)
for on behalf of Crowe U.K. LLP
Chartered Accountants and Statutory Auditors
Manchester
3 August 2026



Consolidated income statement

for the year ended 31 May 2026

	Note	2026 £000	2025 £000
Revenue	3	55,529	56,318
Adjusted earnings before interest, taxation, depreciation, amortisation			
share-based payments and share warrant charge		11,257	17,011
Amortisation of intangible assets	14	(586)	(537)
Depreciation of property, plant and equipment and right of use assets	16	(2,359)	(1,315)
Share warrant charge	28	(3,504)	(1,303)
Share-based payments	31	(837)	(414)
Operating profit	4	3,971	13,442
Finance costs	10	(486)	(268)
Finance income	11	275	213
Profit before taxation		3,760	13,387
Taxation	12	797	662
Profit for the year		4,557	14,049
Basic earnings per share	13	2.07p	6.42p
Diluted earnings per share	13	1.78p	6.05p

The profit for the year is attributable to the equity shareholders of the Parent Company, Filtronic plc.

The notes on pages 77 to 106 form part of these financial statements.

Consolidated statement of comprehensive income for the year ended 31 May 2026

	Note	2026 £000	2025 £000
Profit for the year		4,557	14,049
Other comprehensive income			
Items that are or may be subsequently reclassified to profit and loss:			
Currency translation movement arising on consolidation		5	(154)
Total comprehensive income for the year		4,562	13,895

The total comprehensive income for the year is attributable to the equity shareholders of the Parent Company, Filtronic plc.

All income recognised in the year was generated from continuing operations.

The notes on pages 77 to 106 form part of these financial statements.



Consolidated statement of financial position

as at 31 May 2026

	Note	2026 £000	2025 £000
Non-current assets			
Goodwill and other intangible assets	14	5,442	3,507
Right of use assets	15	6,383	4,546
Property, plant and equipment	16	13,054	4,508
Contract assets	20	-	1,302
Deferred tax assets	17	2,810	1,754
		27,689	15,617
Current assets			
Inventories	18	3,930	4,010
Trade and other receivables	19	19,370	12,169
Contract assets	20	1,302	3,504
Cash and cash equivalents		12,905	14,494
		37,507	34,177
Total assets		65,196	49,794
Current liabilities			
Trade and other payables	21	8,877	9,119
Provisions	22	687	516
Deferred income	23	8,629	851
Tax liabilities	24	286	-
Lease liabilities		1,398	1,112
		19,877	11,598
Non-current liabilities			
Deferred income	23	194	247
Lease liabilities	25	4,245	2,573
		4,439	2,820
Total liabilities		24,316	14,418
Net assets		40,880	35,376
Equity			
Share capital	26	10,801	10,800
Share premium	27	11,458	11,354
Share warrant reserve	28	6,109	6,109
Translation reserve		(671)	(676)
Retained earnings		13,183	7,789
Total equity		40,880	35,376

The total equity is attributable to the equity shareholders of the Parent Company, Filtronic plc.
Company number 2891064.

The notes on pages 77 to 106 form part of these financial statements. The financial statements on pages 72 to 106 were approved by the Board of Directors on 3 August 2026 and signed on its behalf by

Nat Edington
Chief Executive Officer
3 August 2026

Consolidated statement of changes in equity for the year ended 31 May 2026

	Share capital £000	Share premium £000	Share warrant reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 June 2024	10,798	11,213	2,605	(522)	(6,674)	17,420
Profit for the year	-	-	-	-	14,049	14,049
Currency translation movement arising on consolidation	-	-	-	(154)	-	(154)
Share-based payments	-	-	-	-	414	414
New shares issued	2	141	-	-	-	143
Share warrants issued	-	-	3,504	-	-	3,504
Balance at 31 May 2025	10,800	11,354	6,109	(676)	7,789	35,376
Profit for the year	-	-	-	-	4,557	4,557
Currency translation movement arising on consolidation	-	-	-	5	-	5
Share-based payments	-	-	-	-	837	837
New shares issued	1	104	-	-	-	105
Balance at 31 May 2026	10,801	11,458	6,109	(671)	13,183	40,880

The notes on pages 77 to 106 form part of these financial statements.



Consolidated cash flow statement

for the year ended 31 May 2026

	2026 £000	2025 £000
Cash flows from operating activities		
Operating profit	3,971	13,442
Share warrant charge	3,504	1,303
Share-based payments	837	414
Depreciation of property, plant and equipment and right of use assets	2,359	1,315
Amortisation of intangible assets	586	537
Movement in inventories	69	(797)
Movement in trade and other receivables	(7,208)	(5,671)
Movement in trade and other payables	(1,437)	3,762
Movements in provisions	1,375	24
Change in deferred income	7,724	(437)
Tax paid	27	(49)
Net cash generated from operating activities	11,807	13,843
Cash flows from investing activities		
Capitalisation of development costs	(2,303)	(1,496)
Acquisition of other intangible assets	(226)	(277)
Acquisition of property, plant and equipment	(10,312)	(3,835)
Acquisition of right of use assets	-	(177)
Interest received	275	163
Net cash used in investing activities	(12,566)	(5,622)
Cash flows from financing activities		
Interest paid	(476)	(268)
Proceeds from financing agreements	718	137
Exercise of employee share options	105	143
Repayment of principal element of lease liabilities	(1,196)	(915)
Net cash used in financing activities	(849)	(903)
Movement in cash and cash equivalents	(1,608)	7,318
Currency exchange movement	19	(39)
Opening cash and cash equivalents	14,494	7,215
Closing cash and cash equivalents	12,905	14,494

The notes on pages 77 to 106 form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 May 2026

1 Material accounting policies

Reporting entity

Filtronic plc is a public company limited by shares registered in England and Wales, domiciled in the United Kingdom, and listed on AIM on the London Stock Exchange. The principal activity of the Company is design, development and manufacture of high performance Radio Frequency ("RF") technology.

Basis of preparation

The Company and consolidated financial statements for the year ended 31 May 2026 have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention except for forward foreign exchange contracts that are accounted for on a fair value basis.

The accounting policies have been applied consistently throughout the Group.

Going concern

In accordance with corporate governance requirements and the statement of directors' responsibilities, and as disclosed in the Directors' Report, the directors have undertaken a review of forecasts and the Group's cash requirements to consider whether it is appropriate that the Group continues to adopt the going concern assumption.

At 31 May 2026, the Group had cash at bank of £12.9m and access to an undrawn revolving credit facility of £10m. Details of this facility can be found in note 35.

As referred to in the Strategic report, the Board recognises the uncertain economic and political environment that the world faces and has reviewed the business outlook to reflect this uncertainty. Cash flow forecasts have been prepared to model various scenarios over a three-year period based on the Group's financial and trading position, principal risks and uncertainties and strategic plans.

A downside scenario was modelled, to stress-test the business forecast, where programme curtailment and/or delays may adversely affect forward-looking demand to levels lower than those initially modelled in the base case scenario including reduced demand from a major customer.

A severe but plausible scenario was also modelled that took the downside scenario and suffered severe programme delays on new product introductions.

The scenarios modelled including the severe but plausible model, demonstrate the Group has adequate cash for the next twelve months from the date of the approval of the accounts.

The directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to adopt the going concern basis to prepare the financial statements.

Basis of consolidation and foreign currency translation

The financial statements consolidate the income statements, statement of financial position and cash flow statements of the Company and all of its subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. This includes the power to govern the financial and operating policies. In assessing control, the Group takes into consideration potential voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are not consolidated from the date that control ceases. Intragroup transactions and balances are eliminated on consolidation.

On consolidation, the financial statements of subsidiaries with a functional currency other than sterling are translated into sterling as follows:

- The assets and liabilities in their statement of financial position plus any goodwill are translated at the rate of exchange ruling at the statement of financial position date; and
- The income statements and cash flow statements are translated at the average rate of exchange each month in the financial year, which approximates the rate of exchange ruling at the date of the transactions. Any exchange difference is included in the Consolidated statement of comprehensive income.

Currency translation movements arising on the translation of the investments in foreign subsidiaries are recognised in the translation reserve, which is a separate component of equity.

The functional currency of each Group company is the currency of the primary economic environment in which the Group company operates. The financial statements are presented in sterling which is the functional and presentational currency of the Company.

Material accounting policies (continued)



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

- 1** Transactions denominated in foreign currencies are translated into the functional currency of each Group company at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the statement of financial position date.

Foreign exchange gains and losses arising on the settlement of such transactions and translation of monetary assets and liabilities are recognised in the income statement.

Revenue

IFRS 15 establishes principles for determining when and how revenue arising from contracts with customers should be recognised. Filtronic recognises revenue when it transfers goods or services to a customer with an amount of consideration expected to be received in exchange for fulfilling the performance obligation with the customer.

The Group reviews all income streams against the requirements of IFRS 15. Management undertakes an assessment of all contracts and revenue streams across the business using the five-step approach specified by IFRS 15:

- 1) Identify the contract(s) with the customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognise revenue when (or as) a performance obligation is satisfied.

In determining the appropriate method of recognising revenue, management is required to make judgements as to whether performance obligations are satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made as to whether the output method or the input method is more appropriate to measure progress towards complete satisfaction of the performance obligation. If performance obligations are not satisfied over time, the Group recognises revenue at a point in time.

Revenue is measured at the fair value of consideration received or receivable for goods and services provided or performed in the normal course of business net of value added tax or sales tax. The nature of our revenue is disclosed below:

Revenue relating to finished goods product

Sales of finished goods to customers are recognised when control of the product has transferred to the customer and the performance obligation has been satisfied at a point in time. This is usually when title passes, either on shipment or on receipt of goods depending on the delivery terms of the customer contract. The transaction price is specified in the customer contract.

SpaceX warrant revenue: As part of the strategic partnership agreement signed with SpaceX in April 2024 and March 2025, the Company issued warrants under a share warrant agreement tied to placement of orders from SpaceX. These warrants represent both a derivative financial instrument, accounted for initially at fair value in equity in accordance with IAS 32 and IFRS 9, and non-cash consideration payable to a customer under IFRS 15. The non-cash consideration is initially measured at fair value and amortised to revenue as a reduction over the vesting period. For more information, refer to Note 28.

Revenue relating to non-recurring engineering ("NRE")

NRE comprises contracts to provide engineering services, such as the design and development of a product, funded by the customer. The transaction price of the contract is known from inception of the contract. Each contract is reviewed to identify the number of distinct performance obligations and the transaction price is assigned accordingly, usually by the value of work performed on an output method basis; outputs are typically milestones within the development such as design reviews, reports and prototype products. Based on the performance of the obligations in the contract being met, revenue is recognised over time. If relevant, an expected loss on a contract is recognised immediately in the income statement.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets is measured at cost less accumulated impairment losses. Goodwill, which is allocated to cash-generating units, is tested for impairment at least annually and also when there is an indication of impairment. The goodwill carrying value is written down to its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1 Material accounting policies (continued)

Internally-generated intangible assets

All research costs are expensed as incurred.

Development costs chargeable to the customer are recognised as an expense in the same period as the associated customer revenue.

Development costs incurred on projects requiring product qualification tests to satisfy customer specifications are generally expensed as incurred, reflecting the technical risks associated with meeting the resultant product qualification test.

Development costs incurred on projects are capitalised where:

- 1) The technical feasibility can be tested against relevant milestones;
- 2) The probable revenue stream foreseen over the life of the resulting product can support the development; and
- 3) Sufficient resources are available to complete the development.

These capitalised costs are amortised on a straight-line basis over the expected life of the associated product. The estimated useful lives for the current and comparative periods are:

- Capitalised development costs 1 to 6 years

This amortisation period is based on the expected economic life of the internally-generated intangible asset where it is expected to generate revenue.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Software licence 4 to 5 years

Impairment charges

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing the fair value less cost to sell ("FVLCTS"), an estimated market multiple is determined and applied to the forecast EBITDA of the cash generating unit ("CGU").

For the purposes 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 "CGU"). For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

1 Material accounting policies (continued)

Right of use assets and lease liabilities

The Group assesses whether a contract is a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets which includes the Group's leased office equipment such as printers. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or the incremental borrowing rate. This is the rate when it is not possible to determine the interest rate in the lease and represents what we would have to pay for a loan of a similar item and term of repayment. The lease liability is subsequently increased by the interest cost on the lease and decreased by payments made. In the event of a change in future lease payments, the lease liability will be remeasured and the difference recognised in the right of use asset.

The Group remeasures the lease liability and makes a corresponding adjustment to the right of use asset whenever there has been a lease payment change, the lease contract is modified or any other significant event.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, and subsequently at cost less accumulated depreciation and impairment losses. The right of use asset is depreciated over the shorter of the period of the lease term and useful life of the underlying asset. Where there is reasonable certainty the Group will purchase the asset at the end of the lease, the asset is depreciated over the useful life. The depreciation starts at the commencement date of the lease.

Where property leases contain a break option the value of the lease liability and right of use asset recognised on the statement of financial position requires judgement to determine the lease term. The Group recognises the full term of the lease, ignoring the break option, as invariably the option will not be exercised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

- | | |
|-----------------------------|-----------------|
| • Fixtures and fittings | 2 to 10 years |
| • Plant and equipment | 3 to 10 years |
| • Computer hardware | 2 to 4 years |
| • Assets under construction | Not depreciated |

Property, plant and equipment are tested for impairment when there is an indication of impairment. If impaired, the carrying values of the assets are written down to their recoverable amounts.

Assets under construction are recorded at cost and are not depreciated. Upon the completion of the construction, assets will be transferred to the relevant category of property, plant and equipment and will begin depreciating in line with the accounting policies above.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Consolidated Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit; or if at the time of the transaction, they do not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1 Material accounting policies (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when

- it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income;
- it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and sale. Inventory, including work in progress, costs comprise direct materials only. Cost is stated in the consolidated statement of financial position at standard cost, revalued to actual cost, based on a first in-first out basis.

Provision is made for obsolete, slow moving or defective materials where appropriate. This is reviewed monthly.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods and services performed in the ordinary course of business. They are initially recorded at the transaction price and thereafter measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term bank deposits with an original maturity of three months or less.

Warranty provision

A provision is recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A warranty provision is recognised when products are sold based on historical warranty data. The level of warranty provision required is reviewed on a product-by-product basis and adjusted accordingly in light of actual experience.

Dilapidations and onerous leases

A provision for dilapidations and onerous leases is recognised in the statement of financial position on a lease-by-lease basis and is based on the Group's best estimates of the required cost to settle the relevant obligations.

Grants

Capital-based grants, when present, are included within deferred income in the statement of financial position and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Grants that compensate the Group for expenses incurred are recognised in the profit or loss account as other operating income on a systematic basis in the same periods in which the expenses are recognised.

Financial liabilities

Financial liabilities comprise interest bearing borrowings and are initially recognised at fair value and subsequently measured at amortised cost with any net gains or losses, including any interest expense, recognised in profit or loss.

Share capital

Ordinary shares issued are classified as share capital in equity.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

1 Material accounting policies (continued)

Share-based payments

The Group operates equity settled share option schemes, under which share options are granted to certain employees. The fair value of the share options at the date of grant was calculated using an option pricing model, taking into account the terms and conditions applicable to the option grant.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price); and
- excluding the impact of any non-market performance vesting conditions (e.g. profitability, sales growth targets).

The fair value of the number of share options expected to vest is expensed in the income statement on a straight-line basis over the expected vesting period. During each reporting period, these vesting expectations are revised as appropriate. A credit is made to equity equal to the share-based payment charge in the financial year.

Defined contribution pension schemes

Defined contribution pension schemes are operated for employees. Contributions are recognised as an expense in the income statement as incurred.

Forward currency contracts

Forward currency contracts are held at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the consolidated income statement.

Accounting developments and new standards

Standards adopted in the year:

Amendments to IAS 21: Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025). These amendments introduce guidance on determining the exchange rate when a currency is not exchangeable into another currency.

The Group has assessed the amendments and concluded that they have no impact on its consolidated financial statements because the Group does not operate in jurisdictions where exchangeability issues arise.

Standards, amendments and interpretations to published standards not yet effective:

The Directors have considered those standards and interpretations, which have not been applied in the financial statements but are relevant to the Group's operations, that are in issue but not yet effective.

IFRS 18: Presentation and Disclosure in Financial Statements is effective from 1 January 2027 and will replace IAS 1. This new standard aims to enhance transparency in financial statements. The key changes introduced by IFRS 18 include the addition of new categories in the statement of comprehensive income, the requirement for mandatory subtotals and the inclusion of more detailed disclosures. These changes are designed to provide clearer and more comprehensive financial information to users of financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

The Group will apply the new standard from its mandatory effective date of 1 January 2027 which makes it applicable for the year-ending 31 May 2028. Retrospective application is required, and so the comparative information for the financial year ending 31 May 2027 will be restated in accordance with IFRS 18.

IFRS 19: Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027) issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. This is not expected to impact the Company or its subsidiaries.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. This is not expected to materially impact the Group.

2 Accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates and judgements, that affect the application of accounting policies, which are described in note 1, and reported amounts of assets and liabilities, income and expenses. The directors are required to make accounting estimates and judgements which are continually evaluated. They are based on historical experience and other factors, including expectations and best estimates of the future, that are believed to be reasonable under the circumstances. Actual results may differ from the expected results.

Key sources of estimation uncertainty

The key estimates concerning the future, that have a significant effect on the financial statements are considered below:

Goodwill and other intangibles - impairment

Goodwill and other intangibles are tested for impairment by reference to the expected cash generated by the cash generating unit ("CGU") or group of CGUs. This is deemed to be the best approximation of value, but is subject to the same uncertainties as the cash flow forecast being used. The forecasts comprise forecasts of revenue, material costs and overhead costs based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most of its costs, significant elements of the revenue forecasts are inherently linked to global demand where uncertainty about both the timing and level of growth remains, which is a key sensitivity.

Capitalised development costs - impairment

Intangible assets include development cost assets which have been reviewed for impairment as at the reporting date.

The recoverable amount of each technology development project has been determined based on value in use calculations, using cash flow projections in line with the expected useful economic life of each asset. The value in use calculations are based on management approved risk-adjusted cash flow forecasts for each project and have been discounted using a pre-tax discount rate of 11.7%.

The key assumptions used in the cash flow projections relate to revenue and gross profit margin for each technology and are based on assumptions about expected customer demand which is inherently linked to the global demand for the technology under development where the timing and level of demand is subject to uncertainty. The Group has carried out a sensitivity analysis on the impairment tests of each of these projects, using various reasonably possible scenarios and concluded there to be no impairment risk.

Deferred tax asset

The recognition of deferred tax assets relating to tax losses carried forward depends on forecasts of the future taxable profits of the Company and its subsidiaries. The Group has assessed the recoverability of its deferred tax assets by reference to Board approved budgets and cash flow forecasts. These forecasts require the use of estimates and judgements about the future performance of the Company and its subsidiaries using the current order book, forecasts and market knowledge.

The directors have made a judgement in recognising an asset to the extent that it is probable that there will be sufficient taxable profits to utilise them against and this is based on a probability rating of the likelihood to achieve future forecasted profits.

Deferred tax assets have been recognised so a change to forecast customer demand would impact on the amount of deferred tax asset recognised. A 10% forecast reduction in the profitability of these subsidiaries would see deferred tax asset recognition reduce by an additional £159,000.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

2 Accounting estimates and judgements (continued)

Warranty provision

The Group makes estimates in calculating the warranty provision for existing commitments arising from past events. In estimating the provision, the Group makes judgements as to the quantum and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, the warranty provision has to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Group makes use of management experience, precedents and any specific contract and customer information.

Critical judgements in applying the Group's accounting policies

The critical accounting judgements in applying the Group's accounting policies are considered below and are the judgements that have the most significant effect on the amounts recognised in the financial statements.

Development costs

Development costs are capitalised in accordance with the accounting policy in note 1 if it meets the criteria as per IAS 38. Initial capitalisation of costs is based on management's judgement whether the criteria of IAS 38 is satisfied, when the technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone and there is commercial interest in the product. As part of this judgement process, management establish future demand relating to the product, evaluate the development plans to complete the product and establish where the development is positioned on the Group's technology roadmap. The directors apply judgement in the review of costs capitalised to determine whether any impairment should be recognised. The directors also apply judgement in their review of impairment of its development costs and assesses this on a regular basis to ensure that any costs still capitalised continue to be commercially viable.

Share warrants

The share warrants issued to SpaceX meet the definition of a derivative instrument under IAS 32 which requires the derivative to be classified as either an equity derivative or a financial liability. The key judgement for management to consider is whether the instrument meets the fixed-for-fixed criteria, as set out in the standard, which determines whether it is an equity instrument or a financial liability. To determine the classification as equity or a financial liability, management considered whether:

- there is an obligation to deliver a fixed number of the equity instrument; and
- if it will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments.

The key judgement considered in making the assessment was whether to assess the number of shares to be issued in each tranche in isolation as a discrete item (in which case, a fixed number of shares may be considered to be issued) or whether to aggregate the number of shares to be issued as a variable number. Further information on these judgements can be found in note 28.

3 Segmental analysis

Operating segments

IFRS 8 requires consideration of the identity of the chief operating decision maker ('CODM') within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Board, who reviews internal monthly management reports, annual business plans and forecast information as part of this. Accordingly, the Board is deemed to be the CODM.

The CODM has identified one operating segment within the Group as defined under IFRS 8. In turn, this is the only reportable segment of the Group as the entities in the Group have similar products and services, production processes and economic characteristics. Therefore, there is no allocation of operating expenses, profit measures or assets and liabilities to specific commercial markets.

Accordingly, the CODM assesses the performance of the operating segment on financial information which is measured and presented in a manner consistent with those in the financial statements by reference to Group results against budget.

The Group profit measures are operating profit and adjusted EBITDA, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

The Group has two customers representing individually over 10% of revenue each and in aggregate 78% of revenue. This is split as follows:

- Customer A - **68%** (2025: 83%)
- Customer B - **10%** (2025: 6%)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and the nature of revenue recognised. Segment assets are based on the geographical location of the assets.

	2026 £000	2025 £000
Revenue by destination		
United Kingdom	6,718	3,946
Europe	2,821	1,205
Americas	45,865	51,163
Rest of the world	125	4
	55,529	56,318

	2026 £000	2025 £000
Split of non-current assets by location		
United Kingdom	27,282	15,004
Americas	407	613
	27,689	15,617

Non-current assets relate to goodwill and other intangible assets, right of use assets, property, plant and equipment, contract assets and deferred tax.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

4 Operating profit

	2026 £000	2025 £000
Revenue from the sale of goods and services	53,781	54,603
Revenue from Non-Recurring Engineering ("NRE") projects	5,252	3,018
Share warrant charge	(3,504)	(1,303)
Revenue	55,529	56,318
Cost of goods sold including materials and product warranty	26,446	21,855
Wages and salaries	13,688	10,316
Social security costs	1,487	1,019
Pension costs	893	560
Bonus	1,135	1,354
Temporary employees	577	900
Share options expense	837	414
Staff costs	18,617	14,563
Amortisation	586	537
Depreciation	2,359	1,315
Depreciation and amortisation	2,945	1,852
Other operating income	(1,643)	(446)
Other expenses	5,193	5,052
Total operating costs	25,112	21,021
Operating profit	3,971	13,442

Development costs of £2,303,000 were capitalised in the year (2025: £1,496,000).

Other operating income relates to grants received for plant and machinery, R&D innovation grants and R&D tax credits, which are anticipated to be claimed under the merged R&D scheme and consequently recognised in other operating income.

The share warrant charge relates to the amortisation of contract assets. Further information can be found in note 28.

5 Operating items

	2026 £000	2025 £000
Operating profit is stated after charging/(crediting):		
Depreciation of right of use assets	1,350	972
Depreciation of property, plant and equipment	1,009	343
Research and development costs in the income statement excluding amortisation	7,029	5,185
Amortisation of development costs	452	440
Amortisation of other intangible assets	134	97
Foreign exchange gain	(245)	(237)

6 Auditors' remuneration

The Company's auditor is Crowe U.K. LLP. The auditors' remuneration was as follows:

	2026 £000	2025 £000
Company auditor:		
Audit of the Group and Company financial statements	54	46
Company auditor and their associates:		
Audit of subsidiaries' financial statements pursuant to legislation	41	35
	95	81

7 Employees

The average number of employees comprised:

	2026 Number	2025 Number
Manufacturing	94	84
Research and development	80	56
Sales	9	7
Administration	21	18
	204	165



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

8 Compensation of directors

Details of the remuneration, pension entitlements and share options of the individual directors are set out in the Directors' remuneration report on pages 55 to 64. The compensation of the directors was:

	2026 £000	2025 £000
Salary or fees	618	587
Bonus	200	347
Benefits	24	23
Long term incentives	370	372
Total remuneration excluding pension contributions	1,212	1,329
Pension contributions	13	13
	1,225	1,342

The Directors' remuneration is paid through the Company.

The schedule 5 disclosure requirements are included in the Directors' remuneration report in the table entitled 'Total, single figure of remuneration for directors' and the table entitled 'Total single figure of pension benefits for directors'.

9 Related party transactions

Identity of related parties

The Company has a related party relationship with its subsidiaries and with its directors.

Transactions with subsidiaries

The main transactions between the Company and its subsidiaries are management administration recharges to its subsidiaries of £2,882,000 (2025: £2,361,000) and a royalty charge of 1% of filters product sales to Filtronic Wireless Limited of £80,000 (2025: £36,000). These intercompany transactions are eliminated on consolidation.

The Company also acts as a central service to distribute money around the Group to ensure subsidiaries are adequately funded to meet obligations and to invest funds from subsidiaries where surplus cash exists. The total figures for these transactions along with the management and royalty charge can be seen in notes 9 and 11 through the movement in the Company's intercompany receivables and payables.

The amount outstanding from subsidiary undertakings to the Company at 31 May 2026 totalled £8.2m (2025: £5.7m). Amounts owed to subsidiary undertakings by the Company at 31 May 2026 totalled £2.8m (2025: £2.8m).

Transactions with key management personnel

Key management personnel are considered to be the Executive Directors of the Company. The remuneration given to these individuals is disclosed in the Directors' remuneration report.

10 Finance costs

	2026 £000	2025 £000
Interest expense for lease arrangements	476	268
Revaluation of foreign currency denominated intercompany balance	10	-
	486	268

11 Finance income

	2026 £000	2025 £000
Revaluation of foreign currency denominated intercompany balance	-	50
Interest receipt on treasury deposits	275	163
	275	213

12 Taxation

	2026 £000	2025 £000
Recognised in the income statement		
Current tax charge		
Overseas taxation in the financial year	6	13
Total current tax charge	6	13
Deferred tax credit		
Origination and reversal of temporary differences	(803)	(675)
Total deferred tax credit	(803)	(675)
Taxation credit	(797)	(662)

The reconciliation of the effective tax rate is as follows:

	2026 £000	2025 £000
Profit before taxation	3,760	13,387
Profit before taxation multiplied by the average standard rate of corporation tax in the UK (25%) (2025:25%)	940	3,347
Disallowable items	798	838
Deferred tax asset not recognised	148	-
Enhanced R&D tax credit	-	(360)
Foreign tax not at UK rate	6	13
Group relief from previously unrecognised deferred tax assets	-	(144)
Recognition of deferred tax asset	-	(707)
Recognition of previously unrecognised deferred tax assets	(2,689)	(3,649)
Taxation credit	(797)	(662)

The main rate of UK corporation tax is 25% for companies with profits above £250,000. The US federal corporate tax rate is 21%.

The deferred tax assets recognised in the year have been calculated at the rates expected to be in existence in the period of reversal.



Notes to the consolidated financial statements continued for the year ended 31 May 2026

13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares issued during the year.

Diluted earnings per share is calculated by adjusting basic earnings per share for the potential dilution from share options and share warrants. For the purposes of the diluted earnings per share calculation, it is assumed that all performance conditions attached to the share option schemes have been met as of the reporting date.

The weighted average number of shares in issue during the year and the resulting earnings per share calculations are as follows:

	2026 £000	2025 £000
Profit for the year	4,557	14,049
	'000	'000
Basic weighted average number of shares	219,797	218,854
Dilution effect of share options and share warrants	36,603	13,389
Diluted weighted average number share of shares	256,400	232,243
Basic earnings per share	2.07p	6.42p
Diluted earnings per share	1.78p	6.05p

14 Goodwill and other intangible assets

	Goodwill £000	Other intangibles (core technology) £000	Software costs £000	Development costs £000	Total £000
Cost					
At 1 June 2024	974	10,884	538	2,173	14,569
Additions	-	-	277	1,496	1,773
At 31 May 2025	974	10,884	815	3,669	16,342
Additions	-	-	226	2,303	2,529
Disposals	-	-	(22)	-	(22)
At 31 May 2026	974	10,884	1,019	5,972	18,849
Amortisation					
At 1 June 2024	-	10,884	335	1,079	12,298
Provided in the year	-	-	97	440	537
At 31 May 2025	-	10,884	432	1,519	12,835
Provided in the year	-	-	134	452	586
Disposals	-	-	(14)	-	(14)
At 31 May 2026	-	10,884	552	1,971	13,407
Carrying amount at 31 May 2025	974	-	383	2,150	3,507
Carrying amount at 31 May 2026	974	-	467	4,001	5,442

Goodwill and other intangibles relates to the acquisition of Isotek (Holdings) Limited. Goodwill is allocated to the CGUs that were expected to benefit from the synergies of the combination and which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired.

The carrying value of intangible assets and goodwill has been assessed for impairment by reference to its value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the CGUs. The calculation of the value in use was based on the following key assumptions:

- Budgets incorporating pre-tax cash flows have been prepared to 31 May 2027 based on past experience, actual operating results, known future cash flows and estimates of future cash flows;
- Cash flows for a further four years have been prepared based on the Company's long range plan together with cost inflation and additional overhead assumptions. A perpetuity factor has been applied based on the year to 31 May 2031. A long-term growth factor of 3% was applied to the perpetuity cash flows; and
- The Group's pre-tax discount rate of 11.7% (2025:15%) was applied in determining the recoverable amount of the unit, being the estimated weighted average cost of capital for the CGUs.

Based on the testing above the directors do not consider any of the remaining goodwill or intangible assets to be impaired, even allowing for a reasonable degree of sensitivity to the underlying assumptions, including the discount rate.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

15 Right of use assets

	Property leases £000	Plant and equipment £000	Total £000
Cost			
At 1 June 2024	1,729	4,117	5,846
Additions	765	881	1,646
Reclassification from property, plant and equipment	-	136	136
Exchange differences	(32)	-	(32)
At 31 May 2025	2,462	5,134	7,596
Additions	2,838	-	2,838
Disposals	(1,144)	-	(1,144)
Reclassification from property, plant and equipment	-	800	800
At 31 May 2026	4,156	5,934	10,090
Depreciation			
At 1 June 2024	831	1,259	2,090
Provided in the year	293	679	972
Exchange differences	(12)	-	(12)
At 31 May 2025	1,112	1,938	3,050
Provided in the year	571	779	1,350
Disposals	(736)	-	(736)
Reclassification from property, plant and equipment	-	43	43
At 31 May 2026	947	2,760	3,707
Carrying amount at 31 May 2025	1,350	3,196	4,546
Carrying amount at 31 May 2026	3,209	3,174	6,383

The amount included in reclassification from plant and equipment is a sale and leaseback transaction. The Group's lease commitments are made up of property leases and plant and equipment. Plant and equipment classified as a right of use asset is financed under asset finance agreements which usually require the Group to make a deposit against the machinery of 10%-20%.

The Group leases office premises at its sites in Sedgefield, Leeds, Cambridge and Manchester in the UK, Salisbury, Maryland in the USA and an office in Suzhou, China. Leases remaining are up to ten years.

In addition to the depreciation charges shown in the table above, the consolidated income statement includes the following amounts relating to leases:

	2026 £000	2025 £000
Interest expense (included in finance cost)	476	268
Expense relating to viable lease payments not included in lease liabilities (included in operating costs)	-	1

16 Property, plant and equipment

	Assets under construction £000	Fixtures and fittings £000	Plant and equipment £000	Computer hardware £000	Total £000
Cost					
At 1 June 2024	-	281	3,946	215	4,442
Additions	2,654	26	1,133	22	3,835
Disposals	-	-	(59)	-	(59)
Reclassification to right of use assets	-	-	(136)	-	(136)
Exchange differences	-	(1)	(20)	-	(21)
At 31 May 2025	2,654	306	4,864	237	8,061
Additions	1,320	6,598	2,282	112	10,312
Reclassification of assets under construction to additions	(2,654)	2,418	198	38	-
Reclassification to right of use assets	-	-	(800)	-	(800)
At 31 May 2026	1,320	9,322	6,544	387	17,573
Depreciation					
At 1 June 2024	-	102	3,064	123	3,289
Depreciation	-	38	290	15	343
Disposals	-	-	(59)	-	(59)
Exchange differences	-	(1)	(19)	-	(20)
At 31 May 2025	-	139	3,276	138	3,553
Depreciation	-	498	486	25	1,009
Reclassification to right of use assets	-	-	(43)	-	(43)
At 31 May 2026	-	637	3,719	163	4,519
Carrying amount at 31 May 2025	2,654	167	1,588	99	4,508
Carrying amount at 31 May 2026	1,320	8,685	2,825	224	13,054



Notes to the consolidated financial statements continued for the year ended 31 May 2026

17 Deferred tax

Deferred tax assets	2026 £000	2025 £000
Opening balance	1,754	1,047
Recognition of tax losses	859	1,411
Utilisation of tax losses	(151)	-
Origination/(reversal) of capital allowances	348	(704)
	2,810	1,754

Deferred tax assets within the UK have been recognised as the directors consider future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such deductions are reversed when the probability of future taxable profits improves.

Deferred tax assets which have been recognised:	2026 £000	2025 £000
Depreciation in advance of capital allowances	436	87
Tax losses carried forward	2,374	1,667
	2,810	1,754

The deferred tax assets have not been recognised where the directors consider that it is unlikely that future taxable profits will be available against which they can be used. There is no expiry date for these unrecognised deferred tax assets which are reassessed at each reporting date. These deferred tax assets are presented below:

Deferred tax assets which have not been recognised:	2026 £000	2025 £000
Depreciation in advance of capital allowances	1,490	592
Tax losses carried forward	15,452	14,008
Share options deferment	825	825
	17,767	15,425

18 Inventories

	2026 £000	2025 £000
Raw materials	5,664	4,782
Work in progress	1,731	1,194
Finished goods	762	387
	8,157	6,363
Inventory provision	(4,227)	(2,353)
Inventories (net of provision)	3,930	4,010

Raw materials, consumables and changes in finished goods and work in progress recognised in cost of sales in the year amounted to £24,439,000 (2025: £21,442,000).

The amount charged to the income statement in the year in respect of write-downs of inventories is £1,945,000 (2025: £150,000). The amount credited to the income statement in the year in respect of reversals of write-downs of inventories is £70,000 (2025: £nil).

19 Trade and other receivables

	2026 £000	2025 £000
Trade receivables	14,558	8,918
Other receivables and prepayments	4,812	3,251
	19,370	12,169

There are no provisions for expected credit losses.

Within other receivables and prepayments there are derivative financial assets of £74,000 (2025: £332,000) relating to foreign currency forward contracts. Further details can be found in note 35.

20 Contract assets

	2026 £000	2025 £000
Opening contact asset	4,806	2,605
New contract assets generated	-	3,504
Amortised to revenue	(3,504)	(1,303)
	1,302	4,806
Contract asset due in less than one year	1,302	3,504
Current contract assets	1,302	3,504
Contract asset due in one to five years	-	1,302
Non-current contract assets	-	1,302
Total contract assets	1,302	4,806



Notes to the consolidated financial statements continued for the year ended 31 May 2026

21 Trade and other payables

	2026 £000	2025 £000
Trade payables	6,366	6,382
Other payables and accruals	2,511	2,737
	8,877	9,119

22 Provisions

	2026 £000	2025 £000
Warranty provision		
Opening balance	245	446
Used during the year	(32)	(390)
Released unused during the year	(178)	(7)
Charge for the year	318	195
Exchange differences	-	1
	353	245

The provision for warranty relates to the units sold during product warranty period which ranges from one to two years. The provision is based on estimates made from historical warranty data. Factors that could impact the warranty provision include the success of the Group's quality initiatives as well as parts and labour costs. The provision is expected to be utilised in the next two financial years.

	2026 £000	2025 £000
Dilapidation provision		
Opening balance	271	47
Charge for the year	63	224
	334	271

The Group leases physical facilities at its four sites in the UK and one in the USA with each of these leases requiring the site to be restored to its original condition. The dilapidation provision reflects management's best estimates and ability to measure the likely costs that may be incurred restoring the building to its original state. Settlement will be made on exit from each property.

Provisions for dilapidations are generated at the onset of the lease and reviewed periodically to ensure the level of provision is in line with management's best estimate of the potential liability.

	2026 £000	2025 £000
Total provision		
Warranty provision	353	245
Dilapidation provision	334	271
	687	516

23 Deferred income

	2026 £000	2025 £000
Contract liabilities	8,570	799
Capital grant	59	52
Total current deferred income	8,629	851
Capital grant	194	247
Total non-current deferred income	194	247
Total deferred income	8,823	1,098

Contract liabilities are invoices raised in advance of NRE work completed for customers that will be recognised as income once the performance obligation of the contract has been met. The majority of NRE contracts are invoiced with a proportion of the contract value upfront which is recognised as revenue, over time, across the life of contract at each milestone based on the percentage of the overall contract value achieved at that performance obligation.

Capital grants are amortised over a period of up to eight years in line with the depreciation period of the machinery.

24 Tax liabilities

	2026 £000	2025 £000
UK corporation tax liability	-	-
USA corporation tax liability	286	-
	286	-

25 Lease liabilities

	2026 £000	2025 £000
Opening lease liability	3,685	3,016
New leases entered into during the year	3,587	1,605
Disposals	(430)	-
Payments made during the year	(1,675)	(1,183)
Finance costs	476	268
Exchange differences	-	(21)
	5,643	3,685
	2026 £000	2025 £000
Lease liability payable in less than a year	1,398	1,112
Current lease liabilities	1,398	1,112
Lease liability payable in one to eight years	4,245	2,573
Non-current lease liabilities	4,245	2,573
Total lease liabilities	5,643	3,685



Notes to the consolidated financial statements continued for the year ended 31 May 2026

25 Lease liabilities (continued)

Interest bearing loans and borrowings

The following are the cash flows relating to the Group's financial liabilities other than trade and other payables, for which there is no material difference between their carrying value and contractual cash flows:

	Carrying value £000	Contractual cash flows £000	Less than 1 year £000	1-2 years £000	2-5 years £000	5+ years £000
Lease liabilities at 31 May 2026	5,643	7,196	1,774	1,473	3,164	785
Lease liabilities at 31 May 2025	3,685	4,263	1,399	1,323	1,541	-

26 Share capital

	Deferred shares of 10p each Number '000	Ordinary shares of 0.1p each Number '000	£000
At 1 June 2024	106,877	217,121	10,798
Exercise of share options	-	1,881	2
At 31 May 2025	106,877	219,002	10,800
Exercise of share options	-	940	1
At 31 May 2026	106,877	219,942	10,801

All shares are allotted, called up and fully paid. Holders of the ordinary shares are entitled to receive dividends when declared, and are entitled to one vote per share at meetings of the Company.

The deferred shares have no rights to vote or receive dividends.

27 Share premium

	£000
At 1 June 2024	11,213
Exercise of share options	141
At 31 May 2025	11,354
Exercise of share options	104
At 31 May 2026	11,458

28 Share warrant reserve

Tranche 1 and 2

On 24 April 2024, the Group entered into a share warrant arrangement with SpaceX in conjunction with a commercial agreement and strategic partnership. This related to the supply of E-band Solid State Power Amplifiers ("SSPAs") and new technology being developed for SpaceX for use in their Starlink constellation.

The warrant agreement for tranche 1 and 2 grants SpaceX the right to acquire up to 21,712,109 shares of the Company (equivalent to 10% of the Company's total share capital at the inception of the warrant agreement). The exercise price of vested warrants is 33.0p per share, based on the closing mid-market price at 23 April 2024, which is the date prior to signing the warrant agreement. The directors have assessed the warrants and made a judgement that the warrants should be treated as equity instruments as defined by IAS 32. This is because the warrants have a fixed consideration at 33.0p per share for a fixed number of units to exercise.

The warrants have been recognised in the financial statements based on the value at the date of signing of the agreement. An initial entry has been made in contract assets measured at fair value, but not subsequently remeasured, with the corresponding entry to equity.

The initial fair value of the warrants at inception was £2,605,453, based on a fair value per warrant of £0.11 and the total number of warrants expected to vest over the 5-year vesting period. The directors have judged all of the warrants will vest, otherwise SpaceX and Filtronic would not have entered into the agreement. The warrants represent non-cash consideration payable to a customer under IFRS 15. Therefore, the contract asset, which effectively represents a deferred volume rebate, is amortised to revenue based on when the units are supplied to SpaceX. In this period under review, there was no charge to revenue.

The fair value of the warrants was determined using the Black-Scholes Model valuation method using a number of variables that require judgement including share price volatility, discount to the bid price, the risk-free rate and the expected life of the warrants. There are a number of variables that require judgement within this model including the risk-free rate, share price volatility, the vesting period and a bid price discount.

Tranche 3

On 19 March 2025, the Company entered into a second warrant arrangement with SpaceX expanding the original strategic partnership entered into on 23 April 2024 to secure an increased allocation of business for the Group. The vesting of these warrants is dependent on certain performance conditions relating to the procurement of E-band SSPAs to support the Starlink constellation.

The warrant agreement grants SpaceX the right to acquire up to 10,949,079 at 92.8p per share. The accounting treatment of the warrants has been judged by management and has been determined to be treated the same as tranche 1 and 2. An initial entry has been made in contract assets measured at fair value, but not subsequently remeasured, with the corresponding entry to equity.

The initial fair value of the warrants at inception was £3,504,000, based on a fair value per warrant of £0.93 and the total number of warrants expected to vest over the 5-year vesting period. The directors have judged all of the warrants will vest, otherwise SpaceX and Filtronic would not have entered into the agreement. The warrants represent non-cash consideration payable to a customer under IFRS 15. Therefore, the contract asset, which effectively represents a deferred volume rebate, is amortised to revenue based on when the units are supplied to SpaceX. There was a charge to revenue for tranche 3 in the year of £3,504,000, with this tranche now fully vested.

The fair value of the warrants was determined using the Black-Scholes Model valuation method using a number of variables that require judgement including share price volatility, discount to the bid price, the risk-free rate and the expected life of the warrants. There are a number of variables that require judgement within this model including the risk-free rate, share price volatility, the vesting period and a bid price discount.



Notes to the consolidated financial statements continued for the year ended 31 May 2026

28 Share warrant reserve (continued)

Summary of total share warrants

The table below presents a summary of the three tranches of warrants and their current status:

Tranche	Technology	Exercise price	Warrants issued (number)	Vested warrants (number)	Remaining warrants (number)	% of current share capital	% of current share capital vested
1	E-band SSPA	£0.33	10,856,055	10,856,055	-	4.94%	4.94%
2	Other technology	£0.33	10,856,054	-	10,856,054	4.94%	0%
3	E-band SSPA	£0.93	10,949,079	10,949,079	-	4.98%	4.98%
			32,661,188	21,805,134	10,856,054	14.86%	9.92%

Reconciliation of the share warrant reserve:

	2026 £000	2025 £000
Opening balance	6,109	2,605
Granted during the year	-	3,504
	6,109	6,109

29 Dividends

The directors are not proposing to pay a dividend for the year ended 31 May 2026 (2025: £nil).

30 Share options

Sharesave plans

Nine sharesave plans have been offered to employees over the years, at the date of this report. The first seven of the schemes offered to employees have now closed. Under these plans, employees who join the plan can save up to £500 per month for three years. The members of the plans are granted a number of share options based on the amount they would save over the three years. At the end of the three years, the members have a six-month period in which they can exercise the share options. The scheme has an exercise price calculated by reference to the average of the middle market closing price of the shares on AIM for the dealing day immediately prior to the plan offer date.

Sharesave Plan—Scheme 7

	Weighted average exercise price 2026	Number of options 2026	Weighted average exercise price 2025	Number of options 2025
Outstanding at the beginning of the year	-	-	6.67p	1,509,596
Cancelled during the year	-	-	6.67p	(31,304)
Exercised during the year	-	-	6.67p	(1,478,292)
Outstanding at the end of the year	-	-	6.67p	-
Exercisable at the end of the year	-	-	6.67p	-

Sharesave Plan—Scheme 8

	Weighted average exercise price 2026	Number of options 2026	Weighted average exercise price 2025	Number of options 2025
Outstanding at the beginning of the year	65.92p	1,101,455	-	-
Cancelled during the year	65.92p	(111,128)	-	-
Granted during the year	-	-	65.92p	1,101,455
Outstanding at the end of the year	65.92p	990,327	65.92p	1,101,455
Exercisable at the end of the year	65.92p	-	65.92p	-

Sharesave Plan—Scheme 9

	Weighted average exercise price 2026	Number of options 2026	Weighted average exercise price 2025	Number of options 2025
Granted during the year	136p	608,656	-	-
Outstanding at the end of the year	136p	608,656	-	-
Exercisable at the end of the year	136p	-	-	-

Management incentive plans

The options granted in the year have specific performance targets attached to them. The exercise price for an option was set at a price aimed to incentivise the participants and have specific performance targets attached based on total shareholder return ("TSR"). The options are not part of the HMRC approved EMI scheme and therefore the exercise price has been set at 35p for the first scheme granted in the year and 69.94p for the second scheme granted in the year to incentivise the participants to meet the challenging targets set.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

30 Share options (continued)

The following options under this scheme were outstanding at 31 May 2026:

Ordinary shares of 0.1p					
2026	2025	Date granted	Earliest date exercisable	Latest date exercisable	Exercise price
-	898,415	24/06/2021	24/06/2025	24/06/2031	11.1p
-	181,814	12/10/2022	12/10/2032	12/10/2032	11.4p
2,730,012	2,770,012	30/11/2023	04/09/2026	04/09/2033	17.25p
4,333,333	4,333,333	24/05/2024	04/09/2026	04/09/2034	17.25p
1,360,000	1,560,000	19/03/2025	19/03/2028	19/03/2035	35.05p
850,000	-	06/10/2025	06/10/2028	06/10/2035	35.00p
840,000	-	23/04/2026	23/04/2029	23/04/2036	69.94p
10,113,345	9,743,574				

The weighted average price of the outstanding options under this scheme at 31 May 2026 was 25.51p (2025: 19.42p).

	Number of share options 2026	Number of share options 2025
Outstanding at the beginning of the year	9,743,574	9,646,919
Granted during the year	1,690,000	1,560,000
Forfeited during the year	(380,000)	(1,060,228)
Exercised during the year	(940,229)	(403,117)
Outstanding at the end of the year	10,113,345	9,743,574
Exercisable at the end of the year	-	83,634

The fair value assumptions relating to the grant of options in the year of 1,690,000 can be found in note 31.

31 Share-based payments

	2026 £000	2025 £000
Share options expense	837	414
	837	414

The share options expense is the fair value of the share options at the date of grant spread over the expected vesting period of the share options. The fair value of the share options at the date of grant was measured using the Black-Scholes model.

The inputs to the Black-Scholes model and the weighted average fair value of the share options granted during the year were as follows:

Share options expense

	2026	2025
Number of share options granted	1,690,000	1,560,000
Weighted average share price	130.0p - 280.0p	35.0p
Expected volatility*	55%	50%
Expected life	3.0 years	3.0 years
Risk-free interest rate	3.75%	4.5%
Fair value	55.0p - 165.0p	43.0p

*Expected volatility is the estimate of the volatility of the share price over the expected life of the share options.

32 Pension costs

	2026 £000	2025 £000
Defined contribution schemes	893	560

33 Capital expenditure commitments

	2026 £000	2025 £000
Capital expenditure contracted for at the statement of financial position date but not provided in the financial statements	538	860

34 Analysis of net cash

	1 June 2025 £000	Cash flow £000	Other changes £000	31 May 2026 £000
Cash and cash equivalents	14,494	(1,580)	(9)	12,905
Lease liabilities - plant and machinery	(2,180)	835	(720)	(2,065)
Net cash when including all debt except property leases	12,314	(745)	(729)	10,840
Lease liabilities - property leases	(1,505)	360	(2,433)	(3,578)
Net cash	10,809	(385)	(3,162)	7,262

Reconciliation of cash flow to movement in net cash

	2026 £000	2025 £000
Movement in cash and cash equivalents	(1,580)	7,318
Movement in lease liabilities - plant and machinery	115	(190)
Movement in lease liabilities - property lease	(2,073)	(478)
Exchange differences	(9)	(39)
Movement in net cash	(3,547)	6,611
Opening net cash	10,809	4,198
Closing net cash	7,262	10,809

Cash at bank earns interest at floating rates based on daily bank deposit rates. There are no restrictions on the availability of the cash and cash equivalents at 31 May 2026 (2025: £nil).

IFRS 16 requires the recognition of property leases on the statement of financial position which is classified as a debt item.



Notes to the consolidated financial statements continued

for the year ended 31 May 2026

35 Financial instruments

Fair value

The carrying amount of all the financial assets and liabilities approximates to their fair value at acquisition as described below.

Cash and cash equivalents comprise bank balances and bank deposits with a maturity of three months or less.

Trade and other receivables are all receivable in less than one year. Trade receivables are generally receivable within 90 days.

Trade and other payables are all payable in less than one year. Trade payables are generally payable within 90 days.

All financial assets and liabilities are held at amortised cost other than derivative financial instruments which are held at fair value.

Liquidity risk

The Group has cash at bank of £12.9m.

Cash is held on bank deposit for varying periods from overnight to three months to ensure all liabilities can be met as they fall due.

The Group has access to a £10.0m revolving credit facility ("RCF") with Santander UK plc. The RCF is a three-year committed facility entered into in January 2026, increased from the previous facility size of £5.0m, giving the Group access to more capital should it be needed to finance future growth.

The amount of cash available to the Group, the headroom available on debt facilities and the maturity profile of lease liabilities results in a low liquidity risk.

Credit risk

The exposure to credit risk is limited to the carrying amount of cash and cash equivalents and trade and other receivables in the statement of financial position.

The credit risk related to cash and cash equivalents is considered to be low due to the cash being held at banks with high credit ratings such as Santander and Barclays.

Credit risk is primarily related to trade receivables. The Group's businesses are concentrated on long-term relationships with a small number of large and long-established OEMs and defence primes. Payment terms for trade receivables range from prepayment terms to 90 days net. Overdue receivables are regularly monitored and appropriate action is taken to collect payment. The Group has historically incurred very low levels of unrecoverable receivables. Therefore, credit risk is considered to be low.

Trade receivables included the following amounts for the Group's largest customers:

	2026 £000	2025 £000
Customer one	8,456	6,493
Customer two	1,821	680
Customer three	900	202
Customer four	639	452
Other customers	2,742	1,091
	14,558	8,918

35 Financial instruments (continued)

The age of trade receivables that have not been provided for was as follows:

	2026 £000	2025 £000
Not past due	13,852	8,668
Past due less than three months	671	57
Past due more than three months	35	193
	14,558	8,918

No expected credit loss is considered necessary in either FY2026 or FY2025.

Interest rate risk

Cash is generally held on short-term bank deposits which earns interest at variable money market deposit rates. The cash in the Group is held in low interest rate bank accounts. Sterling interest rates are low and therefore interest rate risk is considered to be low.

Foreign currency risk

The Group's reporting currency is sterling. The functional currencies of the subsidiaries are sterling, US dollar and Chinese yuan.

The Group's results and financial position are affected by fluctuations in foreign currency exchange rates.

The Group generated a surplus of US dollars during the year due to an increasing number of projects being supplied in US dollars. Whilst the Group aims to maintain a natural hedge, it is not adequate to offset the exposure on currency risk. Therefore, the Group has used forward foreign exchange contracts to reduce the currency risk from surplus US dollars. The nature of the Group's businesses means there is limited visibility of the currency required in US dollars. Therefore, when forward contracts are used to reduce currency risk, they are usually for periods of no more than six months. If the US dollar were to weaken significantly, this could materially reduce the Group's revenue and operating profit.

There were forward contracts in place at 31 May 2026, the fair value of the foreign currency contracts was an asset of £74,000 (2025 : £332,000 asset).

Cash is mainly held in sterling and US dollars.

The Group's exposure to foreign currency risk for cash and cash equivalents, trade receivables and trade payables was as follows:

	2026			2025		
	EUR £000	RMB £000	USD £000	EUR £000	RMB £000	USD £000
Cash and cash equivalents	80	21	3,781	88	30	2,662
Trade receivables	427	-	11,365	452	-	7,710
Trade payables	-	-	(1,821)	(55)	-	(1,435)
Net exposure	507	21	13,325	485	30	8,937



Notes to the consolidated financial statements continued for the year ended 31 May 2026

35 Financial instruments (continued)

The sensitivity of the Group operating profit to the US dollar to sterling exchange rate, assuming all other variables remain constant, is as follows:

If the US dollar had been 1% stronger/weaker against sterling throughout the year ended 31 May 2026, then the Group operating profit would have been £351,000 higher/lower. The impact of other currencies is not material.

Capital management

The capital structure of the Group and Company consists of equity and debt. Equity comprises ordinary share capital and retained earnings. Debt includes the RCF with Santander, asset finance and lease liabilities.

The objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to maximise future returns for shareholders.

Cash flow is controlled by ongoing justification, monitoring and reporting of capital expenditure and regular monitoring and reporting of operational costs.

Company statement of financial position

as at 31 May 2026

	Note	2026 £000	2025 £000
Non-current assets			
Intangible assets	7	118	33
Contract assets	10	-	1,302
Deferred tax assets	8	-	1,514
		118	2,849
Current assets			
Trade and other receivables	9	8,354	5,789
Contract assets	10	1,302	3,504
Cash and cash equivalents		285	183
		9,941	9,476
Total assets		10,059	12,325
Current liabilities			
Trade and other payables	11	3,888	4,121
Total liabilities		3,888	4,121
Net assets		6,171	8,204
Equity			
Share capital	12	10,801	10,800
Share premium		11,458	11,354
Share warrant reserve	13	6,109	6,109
Retained earnings		(22,197)	(20,059)
Total equity		6,171	8,204

The Company made a loss in the year of £2,975,000 (2025: loss of £75,000).

Company number 2891064.

The notes on pages 110 to 116 form part of these financial statements. The financial statements on pages 107 to 116 were approved by the Board of Directors on 3 August 2026 and signed on its behalf by

Nat Edington
Chief Executive Officer
3 August 2026



Company statement of changes in equity

for the year ended 31 May 2026

	Share capital £000	Share premium £000	Share warrant reserve £000	Retained earnings £000	Total equity £000
Balance at 1 June 2024	10,798	11,213	2,605	(20,548)	4,068
Loss for the year	-	-	-	75	75
Share-based payments	-	-	-	414	414
New shares issued	2	141	-	-	143
Share warrants issued (Note 14)	-	-	3,504	-	3,504
Balance at 31 May 2025	10,800	11,354	6,109	(20,059)	8,204
Loss for the year	-	-	-	(2,975)	(2,975)
Share-based payments	-	-	-	837	837
New shares issued	1	104	-	-	105
Balance at 31 May 2026	10,801	11,458	6,109	(22,197)	6,171

The notes on pages 110 to 116 form part of these financial statements.

Company cash flow statement

for the year ended 31 May 2026

	2026 £000	2025 £000
Cash flows from operating activities		
Operating loss	(1,460)	(1,438)
Amortisation of intangible assets	7	22
Share-based payments	837	414
Movement in contract assets	3,504	1,303
Movement in trade and other receivables	(2,565)	(1,227)
Movement in trade and other payables	(233)	930
Net cash generated from operating activities	90	4
Cash flow from investing activities		
Acquisition of non-current assets	(93)	-
Net Cash used in investing activities	(93)	-
Cash flows from financing activities		
Proceeds from exercise of share options	105	143
Net cash generated from financing activities	105	143
Movement in cash and cash equivalents	102	147
Opening cash and cash equivalents	183	36
Closing cash and cash equivalents	285	183

The notes on pages 110 to 116 form part of these financial statements.



Notes to the Company financial statements

for the year ended 31 May 2026

1 Material accounting policies

The Company and consolidated financial statements for the year ended 31 May 2026 have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value.

In publishing the Parent Company financial statements here together with the Group financial statements, the Company has taken advantage of the exemptions in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

2 Accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates and judgements, that affect the application of accounting policies, which are described in note 1, and reported amounts of assets and liabilities, income and expenses. The directors are required to make accounting estimates and judgements which are continually evaluated. They are based on historical experience and other factors, including expectations and best estimates of the future, that are believed to be reasonable under the circumstances. Actual results may differ from the expected results.

Key sources of estimation uncertainty

The key estimates concerning the future, that have a significant effect on the financial statements are considered below:

Deferred tax asset

The recognition of deferred tax assets relating to tax losses carried forward depends on forecasts of the future taxable profits of the Company and its subsidiaries. The Group has assessed the recoverability of its deferred tax assets by reference to Board approved budgets and cash flow forecasts. These forecasts require the use of estimates and judgements about the future performance of the Company and its subsidiaries using the current order book, forecasts and market knowledge.

3 Auditor's remuneration

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

4 Employees

The average monthly number of employees (excluding the Non-Executive Directors) was:

	2026 Number	2024 Number
Administration	22	18
	22	18

All the directors were paid through the company, details of which can be found in the Directors remuneration report.

5 Investments in subsidiaries

The Company's subsidiaries are related parties.

The subsidiaries at 31 May 2026, which were owned by Filtronic plc, were as follows:

Name of subsidiary	Country of incorporation	Description of equity held	Proportion held	Activity
Filtronic Broadband Limited ¹	UK	1p ordinary shares	100%	Design and manufacture of microwave products for telecommunication systems
Filtronic Holdings UK Limited ¹	UK	£1 ordinary shares	100%	Holding Company
Isotek (Holdings) Limited ¹	UK	1p ordinary shares	100%	Holding Company
Owned by Isotek (Holdings) Limited:				
Filtronic Wireless Limited ¹	UK	1p ordinary shares	100%	Design and manufacture of filters and related products for telecommunication systems
Filtronic Wireless Inc. ²	USA	US\$1 ordinary shares	100%	Design and manufacture of filters and related products for telecommunication systems
Owned by Filtronic Wireless Limited:				
Isotek Hong Kong Holdings Limited ³	Hong Kong	HK\$1 ordinary shares	100%	Holding Company
Owned by Isotek Hong Kong Holdings Limited:				
Isotek Telecommunications Suzhou Limited ⁴	China	US\$350,000 paid in share capital	100%	Design and manufacture of filters and related products for telecommunication systems

¹ 1 Rosalind Franklin Way, NetPark, Sedgefield, County Durham, TS21 3FR, United Kingdom

² 700 Marvel Road, Salisbury, Maryland, 21801, USA

³ RM 1501, C1 Grand Millennium Plaza (lower block), 181 Queen's Road Central, Hong Kong

⁴ Room 2-2201 DC49, Dongfangzhi Building, No. 199 Xinggang Street, Suzhou Industrial Park



Notes to the Company financial statements continued for the year ended 31 May 2026

5 Investments in subsidiaries

	£000
Cost	
At 1 June 2024, 31 May 2025 and 31 May 2026	21,110
Impairment	
At 1 June 2024, 31 May 2025 and 31 May 2026	(21,110)
Carrying amount at 31 May 2025 and 31 May 2026	-

The investments in subsidiaries are assessed annually to determine if there is any indication that any of the investments might be impaired.

6 Taxation

	2026 £000	2025 £000
Recognised in the income statement		
Deferred tax		
Origination and reversal of temporary differences	1,514	(1,514)
Total deferred tax charge/(credit)	1,515	(1,514)
Taxation charge/(credit)	1,514	(1,514)

The reconciliation of the effective tax rate is as follows:

	2026 £000	2025 £000
Loss before taxation	(1,460)	(1,439)
Loss before taxation multiplied by the average standard rate of corporation tax in the UK (25%) (2025:25%)	(365)	(360)
Disallowable items	217	111
Losses surrendered to group relief in the year	-	249
Deferred tax asset not recognised	148	-
Derecognition/(Recognition) of deferred tax asset	1,514	(1,514)
Taxation charge/(credit)	1,514	(1,514)

7 Intangible assets

	Software Costs £000	Total £000
Cost		
At 1 June 2024 and 31 May 2025	172	172
Additions	93	93
At 31 May 2026	265	265
Amortisation		
At 1 June 2024	117	117
Provided in the year	22	22
At 31 May 2025	139	139
Provided in the year	18	7
At 31 May 2026	147	146
Carrying amount at 31 May 2025	33	33
Carrying amount at 31 May 2026	118	118

8 Deferred tax

	2026 £000	2025 £000
Deferred tax assets		
Origination of tax losses	-	1,514
Derecognition of deferred tax assets	(1,514)	-
	-	1,514

Deferred tax assets within the UK have been recognised as the directors consider that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such deductions are reversed when the probability of future taxable profits improves.

	2026 £000	2025 £000
Deferred tax assets which have been recognised:		
Tax losses carried forward	-	1,514
	-	1,514

	2026 £000	2024 £000
Deferred tax assets which have not been recognised:		
Depreciation in advance of capital allowances	453	510
Tax losses carried forward	14,573	12,936
Share options deferment	80	80
	15,106	13,526



Notes to the Company financial statements continued for the year ended 31 May 2026

9 Trade and other receivables

	2026 £000	2025 £000
Group receivables	8,185	5,685
Other receivables and prepayments	169	105
	8,354	5,790

There are no provisions for bad debt. The Group receivables in the Company were reviewed in the year for expected credit losses in accordance with IFRS 9.

Amounts owed to Group undertakings are unsecured, interest-free and payable on demand.

10 Contract assets

	2026 £000	2025 £000
Opening contact asset	4,806	2,605
New contract assets generated	-	3,504
Amortised to revenue	(3,504)	(1,303)
	1,302	4,806
Contract asset due in less than one year	1,302	1,302
Current contract assets	1,302	1,302
Contract asset due in one to five years	-	3,504
Non-current contract assets	-	3,504
Total contract assets	1,302	4,806

The contract asset is held in the Company and amortised against the variable consideration in which the warrants vested. Consequently, the amortisation charge is recharged to Filtronic Broadband Limited, the entity that supplies the product and generates the revenue from the sale of E-band SSPAs to SpaceX.

11 Trade and other payables

	2026 £000	2025 £000
Trade payables	128	47
Group payables	2,784	2,784
Other payables and accruals	976	1,290
	3,888	4,121

Amounts owed to Group undertakings are unsecured, interest-free and payable on demand.

12 Share capital

	Deferred shares of 10p each Number '000	Ordinary shares of 0.1p each Number '000	£000
At 1 June 2024	106,877	217,121	10,798
Exercise of share options	-	1,881	2
At 31 May 2025	106,877	219,002	10,800
Exercise of share options	-	940	1
At 31 May 2026	106,877	219,942	10,801

All shares are allotted, called up and fully paid. Holders of the ordinary shares are entitled to receive dividends when declared, and are entitled to one vote per share at meetings of the Company.

The deferred shares have no rights to vote or receive dividends.

13 Share-based payments and share warrant reserve

All of the Group's share options and share warrants relate to the equity in the Company. Full details of these can be found in notes 28, 30 and 31 in the consolidated financial statements.

14 Pension costs

	2026 £000	2025 £000
Defined contribution schemes	111	73

15 Financial instruments

Fair value

The carrying amount of all the financial assets and liabilities approximates to their fair value as described below.

Cash and cash equivalents comprise bank balances and bank deposits with a maturity of three months or less.

Trade and other receivables are all receivable in less than one year.

Trade and other payables are all payable in less than one year. Trade payables are generally payable within 30 days.

All financial assets and liabilities are held at amortised cost.

Liquidity risk

The Company has cash at bank of £285,000. Cash is held on bank deposit for varying periods from overnight to three months to ensure all liabilities can be met as they fall due. The amount of cash available to the Company and the money available in the Group results in a low liquidity risk.

Credit risk

The exposure to credit risk is limited to the carrying amount of cash and cash equivalents and trade and other receivables in the statement of financial position. The credit risk related to cash and cash equivalents is considered to be low due to the cash being held at banks with high credit ratings such as Santander and Barclays.

Credit risk is primarily related to Group receivables in the form of intercompany loan arrangements. Therefore, credit risk is considered to be low.

The Company has no trade receivables.

Interest rate risk

Cash is generally held on short-term bank deposits which earn interest at variable money market deposit rates.



Notes to the Company financial statements continued for the year ended 31 May 2026

15 Financial instruments (continued)

Cash is held in low interest rate bank accounts and therefore interest rate risk is considered to be low.

Foreign currency risk

The Company's reporting and functional currency is sterling with very limited exposure to foreign currency. Therefore, the Company has little foreign currency risk.

Capital management

The capital structure of the Company consists of equity and debt. Equity comprises ordinary share capital and retained earnings. Debt includes lease liabilities.

The objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to maximise future returns for shareholders. Cash flow is controlled by ongoing justification, monitoring and reporting of capital expenditure and regular monitoring and reporting of operational costs.

Company information

Directors

Jonathan Neale - Non-Executive Chairman
 Nat Edington - Chief Executive Officer
 Michael Tyerman - Chief Financial Officer
 Pete Magowan - Non-Executive Director
 John Behrendt - Non-Executive Director

Company Secretary

Sarah Shaw

Company number

2891064

Registered office

Filtronic plc
 1 Rosalind Franklin Way,
 NETPark,
 Sedgefield,
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 TS21 3FR
 Tel: 01740 618800

Independent auditor

Crowe U.K. LLP
 3rd Floor
 The Lexicon
 Mount Street
 Manchester
 M2 5NT

Bankers

Santander UK Plc
 2 Triton Square
 Regent's Place
 London
 NW1 3AN

Financial public relations

Alma Strategic Communications
 71-73 Carter Lane
 London
 EC4V 5EQ
 Tel: 020 3405 0205
 Email: filtronic@almastrategic.com

Nominated advisor and broker

Cavendish Capital Markets Limited
 1 Bartholomew Close
 London
 EC1A 7BL
 Tel: 020 7220 0500

Joint broker

Joh.Berenberg,Gossler & Co KG, London
 60 Threadneedle Street
 London
 EC2R 8HP

Registrars

MUFG Corporate Markets
 Enquiries regarding shareholdings, change of address or similar particulars should be directed in the first instance to our Registrars, MUFG Corporate Markets whose address is:

MUFG Corporate Markets
 Central Square
 29 Wellington Street
 Leeds
 LS1 4DL
 Tel: +44 (0)371 664 0300

(calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate). Lines are open 9.00am - 5.30pm Monday to Friday excluding bank holidays in England and Wales.

Shareholder portal

You can register online to view your holdings using the Signal Shares shareholder portal, a service offered by Link Group at www.signalshares.com. This is an online service enabling you to quickly and easily access and maintain your shareholding online – reducing the need for paperwork and providing 24 hour access for your convenience. Through the shareholder portal you can:

- Cast your proxy vote online
- View your holding balance and get an indicative valuation
- View movements on your holding
- Update your address
- Elect to receive shareholder communications electronically
- Access a wide range of shareholder information including the ability to download shareholder forms

Filtronic website

Shareholders are encouraged to visit our website (www.filtronic.com) which has more information about the Company.



Glossary

Adjusted EBITDA:	EBITDA before exceptional items, share-based payments and share warrant charge
AGM:	Annual General Meeting
AIA:	Annual Investment Allowance
APM:	Alternative Performance Measure
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
CGU:	Cash Generating Unit
CODM:	Chief Operating Decision Maker
E-band:	71GHz to 86GHz
EBITDA:	Earnings before interest, taxation, depreciation and amortisation
EDI:	Equality, Diversity and Inclusion
ESA:	European Space Agency
ESG:	Environmental, Social and Governance
ESOP:	Employee Share Option Plan
ETSI:	European Telecommunication Standards Institute
FVLCTS:	Fair value less costs to sell used for financial appraisal
FY:	Financial year
GEO:	Geostationary
GHG:	Greenhouse Gases
GHz:	Gigahertz: 10 ⁹ Hertz
HR:	Human Resources
IP:	Intellectual Property
IWD:	International Woman's Day
Ka-band:	26.5GHz - 40GHz
KPI:	Key Performance Indicator
LED:	Light Emitting Diode
LEO:	Low Earth Orbit
MAR:	Market Abuse Regulation
MEO:	Medium Earth Orbit
MHz:	Megahertz
mmWave:	Millimetre Wave
MOD:	Ministry of Defence
NomAd:	Nominated advisor
NRE:	Non-recurring engineering
OEM:	Original Equipment Manufacturer
PA:	Power Amplifier
Q-band:	33GHz to 50GHz
QCA:	Quoted Companies Alliance
RCF:	Revolving Credit Facility
RF:	Radio Frequency: a rate of oscillation in the range of around 3kHz to 300GHz
RF-OVER-IP:	Otherwise known as digital intermediate frequency (IF) converts analogue radio frequency into IP packets. This technique enables flexible network deployment, remote distribution and reduced signal loss
RNS:	Regulatory News Service
R&D:	Research and Development
SAYE:	Save As You Earn
SECR:	Streamlined energy and carbon reporting
SLT:	Senior Leadership team
SSPA:	Solid State Power Amplifier
STEM:	Science, Technology, Engineering and Mathematics in an educational context
Team Fortitude:	A British defence industry collaboration announced in September 2025
TSR:	Total Shareholder Return
UTC:	University Technical College Newton Aycliffe

V-band: 40GHz to 75GHz
VOC: Voice of the Customer
W-band: 92GHz to 115GHz





FILTRONIC PLC

UK HEAD OFFICE

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