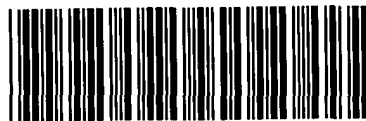


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AESSEAL plc
Annual Report
for the year ended 31 December 2025

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AESSEAL plc

Annual Report

for the year ended 31 December 2025

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AESSEAL plc

Directors and advisers

Directors

C J Rea CBE DL

J W Banks

J H Wilks

J C C Ho

R Allan

M J Jackson

E L Turner

Company secretary

J H Wilks

Registered office

Global Technology Centre

Mill Close

Bradmarsh Business Park

Rotherham

S60 1BZ

Independent auditors

KPMG LLP

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

Banker

HSBC Bank plc

4th Floor, City Point

29 King Street

Leeds

LS1 2HL

AESSEAL plc

Strategic report for the year ended 31 December 2025

The Directors present their strategic report on the company for the year ended 31 December 2025.

Principal activities

The company's principal activity during the year was the design, development, manufacture, sale and support of mechanical seals, engineered sealing systems and related products.

Our purpose

"To give our customers such exceptional service that they need never consider alternative sources of supply"

The Company's strategy is underpinned by long-term investment in innovative sealing, reliability and digital solutions that enable customers across a broad range of industries to meet increasingly complex operational, environmental and regulatory demands.

The Directors believe that sustainable growth is achieved by continuously improving every aspect of the business that enhances customer value, including product quality, delivery performance, service capability, ethical behaviour and environmental stewardship. Through investment in advanced manufacturing technologies and integrated systems, the Company has developed a highly efficient and scalable operating model, supporting its position as the world's largest homogenous mechanical seal manufacturer.

Review of business and future developments

AESSEAL plc has elected to early adopt the amendments to FRS 102, reflecting the Directors' commitment to high-quality, transparent financial reporting and alignment with evolving best practice.

The Directors assessed the impact of the amendments on the Company's financial position, performance and disclosures and concluded that early adoption results primarily in a re-presentation of lease costs, with depreciation and interest replacing operating lease expenses. As a consequence, EBITDA for the year increased, although there is no impact on cash flows or the underlying economics of the Company's leases. Early adoption was therefore considered to enhance comparability and clarity of reporting without adversely affecting the Company's strategic objectives or long-term value creation. Further details of the adoption of amended accounting standards are set out in the accounting policies in note 1 to the financial statements.

During the year ended 31 December 2025, the Company achieved continued organic growth despite a backdrop of challenging global conditions, including ongoing geopolitical uncertainties, inflationary pressure, the imposition and continued impact of trade tariffs in certain markets, supply chain disruption in specific regions and continued volatility in currency and energy costs. The results are presented in accordance with updated accounting standards early adopted by the Directors.

Revenue increased 1.8% from £71.7m to £73.0m. This is driven by the Company's excellent customer service proposition, strong product availability and delivery times that continue to compare favourably to the competition enabling the Company to secure and grow business notwithstanding external challenges.

AESSEAL plc

Strategic report for the year ended 31 December 2025 – continued

EBITDA increased £2.0m to £16.8m (2024: £14.8m) but when excluding the lease accounting impact the EBITDA grew 2.7% to £15.2m reflecting disciplined cost control, continued investment in capability and strong operational performance.

Profit before tax for the year was £10.9m (2024: £10.8m), representing growth of 0.9% achieved despite the impact of tariffs in certain territories, increased costs and the Company's continued programme of capital investment to support long-term capacity, automation and sustainability objectives.

Net assets as at 31 December 2025 were £58.3m (2024: £77.8m). The company has continued to expand its manufacturing capacity in the business investing £3.5m on tangible assets.

Our business's resilience and adaptability, combined with ongoing investment during challenging market conditions, have laid a strong foundation for our future and contributed to the company's strong performance. This gives us significant confidence in our potential for strategic growth. With a truly global manufacturing footprint, alongside efficient stocking policies and logistics capabilities, we are well-positioned to maintain high levels of customer service. Furthermore, our diverse supply sources across various regions enable us to respond swiftly to geographical disruptions.

Significant progress in sustainability and operational reliability was achieved during 2025. In September 2025, over 200 visitors attended the AESSEAL Factory for the Future in Rotherham, where the facility was described by former Prime Minister, Rishi Sunak as a "temple of innovation". This investment provides capacity for future growth and supports further planned investment in automation, alongside the creation of higher-skilled, higher-value employment within the local community.

Sustainability Strategy

The company's sustainability strategy covers the following:

- Enhancing the health, safety and well-being of its employees
- Developing its people and providing high quality employment opportunities
- Protecting the environment by reducing both its own and its customers' impact
- Providing benefits to local communities and particularly to those less advantaged
- Respecting human rights
- Operating in an ethical and transparent manner

The interests of the company's employees, the sustainability of our customers' decisions, the local communities and the environment, and striving to act fairly with high moral standard of behaviour, are at the heart of the Directors' decision-making process.

The company is committed to providing a safe and rewarding workplace, operating ethically, supporting its local communities, minimising its impact on the environment and engaging its stakeholders. As a company it must continue to reduce its impact on the environment, attract gifted engineers and other skilled employees, and offer the solutions that meet increasingly demanding applications and customers. The company always aims to exceed expectations and lead by example, operating in an ethical manner and working towards the UN's Sustainable Development Goals.

AESSEAL plc

Strategic report for the year ended 31 December 2025 – continued

Environmental impact and carbon use disclosures

“The planet is our most important stakeholder”

Throughout the period ended 31 December 2025 the company has continued to strive toward creating a more socially, environmentally, and economically sustainable business. The company regularly reviews its sustainability strategy and as such can positively state that the company went beyond Net Zero in the 12 month period to 30 September 2025, according to figures verified by the leading standards organisation British Standards Institution (BSI).

“Beyond Net Zero – since 2020”

BSI has verified that the company's activities generated CO₂e savings of 294,999 tonnes, resulting in a net benefit of 265,202 tonnes of CO₂e since the Scope 3 emissions in the supply and value chain were 29,797 tonnes of CO₂e.

AESSEAL plc's carbon footprint from direct, indirect and supply and value chain emissions (Scopes 1, 2 and 3) last year was calculated at 28,191 tonnes of CO₂ equivalent (CO₂e).

As well as buying green energy, installing solar panels and other environmental investments, the group bought 1,750 tonnes of CO₂e offsets from “gold standard” schemes, neutralising completely the impact of the Scope 1 and Scope 2 emissions.

Since the company markets reliability products and services that save energy, water, and cut pollution when this impact is taken into account, the carbon ‘balance sheet’ is strongly positive at 265,202 tonnes of CO₂e saved.

The company has achieved UK net zero carbon emissions by:

- Continual improvement in line with integrated management systems and its certification to ISO 14001 and ISO 50001 for key operational sites
- Programmes of training and awareness to improve employee understanding of climate change and the behavioural impacts on energy use
- Installing solar panels, battery storage, upgrading transformers, use of recycled products such as shredded car tyres to form the tarmac for the new car park
- Driving down energy use by adopting energy saving technologies including high efficiency compressors, building management systems, intelligent controls, LED lighting and voltage optimisation
- Purchasing all remaining electricity on zero emission at point of generation tariffs
- Fleet replacement programme encouraging drivers to select lower emission vehicles

AESSEAL plc

Strategic report for the year ended 31 December 2025 – continued

Environmental impact and carbon use disclosures - continued

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, we report on our greenhouse gas ('GHG') emissions as part of this annual Strategic Report.

The methodology used to calculate our emissions is based on the UK Government's Environmental Reporting Guidelines (2013) and emission factors from the 2017 Government GHG Conversion Factors for Company Reporting.

Today's more socially conscious society means that the company's customers and employees place a premium on working for, or with, a company with a focus on Corporate Governance. The company's sustainability strategy demonstrates a commitment to these values that provides a focused and practical framework. Where possible, it supports its strategy with third party standards or accreditations that ensure its actions are thoroughly controlled, managed and independently audited.

As the company meets the reporting obligations under the SECR regulations the following key performance indicators relate to those companies.

Scope 1 GHG emissions include those from supplied mains gas, fleet vehicles, bottled gases (e.g. propane), other fuels consumed onsite (e.g. diesel) and any fluorinated refrigerant gases.

Scope 2 GHG emissions are limited to those from Electricity. There are no other Scope 2 emissions associated with the business activities.

Scope 3 GHG emissions includes all other indirect emissions in the company's value chain.

	Ratio to Turnover Tonnes CO2e 2025	Ratio to Turnover Tonnes CO2e 2024	Absolute Tonnes CO2e 2025	Absolute Tonnes CO2e 2024	Absolute MWh 2025	Absolute MWh 2024
Gas	1.50	2.20	111	160	605	874
Fleet emissions	0.88	1.04	65	75	302	349
Other emission	1.86	0.54	136	40	0	38
Net scope 1	4.24	3.78	312	275	907	1,261
Electricity	0.08	-	6	-	4,317	4,207
Net scope 1 and scope 2	4.32	3.78	318	275	5,224	5,468

AESSEAL plc

Strategic report for the year ended 31 December 2025 - continued

Environmental impact and carbon use disclosures – continued

	Absolute Tonnes CO2e 2025	Absolute Tonnes CO2e 2024
Scope 3 Emissions	29,797	27,916
Product Emissions Avoidance	(294,999)	(312,359)
Net Scope 3 GHG Emissions	(265,202)	(284,443)

In November 2024 work was undertaken to upgrade the main electrical supply to the main head office site from 1000 kVA to 1500 kVA. This upgrade allowed for the removal of gas heating in phases 1 – 4 of the building with the replacement of electrical heating. Throughout late 2024 and early 2025 the existing gas system was replaced with air source heat pumps capable of providing both heating and cooling. From May 2025 there has been no gas usage at the main headquarters. The cladding of the existing building at head office was also replaced to improve the insulation of the building.

Research and development

After more than forty years of continued product development the business now has a range of differentiated and enhanced patented technology for almost all Wet and Dry Gas Seal applications. Increasingly, the organisation is selling extreme duty seals for applications such as Boiler Feed, Boiler Recirculation, High Pressure Re-injection Pumps, Pipeline, Extreme Pressure and Temperature Autoclave and Dry Gas Compressor Seals.

The company now believes that it can seal as large a percentage of global applications, including Extreme Duty applications, as any other global mechanical seal supplier. Development will now focus on emerging technologies.

AESSEAL has partnered with Torishima UK to develop EcoGuard which is new technology that seeks to eliminate or reduce both intermittent and continuous emissions and could be retro fitted to oil and gas facilities across the world. This breakthrough could solve the problem of flaring and venting from oil and gas fields and help clean up energy production. With the UK Government announcing a ban on routine flaring by 2030, the EcoGuard is the perfect product for the oil and gas industry not only legally, but could extend the life of existing rigs.

During the year to 31 December 2025 the company invested 5.5% of sales (2024: 5.8%) on research and development activities. Total research and development spend in 2025 was £4.0m (2024: £4.2m).

AESSEAL plc

Strategic report for the year ended 31 December 2025 - continued

Key competitive advantage

Cost effective product offerings and excellent delivery performance come from world class product design and processes. At least 80% of all orders are assembled to order, which is always faster and significantly less costly than the industry norm of producing low volumes of complete assemblies to order.

All product ranges from Component (Single) Seals to Gas Seals have now been developed in strict accordance with DCVIL principles. Product and process Design (D) for Configured (C) assembly to order, with a high level of Vertical Integration (VI) for Customer Service, which leads to a Lean (L) business model that does not exist in any other global mechanical seal manufacturer and which cannot easily be replicated and provides a key and sustainable competitive advantage.

Major productivity improvement

The company has embarked on an initiative to automate all design, Computer Aided Manufacturing and Co-ordinate Measuring activities. This has been made possible as products have been designed in accordance with the DCVIL principle and rules-based technology tasks are better performed by Smart computing technology. This ongoing initiative is expected to release 50% of the skilled professionals in design and Computer Aided Manufacturing positions to work on complex tailor-made engineered product solutions that require a level of decision making that can only be performed by a human being.

This automation has improved customer service responsiveness for complex engineered products giving another unique competitive advantage, which the Company are starting to see the results from with the increased organic growth.

The integration of mechanical, electrical and software engineering

The company has developed and introduced a fully automated manufacturing robot requiring no intervention leading to increased speed and efficiency to exceed even the highest customer expectations. The barcode recognition software gives automation to both high volume and one-off jobs. The AES Super Cell selects the jaws, fits the jaws, machines the parts, measures and deburrs in cycle, also deburrs, washes, dries and conducts a final CMM inspection externally to the machines, but inside the cell.

Two state of the art DMG MORI NTX1000 robotic cells have now been installed to join the existing robotic cell at Head office. The NTX1000 cells represent a closed-loop automation system. Each one is equipped with a barfeed system, CNC machine, IMTR (In Machine Travelling Robot), turnover station, FANUC robot, wash and dry system, CMM (Coordinate Measuring Machine) and parts stocker. The machine tools are 9-axis mill/turn machines with impressive capabilities, including 144 upper tools and 16 lower turret tool slots. These cells are designed to manufacture parts with diameters below 90mm from bar stock, ensuring precise and efficient production.

AESSEAL plc

Strategic report for the year ended 31 December 2025 – continued

Customer service excellence

Our determination to work to the very highest standards is exemplified by the certifications we hold to ISO9001 and ISO/TS29001 (Quality Management), ISO14001 (Environmental Management), ISO45001 (Occupational Health and Safety Management), ISO20000 (IT Systems Management), ISO27001 (Information Security Management System), ISO50001 (Energy Management) and ISO37001 (Anti-Bribery Management).

Section 172 Reporting

In accordance with section 172 of the Companies Act 2006, the directors have acted in good faith to promote the success of the Company for the benefit of its members as a whole, while having regard to the long-term consequences of decisions, the interests of employees, relationships with customers and suppliers, environmental and community impacts, standards of business conduct and fairness between members

Long term-decision making

As an organisation our purpose, our core values, our vision and our policies are all aligned to the duties described above.

Our Vision is "To Be The World Leading Reliability Group.... That also manufactures sealing products" which means all decisions consider the long-term vision of the Company and therefore the long term effects of the decisions the Directors make.

In 2021 the Group pledged to spend £29 million by 2029 on planet-friendly investments with a strong focus on reducing emissions to prevent global warming. More than £25.4m has been committed already and the Group intends to keep on going to support the Betterworld Solutions initiative that encourages global industry to prioritise environmentally-friendly investments.

Following the upgrade of the main electrical supply at the Company's headquarters from 1,000 kVA to 1,500 kVA in November 2024, gas heating was fully removed and replaced with air source heat pumps during late 2024 and early 2025. From May 2025 the site has operated with no gas consumption, which is expected to reduce emissions by approximately 91 tonnes of CO₂e on an annual basis. Building cladding was also upgraded to improve thermal efficiency.

The Company's Factory of the Future, completed in 2023, represents a long-term strategic investment designed to support sustainable growth, advanced manufacturing capability and operational resilience over multiple future periods. The 175,000 sq ft integrated facility provides a state-of-the-art precision engineering environment capable of supporting advanced robotic automation, alongside modern office, collaboration and customer engagement spaces.

The building has achieved a BREEAM 'Excellent' rating and was designed as an all-electric facility with on-site energy storage capability, aligning long-term operational efficiency with the Group's sustainability and decarbonisation objectives.

AESSEAL plc

Strategic report for the year ended 31 December 2025 – continued

Our People

Our team orientated people are integral to success and are the heartbeat of our business. They deliver on a daily basis to enable the company to meet and exceed expectations. Customer problems are solved and opportunities seized by people working together from all levels of the organisation. The safety, employee wellbeing and engagement of employees will always be our number one priority.

The Directors recognise the value of the people the company employs and understand that without them the business could not succeed. The business always seeks to treat all employees in a fair and equal manner with no discrimination against any protected characteristics of individuals. As an engineering business, it feels the pressure of the skills gap and, therefore, invests to develop its own talent to ensure a sustainable skilled workforce. The Group is proud to be recognized in the inaugural Financial Times and Statista ranking of the UK's Best Employers 2025. Out of 20,000 companies with over 250 employees, AES Engineering Ltd ranked 4th in the Engineering/Manufacturing sector and 188th overall, reinforcing its reputation as a leading employer in the industry. These efforts are also recognized with the business maintaining the Investors in People standard since 1994.

During the year, AESSEAL plc achieved the RoSPA President's Award, marking its twelfth consecutive Gold Award in recognition of sustained excellence in health and safety performance. This continued recognition reflects the subsidiary's strong safety culture, robust risk management practices and ongoing commitment to accident prevention and employee wellbeing within its operations.

The Directors also ensure that the facilities are kept to a high standard and are always safe, comfortable places to work. The culture of continuous improvement has shown positive results for the health and safety record. Directors assess and reduce risk, invest in equipment and involve employees at all levels.

Business Relationships

As the Directors promote the success of the company, we need to develop and maintain strong business relationships with both customers and suppliers to be able to succeed. The Directors receive information on a variety of topics showing how these stakeholders have been engaged with. We work with customers to deliver added value and long-term reliability solutions.

Community and Environment

The company is one of the few companies that have a published a Global warming policy as our investment decisions will always take into account sustainability and environmental factors as well as the success of the company. The Directors have also provided the policy on the <https://betterworld.solutions> website, copyright free, for any organisation that wants to adopt an Investment Policy to Prevent Global Warming.

AESSEAL plc

Strategic report for the year ended 31 December 2025 – continued

Ethical and fair behaviour to maintain the company's reputation

The Directors have always recognised the importance of the governance and operating in a highly ethical manner to ensure the company's reputation is never brought into disrepute. The Directors respect people for who they are and what they are capable of doing. Everyone deserves an equal chance to succeed based on their hard work, talent and commitment to the Company's values. Should any unethical business practices be discovered, employees at all levels are able to report them, either directly to the compliance committee, or through the independent hotline.

On 25 September 2018 the Company received from the Lord Mayor of London, the inaugural Business of Trust Dragon Award. This award has resonated deeply within our business as it recognises the foundation upon which our core values are built. We now hold our own annual AES Dragon Awards day on 25 September to celebrate the success of our people globally.

Principal risks and KPIs

The directors of AES Engineering Limited, the ultimate parent company, manage the company's risks and operations at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that discussion of the company's risks and analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the company, including credit, liquidity and cash flow risk of the company, and the development, performance and position of the company are discussed in the Strategic report of AES Engineering Limited's Annual Report which does not form part of this report.

Approved by and signed on behalf of the Board



C J Rea CBE DL
Director
13 May 2026

AESSEAL plc

Directors' report for the year ended 31 December 2025

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2025.

The principal risks and uncertainties of the company, including credit, liquidity and cash flow risk of the company, and the development, performance and position of the company are discussed in the Strategic report of AES Engineering Limited's Annual Report which does not form part of this report.

Results and dividends

The profit and loss account for the year is set out on page 21. A dividend of £30m was paid in 2025 (2024: £nil).

Directors

The directors who held office during the year and up to the date of signing (unless otherwise noted) are given below:

C J Rea CBE DL

J S Welsh (resigned 3 November 2025)

J H Chappell (resigned 1 January 2026)

J W Banks

J H Wilks

J C C Ho (appointed 2 June 2025)

M J Jackson (appointed 1 January 2026)

R Allan (appointed 1 January 2026)

E L Turner (appointed 1 January 2026)

Directors' indemnities

The company maintains liability insurance for its directors and officers. The company has also provided an indemnity for its directors and the company secretary during the financial year and at the date of this report, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Charitable donations

The company gave £133,625 (2024: £298,780) for charitable purposes in the year. No political donations were made during the year (2024: £nil).

Employee Engagement

Communication is crucial to helping employees engage with the business. We communicate through team briefings, presentations, lunch and learn, intranet and newsletters. The company has well-established forums for exchanging information and best practice, as well as discussing business issues, including efficiency initiatives, training and development, environmental and health & safety issues. In addition to this we hold strategic away days for a cross-section of employees to interact with different departments and the Directors; this is an opportunity for directors to engage with the high-potential-talent individuals. All employees contribute to and understand the company's business culture - particularly the needs of the customers it serves. The company also uses employee surveys to establish feedback. The Board continues to encourage improvements in systems, processes and benefits which impact the health, safety and wellbeing of our employees.

AESSEAL plc

Directors' report for the year ended 31 December 2025 – continued

Employee engagement - continued

The Company is committed to promoting policies that ensure employees and applicants for employment are treated fairly and equally, regardless of sex, marital status, sexual orientation, race or ethnic origin.

The Company gives full and fair consideration to applications for employment by people with disabilities and seeks, where practicable, to continue the employment and development of staff who become disabled during their employment. Equal opportunities are provided for the training and career development of disabled employees.

The Company recognises that training at all levels is vital to performance and provides a mechanism for improving morale, retention and long-term capability. Regular training in behavioural and professional standards is complemented by succession planning and an established apprenticeship scheme, supporting the sustainability of skills and service quality across the company.

Stakeholder engagement

Understanding the views and interests of our key stakeholders is important to the Board and the Directors have taken steps to consider stakeholders' views in Board discussions and decision-making. Different guests have been invited to board meetings both internally and externally to discuss topics upon which the board are making strategic decisions.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AESSEAL plc

Directors' report for the year ended 31 December 2025 – continued

Statement of directors' responsibilities - continued

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

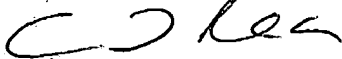
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as each director is aware, there is no relevant audit information of which the 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 company's auditors are aware of that information.

Approved by and signed on behalf of the Board



C J Rea CBE DL
Director
13 May 2026

Independent auditors' report to the members of AESSEAL plc

Opinion

We have audited the financial statements of AESSEAL PLC ("the Company") for the year ended 31 December 2025 which comprise the profit and loss account, statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of accounting policies and related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent auditors' report to the members of AESSEAL plc - continued

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and compliance committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that the management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts relating to cash and revenue.
- For a sample of revenue transactions around the period end, vouching to supporting external documentation to corroborate whether those items were recorded in the correct accounting period.

Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

Independent auditors' report to the members of AESSEAL plc - continued

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, and certain aspects of company legislation recognising the nature of the company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditors' report to the members of AESSEAL plc - continued

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 14-15, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the *going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.*

Auditor's responsibilities

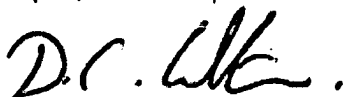
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditors' report to the members of AESSEAL plc - continued

The purpose of our audit work and to whom we owe our responsibilities

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.



David Caseldine (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

13 May 2026

AESSEAL plc

Profit and loss account for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Turnover	2	72,963	71,710
Change in stocks of finished goods and in work in		(1,722)	235
Other operating income		1,629	2,372
		72,870	74,317
Raw materials and consumables		(21,978)	(25,804)
Staff costs	3	(23,558)	(23,449)
Depreciation and amortisation	4	(6,815)	(5,034)
Other operating expenses		(10,495)	(10,286)
Total operating expenses		(62,846)	(64,573)
Operating profit	4	10,024	9,744
Net interest receivable	5	856	1,015
Profit before taxation		10,880	10,759
Tax on profit	7	(1,762)	(2,413)
Profit for the financial year		9,118	8,346

All items dealt with in arriving at operating profit above relate to continuing operations.

The accompanying notes form part of the financial statements.

AESSEAL plc

Statement of comprehensive income for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Profit for the financial year		9,118	8,346
Movement on deferred tax relating to forward contracts	16	(430)	(30)
Remeasurement gain recognised on forward contracts		1,722	119
Total other comprehensive income for the year		1,292	89
Total comprehensive income for the year		10,410	8,435

The accompanying notes form part of the financial statements.

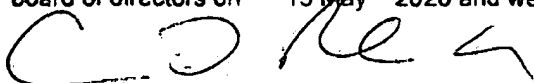
AESSEAL plc

Balance sheet as at 31 December 2025

Registered number: 02101607

	Note	2025 £'000	2024 £'000
Fixed assets			
Intangible assets	8	3,048	3,005
Tangible assets	10	24,654	26,134
Investments	9	50	50
Right of use assets	11	11,053	-
		38,805	29,189
Current assets			
Stocks	12	18,291	18,043
Debtors (including debtors greater than one year)	13	16,224	36,624
Derivative financial assets	14	7,580	5,412
Cash at bank and in hand		4,338	2,422
		46,433	62,501
Creditors: amounts falling due within one year	15	(10,823)	(8,046)
Derivative financial liabilities	14	(8)	(133)
Net current assets		35,602	54,322
Total assets less current liabilities		74,407	83,511
Creditors: amounts falling due after more than one year	19	(10,363)	-
Derivative financial liabilities	14	-	(137)
Provision for other liabilities	16	(5,707)	(5,544)
Net assets		58,337	77,830
Capital and reserves			
Called up share capital	17	50	50
Cash flow hedge reserve	14	6,733	5,011
Retained earnings		51,554	72,769
Total shareholders' funds		58,337	77,830

The financial statements, including the accompanying notes on pages 31 to 44, were approved by the board of directors on 13 May 2026 and were signed on its behalf by:



C J Rea CBE DL
Director

AESSEAL plc

Statement of changes in equity for the year ended 31 December 2025

	Called up share capital	Cash flow hedge reserve	Retained earnings	Total shareholders funds
	£000	£000	£000	£000
At 1 January 2024	50	4,892	64,239	69,181
Profit for the financial year	-	-	8,346	8,346
Total other comprehensive	-	119	(30)	89
Transfer to reserves in respect of equity settled share-based payments	-	-	214	214
At 31 December 2024	50	5,011	72,769	77,830
Profit for the financial year	-	-	9,118	9,118
Total other comprehensive	-	1,722	(430)	1,292
Transfer to reserves in respect of equity settled share-based payments	-	-	97	97
Dividend paid	-	-	(30,000)	(30,000)
At 31 December 2025	50	6,733	51,554	58,337

The accompanying notes form part of the financial statements.

AESSEAL plc

Statement of accounting policies

General Information

AESSEAL plc's ('the company') principal activity is the design, development, manufacture, sale and support of mechanical seals, engineered sealing systems and related products.

The company is limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham, S60 1BZ.

Statement of compliance

The individual financial statements of AESSEAL plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, and under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared detailed cash flow forecasts for a period of 12 months from the date of these financial statements. The forecasts consider the directors' views of current and future economic conditions that are expected to prevail over the period. These forecasts include assumptions regarding future revenues and costs together with risks and mitigating actions where applicable. The forecasts indicate the Company is able meet its liabilities as they fall due for the period of at least 12 months from the date of approval of these financial statements.

The Company has significant net cash reserves of £4.3m at 31 December 2025 and taking into account severe but plausible downside scenarios before any mitigating actions, where applicable, the Company is still able to operate with significant positive cash levels throughout the period for at least the next 12 months. Accordingly, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Exemptions for qualifying entities under FRS 102

The company is a wholly owned subsidiary of AES Engineering Limited. It is included in the consolidated financial statements of AES Engineering Limited which are publicly available.

Consequently, the company is a qualifying entity as per FRS 100 and has taken advantage of the disclosure exemptions of FRS 102, Section 1, paragraph 1.12(b) statement of cash flows, 1.12(d) certain share based payments disclosures and 1.12(e) key management compensation in total.

AESSEAL plc

Statement of accounting policies - continued

Turnover

Turnover represents the fair value of consideration received or receivable for goods and services supplied in the ordinary course of business, net of value added tax, trade discounts and rebates.

Revenue is recognised in accordance with Section 23 of FRS 102 (as amended) and reflects the transfer of goods or services to customers in an amount that represents the consideration to which the company expects to be entitled.

Revenue from the sale of goods is recognised at the point in time when control of the goods passes to the customer, which generally occurs on delivery or collection in accordance with contractual shipping terms.

Revenue from the provision of services is recognised over time where the customer simultaneously receives and consumes the benefits of the company's performance. Where this is not the case, revenue is recognised at the point in time when the service is completed.

Where contracts contain more than one performance obligation, these are accounted for separately and the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. Where contracts include variable consideration, revenue is recognised only to the extent that it is highly probable that a significant reversal in recognised revenue will not occur. Amounts invoiced or received in advance of the provision of goods or services are recognised as contract liabilities and released to turnover when the related performance obligations are satisfied.

Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, on a straight-line basis over their estimated economic lives. The depreciation rates used for this purpose are:

Buildings	1% straight line
Plant, fixtures and equipment	10-20% straight line
Motor vehicles	25% straight line
Short leasehold property	Equal instalments over period of lease
Assets under construction	Not depreciated
Right of use assets	Equal instalments over period of lease

Assets under construction represent tangible assets received but not yet commissioned. An asset under construction will be transferred to plant, fixtures and equipment when it has reached the working condition for its intended use.

AESSEAL plc

Statement of accounting policies – continued

Intangible assets

Research and development of a revenue nature is written off in the year in which it is incurred.

Other development expenditure relating to specific projects is capitalised and is amortised over the period during which the company is expected to benefit.

Development costs are capitalised where they meet the following criteria:

- the technical feasibility of the intangible asset is completed so that it will be available for use or sale, and
- an intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- ability to reliably measure the expenditure attributable to the intangible assets during its development

Where these criteria are not met, development costs are written off to the profit and loss account in the year of expenditure.

Amortisation is calculated to write off the cost of the intangible asset over the estimated economic life. The amortisation period for deferred development costs is 5 years and for software it is 15 years.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In respect of work in progress, finished goods and goods for resale, cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs. A provision is made for slow moving and obsolete stock.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there are no commitments to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax liabilities are not discounted.

Pension costs

The company operates a defined contribution pension scheme for employees. The charge in the profit and loss account for pension costs is the amount of the company's contributions payable to the pension schemes in the year.

AESSEAL plc

Statement of accounting policies – continued

Foreign currency

The company's functional and presentation currency is the Pound Sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The effective portions of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in the cash flow hedge reserve are recycled in the profit and loss account in the periods when the hedged items will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the reserve and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit and loss statement.

Leasing

The Company applies Section 20 Leases of FRS 102, as amended.

A lease is recognised where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee accounting

The Company recognises a right-of-use asset, and a corresponding lease liability at the commencement date of the lease.

AESSEAL plc

Statement of accounting policies – continued

Lessee accounting - continued

The lease liability is 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, where this can be readily determined, or otherwise the company's incremental borrowing rate. The company may apply an obtainable borrowing rate as a practical expedient.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, measured using the index or rate at the commencement date; and
- amounts expected to be payable under residual value guarantees.

The right of use asset is initially measured at cost, comprising:

- the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred.

Subsequently, right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Lease liabilities are increased by the interest charge and reduced by lease payments made.

Lease incentives are recognised as part of the measurement of the right-of-use asset and are recognised over the lease term through depreciation.

Re-measurement

Lease liabilities are re-measured where there is a change in future lease payments resulting from a change in an index or rate, or where the lease term is reassessed. The corresponding adjustment is made to the carrying value of the right-of-use asset.

Assets acquired under hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. Assets acquired under finance leases are capitalised and depreciated over the lower of the useful lives and the terms of the lease. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Share based incentives

In accordance with FRS 102 the fair value of equity settled share based payments to employees is determined at the date of grant and is expensed on a straight line basis over the vesting period based on the company's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model.

In these financial statements, only the expense charged to the profit and loss account for the year is disclosed (note 4). The other disclosures required under FRS 102 are included in the financial statements of the parent company, AES Engineering Limited.

The expense recognised in the profit and loss account results in a corresponding increase in equity.

AESSEAL plc

Statement of accounting policies – continued

Government grants

Government grants are recognised in the financial statements initially as deferred income when there is reasonable assurance that they will be received, and conditions attached to the grants will be adhered to. Grants that compensate for expenses incurred are recognised as other income in the profit and loss account in the same period in which the expenses are recognised. Grants that compensate for the cost of an asset are recognised in the financial statements as other income over the useful life of the asset.

Dividends

Dividends are recognised in the period in which they are declared and approved by the shareholders.

Investments

Investments are shown at cost less any amounts written off for permanent diminution of value.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Inventory provisioning

The company sells mechanical seals and related products and is subject to changing customer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 10 for the net carrying amount of the inventory.

(b) Capitalised development costs

Development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products or processes, are recognised as intangible assets in the balance sheet when they meet the criteria for capitalisation. Development costs are capitalised when the technical and commercial feasibility of completing the product or process can be demonstrated and the product or process is intended to be sold or used. Probable future economic benefit related to the asset flowing to the company is also expected and can be reliably measured. The reported value includes all directly attributable compensation to employees working on a development project. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met. See note 7 for the carrying amount of capitalised development expenditure.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025

1 Adoption of amended FRS 102 accounting standards

The Company has adopted amendments to FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" effective for the year ended 31 December 2025, including changes relating to revenue recognition (Section 23) and leases (Section 20).

The amendments introduce a single, principles-based revenue recognition model and a revised approach to lease accounting for lessees, requiring most leases to be recognised on the balance sheet through the recognition of right-of-use assets and corresponding lease liabilities.

Transition and impact

The amendments have been adopted using a modified retrospective approach. As a result of the adoption the revised requirements did not result in material changes to the timing or measurement of revenue recognition and the difference between initially recognized right-of-use assets and lease liabilities at the date of initial application was insignificant.

Comparative information has therefore not been restated.

Income statement and balance sheet presentation

The adoption of the amended leasing requirements has resulted in the recognition of right-of-use assets and corresponding lease liabilities in respect of leases previously classified as operating leases. This has increased both total assets and total liabilities.

Operating lease expenses previously recognised within other operating expenses are now replaced by:

- depreciation of right-of-use assets, and
- interest expense on lease liabilities.

As a result, EBITDA has increased, although there has been no material impact on profit before tax or equity.

2 Turnover

The company's turnover and operating profit relate entirely to its principal activity.

In the opinion of the directors disclosure of the company's turnover split by geographical market would be seriously prejudicial to the interests of the company, therefore such information has not been disclosed.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

3 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2025 Number	2024 Number
Sales engineers	20	20
Management and administration	247	244
Production and stores	250	256
	517	520
Staff costs for the above persons were:	2025 £'000	2024 £'000
Wages and salaries	20,759	20,797
Social security costs	2,226	2,098
Other pensions costs	573	554
	23,558	23,449

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

4 Operating profit

	2025	2024
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	4,952	4,424
Amortisation of intangible assets	634	610
Depreciation of right of use assets	1,229	-
Auditors' remuneration including expenses		
- audit	63	60
- non-audit services	14	12
Operating leases – property	-	36
Research and development costs	4,047	4,164
Equity settled share-based payments	97	214
Net foreign currency exchange gains	(158)	(345)
Profit on disposal of fixed assets	(2)	(47)

5 Net interest receivable

	2025	2024
	£'000	£'000
Interest receivable from other group companies	1,541	958
Other interest receivable	-	57
Interest payable on lease liabilities	(685)	-
	856	1,015

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

6 Directors' emoluments

	2025	2024
	£'000	£'000
Emoluments including benefits in kind	760	855
Company pension contributions to money purchase scheme	39	43
	799	898

Retirement benefits are accruing to four (2024: five) directors under a money purchase scheme. During the year one (2024: two) directors of AESSEAL plc exercised share options in AESSEAL plc. There were nil (2024: four) directors of AESSEAL plc to whom share options were granted during the year.

Highest paid director	2025	2024
	£'000	£'000
Emoluments including benefits in kind	250	250
Company pension contributions to money purchase scheme	30	30
	280	280

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

7 Tax on profit

	2025 £'000	2024 £'000
Current tax:		
UK corporation tax on profits of the year	1,911	2,137
Adjustments in respect of prior years	118	(2,002)
Current tax charge for the year	2,029	135
Deferred tax: timing differences (note 16)	(267)	2,278
Tax on profits	1,762	2,413

Corporation tax is calculated at 25% (2024: 25%) of the estimated assessable profit for the year. Deferred tax balances at the year-end have been measured at 25% (2024: 25%) these being the rate at which timing differences are expected to reverse.

The tax charged on the profit for the year is lower (2024: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2025 £'000	2024 £'000
Profit before taxation	10,880	10,759
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%)	2,720	2,690
Effects of:		
Income not taxable	(407)	(260)
Other reliefs	(59)	(75)
Group Relief	(711)	(429)
Adjustment in respect of prior years	118	(2,002)
Origination and reversal of timing differences	101	2,489
Tax charge for the year	1,762	2,413

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

8 Intangible assets

	Deferred Development expenditure	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2025	8,877	2,821	11,698
Additions	587	90	677
At 31 December 2025	9,464	2,911	12,375
Accumulated depreciation			
At 1 January 2025	7,882	811	8,693
Charge for the year	419	215	634
At 31 December 2025	8,301	1,026	9,327
Net book value			
At 31 December 2025	1,163	1,885	3,048
At 31 December 2024	995	2,010	3,005

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

10 Tangible assets

	Land and buildings	Plant, fixtures and equipment	Assets under construction	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2025	1,099	71,931	14	911	73,955
Additions	-	2,582	786	104	3,472
Disposals	-	(5)	-	(25)	(30)
Transfers	-	10	(10)	-	-
At 31 December 2025	1,099	74,518	790	990	77,397
Accumulated					
At 1 January 2025	242	47,141	-	438	47,821
Charge for the year	76	4,676	-	200	4,952
Disposals	-	(5)	-	(25)	(30)
At 31 December 2025	318	51,812	-	613	52,743
Net book value					
At 31 December 2025	781	22,706	790	377	24,654
At 31 December 2024	857	24,790	14	473	26,134

The cost of depreciable assets included in land and buildings is £1,099,000. (2024: £1,099,000).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

11 Right of use assets

	Land and Buildings
	£'000
Cost	
At 1 January 2025	12,282
Additions	-
At 31 December 2025	12,282
Accumulated depreciation	
At 1 January 2025	-
Charge for the year	1,229
At 31 December 2025	1,229
Net book value	
At 31 December 2025	11,053
At 31 December 2024	-

12 Stocks

	2025	2024
	£'000	£'000
Raw materials, work in progress and consumables	4,554	2,584
Finished goods and goods for resale	13,737	15,459
	18,291	18,043

The cost of inventory recognised within the income statement was £21,977,561 (2024: £25,803,776). Inventories are stated net of provisions amounting to £4,237,157 (2024: £3,605,718).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

9 Investments

	2025 £'000	2024 £'000
At 1 January 2025 and 31 December 2025	50	50

Interest in group undertakings

The undertakings of the company at 31 December 2025, are shown below;

Name	Registered address	Class of share	% held
AESSEAL Colombia SA	Calle 25G No. 85B - 65 Barrio Santa Cecilia de Modelia	Ordinary	1.5
AESSEAL Saudi Arabia Company Limited	2nd Industrial City, Mekkahh Street, Dammam 34334, P.O Box 6770	Ordinary	5
AESSEAL Chile SA	Av. El Retiro 1275, Bodega A05 / Renca Santiago	Ordinary	1.08

The directors believe that the carrying value of the investments is supported by the underlying net assets of the investments.

AESSEAL Colombia SA, AESSEAL Saudi Arabia Company Limited and AESSEAL Chile SA all operate as distributors of mechanical seals, have a year end of 31 December 2025 and are fully owned by the AES Engineering Limited group, of which AESSEAL plc is a part.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

13 Debtors

	2025	2024
	£'000	£'000
Trade debtors	4,547	3,885
Amounts owed by group undertakings	9,424	25,761
Other debtors	234	475
Corporate tax recoverable	-	3,857
Prepayments and accrued income	2,019	2,646
	16,224	36,624

Amounts owed by group undertakings are trading balances which are unsecured, interest free and repayable on demand. Amounts within group undertakings greater than one year is £8,415,000 (2024: £8,846,000).

14 Derivative financial assets and liabilities

	2025	2024
	£000	£000
Derivative financial assets: amounts falling due within one year	4,893	860
Derivative financial assets: amounts falling due after more than one year	2,687	4,552
Derivative financial liabilities: amounts falling due within one year	(8)	(133)
Derivative financial liabilities: amounts falling due after more than one year	-	(137)
	7,572	5,142

All derivative financial assets and liabilities are measured at fair value.

At 31 December 2025 the company held forward exchange contracts to sell €32,984,000 at an average exchange rate of 1.0866 (2024: €24,984,000 / €1.0524) of which €10,992,000 (2024: €3,000,000) falls due within one year. The company held forward exchange contracts to sell \$57,996,000 at an average exchange rate of 1.1753 (2024 - \$43,992,000 / 1.1426) of which \$27,996,000 fell due within one year (2024: \$15,996,000).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

14 Derivative financial assets and liabilities - continued

Gains on forward contracts on maturity were recycled from other comprehensive income to turnover which amounted to a gain of £2,405,000 (2024: gain of £153,000).

Compared to market rates at year end, the net value of hedges under these contracts give rise to a cashflow hedge reserve of £6,733,000 (2024: £5,012,000). A net gain (including the amount recycled to turnover for matured hedges) of £1,722,000 was recognised during the year (2024: gain of £119,000) in other comprehensive income.

15 Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Trade creditors	4,084	3,214
Amounts owed to group undertakings	713	1,026
Other taxation and social security	651	643
Corporation tax payable	1,457	-
Accruals and deferred income	2,931	3,163
Lease liabilities (note 19)	987	-
	10,823	8,046

Amounts owed to group undertakings are unsecured, at a market rate of interest and repayable on demand.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

16 Provision for other liabilities

Deferred taxation	2025 £'000	2024 £'000
At 1 January	5,544	3,236
Origination of timing differences on profit related activities	(267)	2,278
Origination of timing differences within other comprehensive income	430	30
At 31 December	5,707	5,544

Deferred taxation provided in the financial statements comprises:	2025 £'000	2024 £'000
Timing differences:		
Accelerated capital allowances	4,049	4,345
Other timing differences	(25)	(54)
Derivative financial assets and liabilities	1,683	1,253
	5,707	5,544

17 Called up share capital

	2025 £'000	2024 £'000
Authorised		
50,000 (2024: 50,000) ordinary shares of £1 each	50	50
Allotted and fully paid		
50,000 (2024: 50,000) ordinary shares of £1 each	50	50

There have been no changes during the year.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

18 Capital and other financial commitments

Plant, fixtures and equipment	2025 £'000	2024 £'000
Capital expenditure authorised and contracted for	429	83

19 Creditors: amounts falling due after more than one year

Lease liabilities included within creditors comprise £987,000 falling due within one year and £10,363,000 falling due after more than one year.

The company had total lease liabilities in respect of right of use assets as follows:

	Lease liability £000
Lease Liabilities	
At 1 January 2025	12,282
Additions	-
Interest expense	685
Lease payment	(1,617)
At 31 December 2025	11,350

In the prior year, the company disclosed operating lease commitments. Following the adoption of the amended leasing requirements of FRS 102, these commitments are now reflected within lease liabilities recognised on the balance sheet.

20 Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

Outstanding contributions payable to the schemes by the company are included in the pension cost charge in respect of the year and amount to £154,230. (2024: £129,193).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2025 - continued

21 Related party transactions and balances

AESSEAL plc had the following transactions and balances with other group companies that were not wholly owned subsidiaries or wholly owned by a member of the AES Engineering Limited group.

Sales and purchases	2025 £'000	2024 £'000
Sales	5,957	10,312
Purchases	35	77
Year end balances	2025 £'000	2024 £'000
Amounts due to	1	7
Amounts due from	744	1,434

Additionally, in the year the company incurred administrative expenses as a result of purchases from companies with common key management personnel, to the value of £nil (2024: £64,815). The creditor balance at the 31 December 2025 was £nil (2024: £3,281).

22 Contingent liability

Along with the other group undertakings based in the United Kingdom, the company has given security in favour of HSBC Bank plc against group borrowings by way of an unlimited multilateral company guarantee to secure all liabilities of each other, and a debenture giving fixed and floating charges over assets of the company. At 31st December 2025, the net HSBC overdraft balance in the company was £nil (2024: £nil). The gross overdraft balance in the other companies covered by the multilateral guaranteed was £nil (2024: £nil).

In the opinion of the directors, no loss will arise in respect of this matter.

23 Parent undertaking and ultimate controlling party

The ultimate parent undertaking, and the largest and smallest group in which the results of the company are consolidated, is AES Engineering Limited, a company incorporated in Great Britain.

Copies of the consolidated financial statements of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom.

The ultimate controlling party is considered to be Mr C J Rea CBE DL, by virtue of his shareholding in AES Engineering Limited.